Consolidated Financial Statements of

CHOOM HOLDINGS INC. (FORMERLY STANDARD GRAPHITE CORPORATION)

June 30, 2018

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CHOOM HOLDINGS INC. (FORMERLY STANDARD GRAPHITE CORPORATION)
June 30, 2018 and 2017
(Expressed in Canadian Dollars)

INDEX **Page:**

Consolidated Financial Statements

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CHOOM HOLDINGS INC.
(Formerly Standard Graphite Corporation)

We have audited the accompanying consolidated financial statements of Choom Holdings Inc., which comprise the consolidated statements of financial position as at June 30, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity 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 consolidated 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 Choom Holdings Inc. as at June 30, 2018 and 2017, 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 2 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
October 29, 2018

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CHOOM HOLDINGS INC. (FORMERLY STANDARD GRAPHITE CORPORATION)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at June 30

Expressed in Canadian Dollars

	Note		2018		2017
ASSETS					
Current					
Cash		$	**9,384,390**	$	109,309
Short-term investments	5		**6,900**		6,900
Accounts receivable	6		**243,914**		5,795
Prepaids and deposits	20,22		**626,094**		5,873
Available-for-sale investment	7,16		**1,053**		1,609
			10,262,351		129,486
Non-Current					
Deposit	20		**355,632**		-
Inventory	8		**26,705**		-
Property and equipment	9		**225,975**		1,431
Intangible assets	10		**89,725,400**		-
		$	**100,596,063**	$	130,917
LIABILITIES					
Current					
Trade and other payables	12,16	$	**747,708**	$	77,761
Advances from shareholders	10		**253,501**		-
			1,001,209		77,761
SHAREHOLDERS' EQUITY					
Share capital	13		**110,362,719**		7,035,733
Subscriptions received	13		**-**		35,250
Contributed surplus	14		**3,923,231**		1,097,533
Accumulated other comprehensive income			**453**		733
Accumulated deficit			**(14,691,549)**		(8,116,093)
			99,594,854		53,156
		$	**100,596,063**	$	130,917

Approved on behalf of the Board of Directors by:

"Stephen Tong"	Director	*"Christopher Bogart"*	Director
Stephen Tong		Christopher Bogart	

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

CHOOM HOLDINGS INC. (FORMERLY STANDARD GRAPHITE CORPORATION)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended June 30
Expressed in Canadian Dollars

			2018		2017
Expenses					
Administrative and general	15,16	$	**4,230,291**	$	308,830
Depreciation	9		**27,268**		360
Pre-exploration costs			**-**		2,536
Research and development			**165,683**		-
Application costs	10		**198,500**		
Share-based payments	14		**1,604,144**		-
Loss before other items			**(6,225,886)**		(311,726)
Other income (expenses)					
Interest income			**3,157**		48
Impairment of exploration and evaluation assets	11		**-**		(424,506)
Gain (loss) on settlement of debt	9,13,16		**(352,727)**		49,754
Net loss for the year		$	**(6,575,456)**	$	(686,430)
Other comprehensive loss					
Items that may be recycled through profit or loss:					
Fair value (loss) gain on available-for-sale investment	7		**(280)**		(1,334)
Total comprehensive loss for the year		$	**(6,575,736)**	$	(687,764)
Loss per share for the year	17	$	**(0.07)**	$	(0.01)

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

CHOOM HOLDINGS INC. (FORMERLY STANDARD GRAPHITE CORPORATION)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended June 30

Expressed in Canadian Dollars

	Note	Share Capital	Subscriptions Received	Contributed Surplus	Accumulated Comprehensive Other Income	Accumulated Deficit	Total
Balance June 30, 2016		$ 6,211,152	$-	$ 1,097,533	$ 2,067	$ (7,429,663)	$ (118,911)
Net Loss for the year		-	-	-	-	(686,430)	(686,430)
Shares issued for cash	13	500,000	-	-	-	-	500,000
Available-for-sale investment	7	-	-	-	(1,334)	-	(1,334)
Shares for debt	13,16	298,521	-	-	-	-	298,521
Subscriptions receipts	13	-	35,250	-	-	-	35,250
Share-based payments for exploration and evaluation assets	11,13	30,000	-	-	-	-	30,000
Share issue costs		(3,940)	-	-	-	-	(3,940)
Balance June 30, 2017		$ 7,035,733	$ 35,250	$ 1,097,533	$ 733	$ (8,116,093)	$ 53,156
Net Loss for the year		**-**	**-**	**-**	**-**	**(6,575,456)**	**$ (6,575,456)**
Shares issued for cash	13	**14,300,001**	**(35,250)**	**-**	**-**	**-**	**14,264,751**
Shares issued for acquisitions of intangible assets	10,13	**86,452,621**	**-**	**-**	**-**	**-**	**86,452,621**
Shares issued for other intangible assets	10	**713,000**	**-**	**-**	**-**	**-**	**713,000**
Shares issued for debt	13	**976,500**	**-**	**-**	**-**	**-**	**976,500**
Shares issued for consulting fees		**256,400**	**-**	**-**	**-**	**-**	**256,400**
Exercise of warrants		**765,129**	**-**	**-**	**-**	**-**	**765,129**
Exercise of options		**194,959**	**-**	**(88,959)**	**-**	**-**	**106,000**
Available-for-sale investment	7	**-**	**-**	**-**	**(280)**	**-**	**(280)**
Share-based payments	14	**-**	**-**	**1,604,144**	**-**	**-**	**1,604,144**
Options issued for acquisition of intangible assets	10	**-**	**-**	**1,310,513**	**-**	**-**	**1,310,513**
Share issue costs		**(331,624)**	**-**	**-**	**-**	**-**	**(331,624)**
Balance June 30, 2018		**$ 110,362,719**	**$ -**	**$ 3,923,231**	**$ 453**	**$ (14,691,549)**	**$ 99,594,854**

The accompanying notes form an integral part of these financial statements

CHOOM HOLDINGS INC. (FORMERLY STANDARD GRAPHITE CORPORATION)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30
Expressed in Canadian Dollars

	Note		**2018**		2017
OPERATING ACTIVITIES					
Net loss for the year		$	**(6,575,456)**	$	(686,430)
Items not affecting cash					
Depreciation	9		**27,268**		360
Impairment of exploration and evaluation assets			**-**		424,506
Share-based payments	14		**1,604,144**		-
Loss (gain) on settlement of debt	9,13,16		**352,727**		(49,754)
Shares issued for services	13		**256,400**		-
Changes in non-cash working capital					
Purchase of inventory	8		**(26,705)**		-
Accounts receivable	6		**(227,249)**		4,906
Trade and other payables	12,16		**513,398**		(154,606)
Prepaid expenses and advances			**(617,983)**		(1,371)
Due to related parties	16		**276**		36,467
Cash used in operating activities			**(4,693,180)**		(425,922)
INVESTING ACTIVITIES					
Deposits	10,20		**(355,632)**		-
Purchase of equipment	9		**(36,498)**		(1,354)
Transactions costs net of cash acquired on acquisition of Medi-Can	10		**(77,117)**		-
Transactions costs on acquisition of IGC	10		**(39,732)**		-
Transactions costs net of cash acquired and advances on acquisition of ITI	10		**(306,434)**		-
Expenditures on resource properties	11		**-**		(2,500)
Cash used in investing activities			**(815,413)**		(3,854)
FINANCING ACTIVITIES					
Shares and units issued for private placement	13		**14,264,751**		500,000
Subscription receipts	13		**-**		35,250
Exercise of options	13,14		**106,000**		-
Exercise of warrants	13		**765,129**		-
Repayment of shareholders advances	9		**(61,000)**		-
Share issue costs			**(291,206)**		(3,940)
Cash provided in financing activities			**14,783,674**		531,310
Increase in cash during the year			**9,275,081**		101,534
Cash, beginning of year			**109,309**		7,775
Cash, end of year		$	**9,384,390**	$	109,309

Supplemental cash flow information – Note 19

The accompanying notes form an integral part of these 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). 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on October 29, 2018.

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

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

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

Going Concern

The Company has not yet achieved profitable operations. These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred a net loss of $6,575,456 for the year ended June 30, 2018 (2017 - $686,430) and as at that date has accumulated a deficit of $14,691,549 (2017 - $8,116,093) and is expected to continue to incur losses. The Company had working capital of $9,261,142 as at June 30, 2018 (2017 - $51,725). 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 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.

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

These consolidated financial statements include the accounts of:

	% of ownership	Jurisdiction	Principal Activity
Medi-can Health Solutions Inc. (“Medi-Can)	100	British Columbia	Research, Development & Cultivation
Arbutus Brands Inc. (“Arbutus”)	100	British Columbia	Research, Development & Cultivation
Island Green Cure (“IGC”)	100	British Columbia	Research, Development & Cultivation
Specialty Medijuana Products Inc. (“SMP”)	100	British Columbia	Research, Development & Cultivation
102047851 BC Ltd. (“102047851”)	100	British Columbia	Research, Development & Cultivation

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

Foreign Currency Transactions

Foreign currency accounts are translated into Canadian dollars as follows:

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

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net loss or other comprehensive income/loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

Property and Equipment

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

Furniture and fixtures	20% per annum

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

Inventory

Inventories consists of various retail items and are measured at the lower of cost and net realizable value. The cost of inventories is based on the average cost method. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. On acquisition, raw materials are recorded at their replacement cost at the date of acquisition.

Intangible Assets

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

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

Intangible assets not yet in use are comprised of the Company's acquisition costs related to the applications submitted for the business of cultivating and selling marijuana for medical purposes and related products under the ACMPR. Once licenses have been approved, the intangible asset in use will have an indefinite useful life. Additionally, intangible assets include intellectual property which is recorded at cost and when ready for use, will be amortized on a straight-line basis over an estimated useful life of 18 years net of any accumulated impairment losses

Impairment of Non-Financial Assets

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

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

Financial Instruments

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

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

Financial Instruments (cont'd)

Financial Assets (cont'd)

Fair Value through Profit or Loss ("FVTPL")

Financial assets are classified as FVTPL when the financial asset is held-for-trading or is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future, it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Cash, short-term deposits and short-term investments and long-term deposits are included in this category.

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Accounts receivable are included in this category.

Available-for-Sale Investments

Non-derivative financial assets that do not meet the definition of loans and receivables are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

On sale or impairment, the cumulative amount recognized in other comprehensive income is reclassified from accumulated other comprehensive income to profit or loss. The available-for-sale investment is included in this category.

Held-to-Maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to maturity are classified as held-to-maturity. Financial assets classified as held-to-maturity are measured at amortized cost using the effective interest method.

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

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

Financial Instruments (cont'd)

Financial Liabilities

Financial liabilities are classified as other financial liabilities based on the purpose for which the liability was incurred. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade and other payables and advances from shareholders are included in this category and represent liabilities for goods and services provided to the Company prior to the end of the year that are unpaid.

Income Taxes

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

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

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

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

Share Capital

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

Contributed Surplus

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

Earnings/Loss per Share

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

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

Share-based Payments

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

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

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

Future Accounting Pronouncements

IFRS 9 *Financial Instruments*

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- *Classification and measurement of financial liabilities:*
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- *Impairment of financial assets:*
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected

- *Hedge accounting:*
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

- *Derecognition:*
  The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

This standard is applicable to the Company's annual period beginning on July 1, 2018.

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.

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, 2018.

IFRS 15 Revenue from Contracts with Customers

This new standard establishes a comprehensive framework for the recognition, measurement and disclosure of revenue replacing IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue — Barter Transactions Involving Advertising Services*.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

Revenue is recognized based on a five-step model:

1. Identify the contract with customer;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognize revenue when (or as) the performance obligations are satisfied.

New disclosure requirements on information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

This standard is applicable to the Company's annual period beginning on July 1, 2018.

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:

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

Asset acquisitions

Management has had to apply judgment with respect to whether the acquisition of Medi-Can, IGC, and SMP 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, all three acquisitions were considered to be asset acquisitions.

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.

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.

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.

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.

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)

5. SHORT-TERM INVESTMENTS

At June 30, 2018 and at June 30, 2017 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.

6. ACCOUNTS RECEIVABLE

Accounts receivable are made up of $107,114 (2017 - $5,795) sales tax receivable and $136,800 (2017 - $nil) for refundable retail space application fees. Sales tax receivable represents input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada.

7. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment consists 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 $1,053 (2017 - $1,333) of the available-for-sale investments has been determined by reference to published price quotations in an active market, a Level 1 valuation. During the year ended June 30, 2018, the Company recorded a $280 loss (2017 - $1,334) of investment on marketable securities in other comprehensive income.

8. INVENTORY

Inventory is comprised of the following:

	June 30 2018	June 30 2017
Retail merchandise	**$26,705**	**$-**

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)

9. PROPERTY AND EQUIPMENT

	Note		Leasehold Improvements		Furniture & Fixtures		Total
Cost							
Balance at June 30, 2016		$	-	$	18,311	$	18,311
Assets acquired			-		1,354		1,354
Balance June 30, 2017		$	-		19,665		19,665
Assets acquired on acquisition	10		**-**		**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**
Depreciation and impairment losses							
Balance at June 30, 2016		$	-	$	17,874	$	17,874
Depreciation for the year			-		360		360
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 June 30, 2018		$	**-**	**$**	**19,915**	**$**	**19,915**
Carrying amounts							
Carrying value at June 30, 2017		$	-	$	1,431	$	1,431
Carrying value at June 30, 2018		$	**57,422**	**$**	**168,553**	**$**	**225,975**

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 10), resulting in a gain on debt settlement of $88,273 being recorded in the statements of loss and comprehensive loss.

Leasehold Improvements relate to warehouse improvements in Medi-Can, IGC and ITI. As the space is not yet in use, there was no depreciation expense recorded for the year ended June 30, 2018.

(Expressed in Canadian Dollars)

10. INTANGIBLE ASSETS

		Medi-can		IGC		Arbutus Brands		Other Intangible Assets		Total
Costs										
Balance at June 30, 2017	$	-	$	-	$	-	$	-	$	-
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**

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.

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 cannot be reasonably estimated, and as such, has not been included as consideration in the purchase of Medi-Can. The purchase price equation is as follows:

(Expressed in Canadian Dollars)

10. INTANGIBLE ASSETS (cont'd)

Medican (cont'd)

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 9).

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 cannot be reasonably estimated as at June 30, 2018, and therefore, has not been included in the purchase price. The purchase price equation is as follows:

(Expressed in Canadian Dollars)

10. INTANGIBLE ASSETS (cont'd)

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

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 39,968,890 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:

    (i) 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;
    (ii) 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 is contingent on the grant of a cultivation license, the probability of the grant of a cultivation license cannot be reasonably estimated , and as such, has not been 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:

(Expressed in Canadian Dollars)

10. INTANGIBLE ASSETS (cont'd)

International Tungsten Inc. (cont'd)

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, plant and equipment	163,326
License	78,541,183
Trade payables	(69,480)
Shareholders loans	(264,501)
Net assets acquired	$78,381,793

The transaction costs have been 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.

During the year ended June 30, 2018, the Company repaid $11,000 of the shareholder loans. The outstanding balance at June 30, 2018 is $253,501.

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.

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As such SMP is the continuing entity for accounting purposes. The SMP Acquisition does 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.

10. INTANGIBLE ASSETS (cont'd)

Flower Power

Choom entered into a letter of intent dated March 5, 2018 the ("Flower Power LOI") with Flower Power Cannabis Pharms Inc. ("Flower Power") and its wholly-owned subsidiary Highway 10 Cannabis Pharms Inc. ("Highway 10") to acquire all the issued and outstanding shares in the capital of Flower Power. The letter of intent was not pursued. As at June 30, 2018, costs incurred in connection with applications for retail license was $166,500 (2017 - $Nil) and is recorded in the consolidated statements of loss and comprehensive loss.

Saskatchewan Other

In addition, Choom has 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 $136,800 (2017 - $nil) is included in accounts receivable (note 6) for applications rejected, and the remaining $32,000 of application expense (2017 - $nil) was included in the consolidated statements of loss and comprehensive loss. Subsequent to year-end, the Company received a refund of $136,800 on application costs.

Other Intangible Assets

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
(iii) $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 year ended June 30, 2018.

(Expressed in Canadian Dollars)

11. EXPLORATION AND EVALUATION ASSETS

All exploration and evaluation assets were written off in the prior year ended June 30, 2017. During the year ended June 30, 2018, pursuant to the change of business as described in Note 1, the Company has changed its business to the cannabis industry.

a. ***Philibert Property, Quebec, Canada***

On July 25, 2016, the Company entered into a mineral property option agreement with Soquem Inc. ("SOQUEM") pursuant to which the Company has been granted an option (the "Philibert Option") to earn a 50% interest in the Philibert Gold Project (the "Philibert Property"), comprised of 110 mineral claims covering 5,393 hectares located in Quebec.

Pursuant to the terms of the Philibert Option, the Company may acquire a 50% interest in the Philibert Property by issuing 3,500,000 common shares (500,000 issued) (see Note 13) over six years and incurring exploration costs of $3,500,000 ($300,000 in the first year) over a five-year period.

On July 31, 2017, the Company received a letter of termination from SOQEUM for failing to complete the $300,000 in exploration expenditures on or before July 25, 2017. As at June 30, 2017, the Company wrote down the property in the amount of $42,631 in acquisition and exploration costs, in accordance with Level 3 of the fair value hierarchy.

b. ***Lithium Properties, Quebec, Canada***

On March 2, 2016, the Company entered into an option agreement for the acquisition of eight lithium properties in Quebec, Canada from two private individuals, collectively referred to as the "Lithium Properties".

As a result of the change of business as at June 30, 2017 the Company wrote down the property in the amount of $362,500 in acquisition and exploration costs, in accordance with Level 3 of the fair value hierarchy.

c. ***Diego Property***

On November 17, 2014, the Company and Cartier Resources ("Cartier") entered into a purchase agreement wherein the Company acquired a 100% interest in claims collectively referred to as the "Diego Property". The Diego Property is located southwest of the town of Chapais, in the province of Quebec.

As a result of the change of business as at June 30, 2017 the Company wrote down the property in the amount of $19,375 in acquisition and exploration costs, in accordance with Level 3 of the fair value hierarchy.

12. TRADE AND OTHER PAYABLES

	Note	**June 30 2018**	June 30 2017
Trade payables		**$713,744**	$62,225
Due to related parties	16	**33,964**	15,536
Total		**$747,708**	$77,761

(Expressed in Canadian Dollars)

13. SHARE CAPITAL AND RESERVES

a) Common Shares

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

The following is a summary of changes in share capital from July 1, 2016 to June 30, 2018:

		Number	Issue Price	Total
Balance at June 30, 2016	Note	51,211,619	-	$6,211,152
Issued for evaluation and exploration assets	11	500,000	$0.060	30,000
Issued for private placement	13	10,000,000	$0.050	500,000
Shares for debt	13	4,975,356	$0.070	298,521
Share issue costs		-	-	(3,940)
Balance June 30, 2017		66,686,975	-	**$7,035,733**
Issued for private placement	**13**	**3,333,333**	**$0.15**	**500,000**
Issued for private placement	**13**	**5,000,000**	**$0.20**	**1,000,000**
Issued for private placement	**13**	**5,400,000**	**$0.50**	**2,700,000**
Issued for private placement	**13**	**14,225,353**	**$0.71**	**10,100,001**
Issued for Medi-can purchase	**10**	**12,500,000**	**$0.17**	**2,125,000**
Issued for IGC purchase	**10**	**8,000,000**	**$0.89**	**7,120,000**
Issued for finders' fee IGC purchase	**10**	**500,000**	**$0.89**	**445,000**
Issued for ITI purchase	**10**	**52,031,110**	**$1.37**	**71,282,621**
Issued for finders' fee ITI purchase	**10**	**4,000,000**	**$1.37**	**5,480,000**
Issued for purchase of intellectual property	**10**	**575,000**	**$1.24**	**713,000**
Issued for shares for debt	**13,16**	**3,150,000**	**$0.31**	**976,500**
Issued for compensation	**13**	**200,000**	**$0.91**	**182,000**
Issued for compensation	**13**	**60,000**	**$1.24**	**74,400**
Exercise of options	**13,14**	**400,000**	**$0.18**	**72,000**
Exercise of options	**13,14**	**200,000**	**$0.17**	**34,000**
Exercise of warrants	**13**	**2,198,017**	**$0.25**	**549,504**
Exercise of warrants	**13**	**287,500**	**$0.75**	**215,625**
Fair value of options transferred on exercise	**13,14**	**-**	**-**	**88,959**
Share issue costs		**-**	**-**	**(331,624)**
Balance at June 30, 2018		**178,747,288**	**-**	**$110,362,719**

13. SHARE CAPITAL AND RESERVES (cont'd)

a) Common Shares (cont'd)

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. This is included in consulting expenses (Note 15).

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 10 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 10 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. This is included in consulting expenses (Note 15).

On May 2, 2018 the Company issued 8,000,000 common shares pursuant to the IGC Acquisition as described in note 10 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 10, 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.

(Expressed in Canadian Dollars)

13. SHARE CAPITAL AND RESERVES (cont'd)

a) Common Shares (cont'd)

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.

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.

Issued July 1, 2016 to June 30, 2017:

On August 30, 2016, the Company issued a total of 4,975,356 common shares at a price of $0.07 per share to extinguish debt in the aggregate amount of $348,275 owed to related and non-related parties (Note 16).

On August 30, 2016, pursuant to the Philibert Option as described in Note 11 hereinabove, the Company issued 500,000 common shares. The common shares were valued at $30,000 as determined by the market price when issued being $0.06 per share.

On February 7, 2017, the Company completed a non-brokered private placement for 10,000,000 common shares at a price of $0.05 per share , for gross proceeds of $500,000.

b) Share Purchase Warrants

The following is a summary of changes in share purchase warrants from July 1, 2016 to June 30, 2018:

	Number	Weighted Average Price
Balance at June 30, 2016 and 2017	-	-
Issued	**9,366,667**	**$0.39**
Exercised	**(2,485,517)**	**$0.31**
Balance at June 30, 2018	**6,881,150**	**$0.43**

As at June 30, 2018, the share purchase warrants have a weighted average remaining contractual life of 0.99 years (2017 – nil) years. Each warrant entitles the holders thereof the right to purchase one common share as follows:

Number	Price Per Share	Expiry Date
881,150	**$0.25**	**27-Mar-19**
3,587,500	**$0.25**	**18-Jun-19**
2,412,500	**$0.75**	**6-Aug-19**
6,881,150		

(Expressed in Canadian Dollars)

13. SHARE CAPITAL AND RESERVES (cont'd)

c) Subscriptions received

Pursuant to the private placement as described herein completed on September 27, 2017 the Company had received $35,250 in subscriptions as at June 30, 2017.

d) Escrow Shares

As at June 30, 2018, there was 11,250,000 common shares (2017 – nil) held in escrow in connection with the Acquisition as described in note 10. Every 6 months, 5,850,000 common shares are released from escrow.

As at June 30, 2018, there was 5,760,000 common shares (2017 – nil) held in escrow in connection with the IGC Transaction as described in note 10. Every 6 months, 1,296,000 are released from escrow.

14. 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, 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**	**50,000**	**50,000**
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**	**4,840,000**	**1,470,000**
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**

See Note 24 for events after the reporting date.

(Expressed in Canadian Dollars)

14. SHARE-BASED PAYMENTS (cont'd)

The following is a summary of changes in options from July 1, 2016 to June 30, 2017:

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Cancelled/Expired	Closing Balance	Vested and Exercisable	Unvested
21-Dec-11	21-Dec-16	$0.26	395,000	-	-	(395,000)	-	-	-
8-Feb-12	8-Feb-17	$0.46	200,000	-	-	(200,000)	-	-	-
10-Feb-12	10-Feb-17	$0.49	390,000	-	-	(390,000)	-	-	-
26-Apr-12	26-Apr-17	$0.44	50,000	-	-	(50,000)	-	-	-
20-Dec-12	20-Dec-17	$0.15	445,000	-	-	-	445,000	445,000	-
7-Feb-13	7-Feb-18	$0.18	475,000	-	-	(325,000)	150,000	150,000	-
8-Feb-13	8-Feb-18	$0.18	475,000	-	-	-	475,000	475,000	-
15-Mar-13	15-Mar-18	$0.15	175,000	-	-	(50,000)	125,000	125,000	-
15-Jan-14	15-Jan-19	$0.06	250,000	-	-	(250,000)	-	-	-
			2,855,000	-	-	(1,660,000)	1,195,000	1,195,000	-
Weighted Average Share Price			$0.24	-	-	$0.29	$0.17	$0.17	-
Weighted Average Life Remaining (years)			1.57	-	-	-	0.57	0.57	-

b) Fair Value of Options Issued During the Period

During the year ended June 30, 2018, the weighted average fair value at grant date of options granted was $0.92 (2017 - $nil) per option. During the year ended June 30, 2018, there were 6,510,000 (2017 – nil) options granted.

c) Expenses Arising from Share-based Payment Transactions

The model inputs for options granted or vested during the year ended June 30, 2018 included:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free-Interest Rate	Expected Life	Volatility Factor	Dividend Yield
16-Nov-17	16-Nov-22	$0.17	$0.17	2.08%	5	148.01%	0%
27-Feb-18	27-Feb-23	$0.69	$0.75	2.04%	5	152.03%	0%
19-Mar-18	19-Mar-23	$1.06	$1.06	2.00%	5	152.09%	0%
11-Apr-18	11-Apr-23	$0.82	$0.84	2.18%	5	151.54%	0%
13-Apr-18	13-Apr-23	$0.91	$0.91	2.18%	5	151.54%	0%
7-May-18	7-May-23	$0.85	$0.88	2.11%	5	151.47%	0%
10-May-18	10-May-23	$0.84	$0.84	2.11%	5	151.47%	0%
15-Jun-18	15-Jun-23	$1.37	$0.35	1.93%	5	148.74%	0%
19-Jun-18	19-Jun-23	$1.24	$1.26	1.93%	5	148.74%	0%
20-Jun-18	20-Jun-23	$1.41	$1.41	1.93%	5	148.74%	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 year ended June 30, 2018 were $2,700,640 (2017 - $Nil) of which $1,604,144 was expensed. The remaining amount of $1,096,496 will be expensed as the remaining unvested options vest.

(Expressed in Canadian Dollars)

15. ADMINISTRATIVE AND GENERAL EXPENSES

	Note		June 30 2018		June 30 2017
Administrative and General Expenses:					
Accounting and legal		$	**607,212**	$	50,572
Conferences			**298,070**		-
Consulting	13,16		**815,925**		157,094
Investor relations, website development and marketing			**1,608,067**		15,747
Office and administration fees			**81,463**		16,416
Regulatory fees			**40,442**		13,999
Rent	16		**500,122**		46,653
Shareholder communications			**149,236**		2,815
Transfer agent fees			**22,370**		5,534
Travel			**107,384**		-
		$	**4,230,291**	$	308,830

16. RELATED PARTY TRANSACTIONS

a) Key Management Compensation

		June 30 2018		June 30 2017
Key management personnel compensation comprised:				
Consulting fees	**$**	**329,813**	$	157,094
Share-based payments		**258,064**		-
	$	**587,877**	$	157,094

i) Consulting fees of $130,000 (2017 – $70,000) were paid to 0954041 BC Ltd. (“0954041”), a company controlled by Chris Bogart, President and Chief Executive Officer.
ii) Consulting fees of $47,813 (2017 - $18,594) were paid to Minco Corporate Management Inc. (“Minco”), a company controlled by Terese Gieselman, Chief Financial Officer and Secretary.
iii) Consulting fees of $120,000 (2017 - $68,500) were paid to Etoby Management Limited (“Etoby”) and/or Craig Schneider (“Schneider”) a company controlled by Schneider, an individual with significant influence over the Company. In addition, rental fees of $32,000 (2017 - $46,653) were charged by Etoby and/or Schneider.
iv) Consulting fees of $32,000 (2017 - $nil) were incurred to Chris Gagan, the Vice President of Marketing.
v) Share-based payments are the fair value of options granted to directors and key management personnel as described in Note 14.

b) Related Party Liabilities

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

Amounts due to:	Service for:		June 30 2018		June 30 2017
Minco	Consulting Fees	$	**17,374**	$	2,730
Chris Gagan	Consulting Fees		**16,590**		12,717
Corex Gold Corporation	Expenses		**-**		-
0954041	Expenses		**-**		89
		$	**33,964**	$	15,536

(Expressed in Canadian Dollars)

16. RELATED PARTY TRANSACTIONS (cont'd)

b) Related Party Liabilities (cont'd)

As at June 30, 2018, $Nil (2017 - $12,717) was due to Corex Gold Corporation ("Corex"), which has a former common officer, Terese Gieselman of the Company, for expenses incurred by Corex on behalf of the Company for shared office space and administrative personnel expenses. These advances are non-interest-bearing and due on demand.

c) Shares for Debt

On August 30, 2016, included in the shares for debt settlement as describe in Note 13, was the settlement of an aggregate $306,831 in trade payables through the issuance of an aggregate 4,383,296 common shares at an issue price of $0.07 resulting in a gain on settlement of debt of $49,754 with related parties as follows:

Debtor	Debt Amount	Share Price	No. Shares
0954041 BC Ltd.	$37,500	$0.07	535,714
Schneider	269,331	$0.07	3,847,582
Total	**$306,831**		**4,383,296**

17. LOSS PER SHARE

	June 30 2018	June 30 2017
Net loss attributable to ordinary shareholders	**($6,575,456)**	($686,430)
Weighted average number of common shares	**88,420,100**	56,689,724
Basic and diluted loss per share	**($0.07)**	($0.01)

18. SEGMENT REPORTING

The Company, subsequent to the completion of the Acquisition and change of business on November 17, 2017, has one reportable operating segment being that of the cannabis industry. The Company's non-current assets as at June 30, 2018 and 2017 are all in Canada.

19. 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 years ended June 30, 2018 and June 30, 2017 the following transactions were excluded from the statements of cash flows:

i) Pursuant to mineral property agreements, the Company issued Nil (2017 – 500,000) common shares valued at $Nil (2017 - $30,000) as determined by their market prices when issued (note 11);
ii) Pursuant to settlement of outstanding transaction costs from the acquisition of Medi-Can of $535,500 (2017 – Nil), the Company issued 3,150,000 common shares (2017 – nil);
iii) Pursuant to the settlement of outstanding debt of $nil (2017 - $348,276) the Company issued nil common shares (2017 - 4,975,356), (See note 13);
iv) The Company issued common shares for which subscriptions of $35,250 were received in 2017;
v) Costs from the purchase of equipment of $26,401 is included in trade and other payables;
vi) Share issuance costs of $40,418 is included in trade and other payables;
vii) In connection with the purchase of IGC, the Company issued 500,000 common shares to finders with a fair value of $445,000; and
viii) In connection with the purchase of ITI, the Company issued 4,000,000 common shares to finders with a fair value of $5,480,000.

20. 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 10, 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.

Island Green Cure Leasehold Premises

Pursuant to the closing of the ICG Acquisition on May 2, 2018 as described in Note 10, 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 June 30, 2018, $88,908 is classified as a current asset in prepaids and deposit and $355,632 is classified as a long-term deposit.

Specialty Medijuana Products Inc.

Pursuant to the closing of the ITI Acquisition the Company assumed under SMP four lease agreements for four leasehold premises located in Victoria, British Columbia each dated February 15, 2018 for an initial term of five years, commencing on March 1, 2018 and ending on February 28, 2023, with an option to renew at a monthly rate of $12,500 for each premise.

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.

Clarity Option Agreement

Pursuant to an option agreement dated April 16, 2018 as amended and restated on August 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, Alberta and Saskatchewan. 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.

Acquisition

The Company has 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 which will be credited toward the purchase price**.** Should the transaction not proceed the $500,000 deposit will be returned. Subsequent to year-end, the $500,000 was returned to the Company.

20. COMMITMENTS (cont'd)

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

Not later than 1 year	$	796,707
Later than 1 year and not later than 5 years		2,520,000
	$	**3,316,707**

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Market risk
- Credit risk
- Liquidity risk

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

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

General Objectives, Policies and Processes

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

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

Market Risk

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

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in GICs or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

Cash and GICs are subject to floating interest rates.

Other Price Risk

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

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

General Objectives, Policies and Processes (cont'd)

Credit Risk

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

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

Liquidity Risk

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

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

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other payable and option payment commitments. The Company's trade and other payables are all due within 90 days.

Determination of Fair Value

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

The statements of financial position carrying amounts for cash, short-term investments, related party receivable, and trade and other payables approximate fair value due to their short-term nature.

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

Fair Value Hierarchy

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

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

Cash, short-term deposit, short-term investments and available-for-sale investments are measured as Level 1 financial instruments.

(Expressed in Canadian Dollars)

22. CAPITAL MANAGEMENT

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

The Company is not exposed to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended June 30, 2018.

23. INCOME TAXES

Taxation in the Company's operational jurisdictions is calculated at the rates prevailing in the respective jurisdictions. There is no tax charge arising for the Company for the years ended June 30, 2018 and 2017.

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

	June 30 2018	June 30 2017
Loss before tax per the accounts	$ (6,575,456)	$ (686,430)
Income taxed at local statutory rates – 26.5% (2017 – 26.00%)	$ (1,742,495)	$ (178,472)
Items not deductible for tax purposes	215,382	(13,096)
Change in timing differences	(33,070)	-
Effect of change in tax rates	(72,550)	-
Unused tax losses and tax offsets not recognized	1,632,733	191,568
Income tax expense	$ -	$ -

Deferred Tax Assets and Liabilities

The Company recognizes tax benefits on losses or other deductible amounts where it is probable the Company will generate sufficient taxable income to utilize its deferred tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	June 30 2017	June 30 2017
Non-capital losses	$ 9,190,572	$ 4,513,920
Resource properties	2,900,179	2,873,022
Property, plant and equipment	142,739	35,948
Share issue costs	268,692	8,315
Available-for-sale securities	16,474	16,334
Deferred tax assets	12,518,656	7,447,539
Unrecognized deferred tax assets	(12,518,656)	(7,447,539)
Net deferred tax assets	$ -	$ -

(Expressed in Canadian Dollars)

23. INCOME TAXES (cont'd)

As at June 30, 2018, the Company has available losses that may be carried forward to apply against future years' income for income tax purposes. The approximate losses expire as follows:

Year of Expiry	Taxable Losses	
2027	$	39,000
2028		62,000
2029		235,000
2030		173,000
2031		412,000
2032		1,066,000
2033		763,000
2034		610,000
2035		407,000
2036		419,000
2037		328,000
2038		4,677,000
Total	$	9,191,000

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

24. EVENTS AFTER THE REPORTING DATE

Subsequent to June 30, 2018:

Options

The following options were granted to consultants:

a. On August 1, 2018 250,000 options at a price of $1.28 per common share; and
b. On August 17, 2018 100,000 options at a price of $1.07 per common share;

Warrants

The Company issued 685,000 common shares pursuant to the exercise of share purchase warrants at an exercise price of $0.25 and 35,000 common shares pursuant to an exercise price of $0.75.

Loans and Advances

The Company has made advances to related and non-related parties in the aggregate $1,675,000 in connection with securing its interests in the retail opportunities in Canada which includes related party advances of $1,250,000 in connection with the Clarity Option.

In the event the Company does not acquire a retail site, the advances will convert to loans at an interest rate of 6% due and payable with in one year upon such conversion.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Year Ended June 30, 2018

Suite 350 – 409 Granville Street
Vancouver, BC, V6C 1T2
Tel: 604-683-2509 Fax: 604-683-2506

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Choom Holding Inc. *(formerly Standard Graphite Corporation)* (the "Company") as at as at June 30, 2018 and for the comparative year ended June 30, 2017. This MD&A should be read in conjunction with the consolidated financial statements for years ended June 30, 2018 and 2017 and related notes available under our Company profile on SEDAR.

All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated. The effective date of this MD&A is October 29, 2018.

Throughout the report we refer to Choom Holdings Inc. as the "Company", "we", "us", "our" or "its". All these terms are used in respect of Choom Holdings Inc. Additional information on the Company can be found on SEDAR at www.sedar.com and the Company's website www.choom.ca

Cautionary Statement on Forward-Looking Information

This report contains certain statements, which may constitute "forward-looking information" within the meaning of Canadian securities law requirements ("**forward-looking statements**"). These forward-looking statements are made as of the date of this MD&A and Choom Holdings Inc. (the "**Company**") does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Certain forward-looking statements in this MD&A include, but are not limited to the following

- the Company's strategies and objectives, both generally and in respect of its existing business and planned business operations;
- Medi-Can's ACMPR application to become a licensed producer;
- IGC's ACMPR application to become a licensed producer;
- completion of the acquisition of Flower Power and Highway 10;
- the Company's retail dispensary strategy;
- conditions in the financial markets generally, and with respect to the prospects for Canadian cannabis companies specifically;
- the expected demand for the Company's services and products;
- the Company's future cash requirements; and
- the timing, pricing, completion, regulatory approval of proposed financings.

The above and other aspects of the Company's anticipated future operations are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such forward-looking statements are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements. Such factors include but are not limited to the Company's ability to become a Licensed Producer, the Company's ability to obtain the necessary financing and the general impact of financial market conditions, the demand for the Company's products, the success of the Company's current and future development efforts, changes in prices of required commodities, competition, government regulations and other risks as set out under "Risk Factors" discussed in the section "Risk Factors" as well as those detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements as well as those discussed under the heading ***"Risk Factors"*** in the Company's 2018 AIF, all of which are filed and available for review under the Company's profile on SEDAR at www.sedar.com. .

Overall Performance and Results of Operations

Choom Holdings Inc. (the "**Company**") was incorporated in the province of British Columbia on September 18, 2006 under the *Business Corporations Act*. On January 27, 2012, the Company received shareholder approval to change the Company's name to Standard Graphite Corporation. Effective February 3, 2012, the Company commenced trading on the TSX Venture Exchange (the "**Exchange**") under the symbol "SGH" as a Tier 2 issuer.

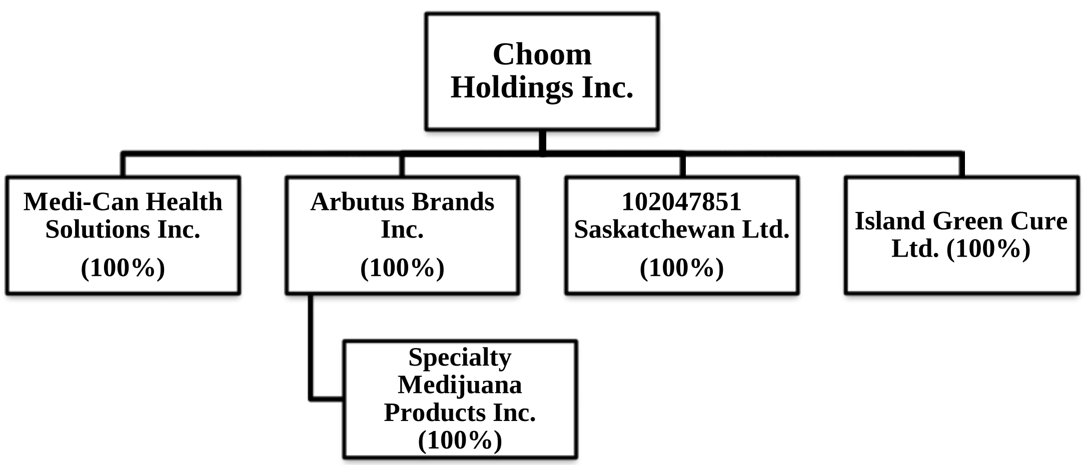
On October 18, 2017 the Company received shareholder approval to complete the acquisition of Medi-Can Health Solutions Ltd, and a name change. On November 17, 2017 the Company changed its name to Choom Holdings Inc. and completed a change of business to the business of cultivating and selling cannabis for medical purposes and related products under the ACMPR. 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**".

On December 29, 2017 the Company obtained final approval for trading on the OTCQB operated by the OTC Markets Group Inc. and commenced trading under the ticker symbol "**CHOOF**".

Choom Holdings Inc.'s corporate office and principal place of business is located at 350 – 409 Granville Street, Vancouver, British Columbia V6C 1T2.

Intercorporate Relationships

As at the date of this report Choom has four wholly-owned subsidiaries: Medi-Can Health Solutions Ltd. ("Medi-Can"), Arbutus Brands Inc ("Arbutus") and 102047851 Saskatchewan Ltd. ("SK Ltd.") and Island Green Cure Ltd. ("IGC"). Choom's intercorporate relationships with Medi-Can, Arbutus and SK Ltd. and IGC are as follows:



Highlights during year ended June 30, 2018 and as at the date of the report herein include:

<u>Medi-Can Health Solutions Ltd.</u>

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 "**Medi-Can Acquisition**").

Medi-Can is a proposed licensed producer ("**Licensed Produce**r") under the *Access to Cannabis for Medical Purposes Regulations* (Canada) ("**ACMPR**"). Medi-can's application is currently in the detailed review stage of the licensing process.

Choom, through its subsidiary Medi-Can is in the process of completing a cannabis facility on its leasehold property located near Vernon, B.C. (the "**Facility**"). The Facility is built with steel and concrete, comprised of two floors, totalling just under 13,500 square feet. Approximately 1,500 square feet represents office space, with the remaining space used for production, cultivation and packaging. The main floor consists of office space, eight rooms designed for both vegetative growth, flowering and cuts, and a seedling room. The second floor is home to more office space, a pre-veg room, and a drying room. Upon completion of the Facility, Choom will also have four more grow rooms and a quality assurance and packaging area located on the second floor. Additions will be made to security once the Facility is completed, including a security screening room and perimeter fencing around the Facility.

For additional information on Medi-Can's developments see further discussion in the Company's 2018 AIF under the heading *"Business Development*" filed on SEDAR

<u>Medi-Can Acquisition Details</u>

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 and 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 "**Principle Balance**"). The Acquisition Note is unsecured and non-interest bearing. Related party amounts include $375,000 from John Doo Jin Oh, a director of the Company. The payment of the Principle 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 cannot be reasonably estimated, and as such, has not been included as consideration in the purchase of Medi-Can.

Fair Value of 12,500,000 common shares issued	$	2,125,000
Transaction costs		612,636
Total Purchase Price	$	2,737,636
Cash	$	20
Taxes recoverable and other receivables		4,067
Property, plant 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 with a net book value of $161,727 resulting in a gain on debt settlement of $88,273 being recorded in the statements of loss and comprehensive loss.

Island Green Cure Ltd.

Choom entered into a letter of intent with Island Green Cure Ltd. ("IGC") on January 11, 2018 (the "**IGC LOI**") and subsequently, a share purchase agreement dated April 17, 2018 (the "**IGC SPA**") to acquire all of the issued and outstanding shares in the capital of IGC in consideration for Common Shares (the "**IGC Acquisition**"), including:

(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, an aggregate of $2,000,000 in Choom common shares, where the number of Choom common 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 commons shares to a related party of a consultant of the Company (the "IGC Finder Shares"). The total issuance of the aggregate 1,036,000 IGC Consideration Shares and the IGC Finder Shares to the related party of the consultant constituted a related party transaction within the meaning of Multilateral Instrument 61-101 ("MI 61-101"); however, the issuances were exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as the fair market value of the Choom common shares did not exceed 25% of the Company's market capitalization.

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.

On May 2, 2018 the IGC Acquisition closed and IGC became a wholly-owned subsidiary of Choom.

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 estimated based on an estimated value of approximately $0.89 per common share of Choom. The transaction costs have been included in the Acquisition costs which 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 cannot be reasonably estimated as at June 30, 2018, and therefore, has not been included in the purchase price. 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

Arbutus Brands

Arbutus Brands Inc. ("Arbutus") was incorporated on March 13, 2018 under the BCBCA and is a wholly-owned subsidiary of Choom. Arbutus' registered and records office is located at 1500 – 1055 West Georgia Street, Vancouver, B.C., V6E 4N7.

International Tungsten Inc. ("ITI")

On March 16, 2018, and subsequently amended and restated 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 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 to acquire ITI Shares (the "ITI Options") to be issued by ITI to a third party (the "ITI Option Holder") concurrently with the closing of the SMP Acquisition (as described hereinbelow) were cancelled and the ITI Option Holder were granted 1,000,000 options to purchase Choom Shares, with an effective 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 39,968,890 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:

   (i) 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;
   (ii) if a cultivation license is granted after June 19, 2018 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 is contingent on the grant of a cultivation license, the probability of the grant of a cultivation license cannot be reasonably estimated as at June 30, 2018, and therefore, has not been 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% on the date of grant of a license and thereafter released 18.75% to 33.33% every 6 months thereafter.

The transaction costs have been 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.

During the year ended June 30, 2018, the Company repaid $11,000 of the shareholder loans. The outstanding balance at June 30, 2018 is $253,501.

Fair value of 52,031,110 common shares issued	$71,282,621
Fair value of 1,000,000 ITI 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, plant and equipment	163,326
License	78,541,183
Trade payables	(69,480)
Shareholders loans	(264,501)
Net assets acquired	$78,381,793

Specialty Medijuana Products

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 does not meet the definition of a business combination under IFRS 3 Business Combinations, accordingly SMP accounted for the SMP Acquisition in accordance with IFRS 2 Share-based Payment.

The purchase price was determined based on the share price of ITI on June 15, 2018.

SMP which is based in Sooke, BC is an applicant under the ACMPR that has submitted its Affirmation of Readiness evidence package to Health Canada and expects to receive a cultivation license from Health Canada.

On October 17, 2018 the SMP received its cultivation license from Health Canada.

102047851 Saskatchewan Ltd.

SK Ltd. was incorporated on April 6, 2018 under the Business Corporations Act (Saskatchewan) and is a wholly-owned subsidiary of Choom. SK Ltd.’s registered and records office is located at 1400 – 2500 Victoria Ave., Regina, Saskatchewan S4P 3X2.

Choom, through SK Ltd., as of April 17, 2018 had applied to the Saskatchewan Liquor and Gaming Authority for cannabis retail permits in 32 zones across the Province of Saskatchewan through a Request for Proposal process and via lottery however Choom did not succeed in the lottery.

Retail Locations

Choom currently has secured the rights of up to 52 retail opportunities across western Canada which include 29 leases in highly strategic and secure locations in Alberta with 28 applications submitted, in combination with 17 retail opportunities in B.C., and 6 retail opportunities in Saskatchewan. Choom also has received Development Permits in 11 municipalities and is in the process of its retail store buildouts.

Additionally, on September 18, 2018, Choom announced that it has applied for a master retail license ("**Retail License**") in Manitoba's Request for Proposal ("**RFP**") to sell recreational cannabis coming October 17, 2018. The Retail License would give Choom the capability to operate retail cannabis stores within the province, as well as, an e-commerce platform. Choom intends to submit applications for retail licenses in other jurisdictions over the coming months.

The RFP process is highly competitive and if the Company is successful in obtaining the Retail License it will give Choom the ability to sell directly to consumers- either in store or online.

Flower Power

Choom entered into a letter of intent dated March 5, 2018 the ("Flower Power LOI") with Flower Power Cannabis Pharms Inc. ("Flower Power") and its wholly-owned subsidiary Highway 10 Cannabis Pharms Inc. ("Highway 10") to acquire all the issued and outstanding shares in the capital of Flower Power. The letter of intent was not pursued. As at June 30, 2018, costs incurred in connection with applications for retail license was $166,500 (2017 - $Nil) and is recorded in the consolidated statements of loss and comprehensive loss.

Saskatchewan Other

In addition, Choom has 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 $136,800 (2017 - $nil) is included in accounts receivable (note 6) for applications rejected, and the remaining $32,000 of application expense (2017 - $nil) was included in the consolidated statements of loss and comprehensive loss. Subsequent to year-end, the Company received a refund of $136,800 on application costs.

Other Intangible Assets

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
    (iii) $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 year ended June 30, 2018.

Other Developments

ParcelPal Technology Inc.

On September 27, 2018 the Company executed an agreement for cannabis distribution with ParcelPal Technology Inc. ("**ParcelPal**").

ParcelPal is a technology driven logistics company that connects consumers with local retailers to get their products delivered quickly and affordably. ParcelPal offers on-demand delivery of merchandise from leading retailers, restaurants, liquor stores and soon medical and recreational marijuana in major cities Canada-wide. Their technology handles the complete requirements of hyperlocal logistics by bringing the merchants and customers onto a single platform.

The initiative will consist of:

1. Distribution: ParcelPal and Choom will jointly develop the optimal roadmap for distribution of both mail order and same day delivery within various provinces for adult use cannabis.
2. Accessibility: Using Choom's and ParcelPal's platform to enhance user experience and accessibility to products offered.
3. Compliance: ParcelPal and Choom will ensure that all products will be delivered within the parameters established by all regulating bodies in Canada

CSE 25 Index

Choom was added to the CSE's 25 Index ("the Index"), which became effective at the market close on Friday, September 21, 2018.

The Index includes the top twenty-five securities by market capitalization contained in the CSE's composite index. These companies account for over 50% of the weighting in the larger index and are typically stocks that attract considerable trading volume.

On September 25, 2018 Choom was added to the Horizons Marijuana Life Sciences Exchange Traded Fund ("**ETF**"). HMMJ is the world's first and largest EFT offering direct exposure to North American publicly listed life sciences companies with significant business activities in the marijuana industry.

Thompson Okanagan Choom Group

Choom entered into a franchise expression of interest (the "**Expression of Interest**") with a group of investors referred to as the Thompson Okanagan Choom Group ("**TOCG**") on or around February 28, 2018, as part of its retail investor program to develop a chain of branded retail cannabis dispensaries across Canada (the "**Retail Initiative**"). According to the terms of the Expression of Interest, TOCG had proposes to secure exclusive territory rights from Choom to open multiple Choom-branded retail dispensaries in the Thompson-Okanagan region. The Expression of Interest agreement was subsequently terminated as it no longer fit into the Company's business strategy.

Dispositions

All exploration and evaluation assets were written off in the prior year ended June 30, 2017. During the year ended June 30, 2018, pursuant to the change of business as described in Note 1, the Company has changed its business to that of the cannabis industry.

See further discussions on Choom's developments under the heading "Business Development" in the Company's 2018 AIF as filed on SEDAR.

Corporate

Pursuant to the closing of the SMP and completion of the Amalgamation the Company further enhanced its management with the addition of the Arbutus team which has the experience to ensure that they successfully navigate the ACMPR licensing process and deliver on their vision. The team includes from SMP:

***Michael Forbes* -** Named one of 2017's Top Entrepreneurs by Quantum Shift, Michael has a long history of creating and operating successful companies in the pharmaceutical and health care industries. Over the course of 14 years in business, he has created and operated a chain of nine pharmacies and eight medical clinics, including three methadone clinics, employing over 160 people.

This expertise led to him being nominated to help create the procedures for the College of Pharmacists of British Columbia in 2010. His expertise in creating standard operating procedures in the pharmaceutical space is vital in ensuring proper drug dispensing to the public. This experience is crucial in creating trust with the consumer and the industry at large. He holds an Honorary Degree in Business from the Ivey School of Business and a Bachelor of Science, Pharmacy. Mr. Forbes was also appointed to the Company's board of directors on June 15, 2018.

***Ian Laing* -** Ian has over 20 years of experience in real estate, development and construction in a range of areas, including apartment buildings, custom home construction, land development, rezoning, condominiums, commercial and industrial buildings.

Since 1998, Ian has consistently proven his ability to build and grow multimillion-dollar projects from the ground up. He has a background in Urban Land Economics from the University of British Columbia and a commitment to building with integrity. Ian is currently running four companies and has experience in the recreational space with Salt Spring Island Brewery. This experience is expected to benefit the development of SMP's business practices and the anticipated build out and scaling of facilities. SMP will rely on this expertise as it grows its facilities and expands operations.

***Neil Michael MacLean* -** Neil MacLean has over 20 years of experience with the Department of National Defence ("DND"), primarily dealing with electronics, and previously was an environmental officer for HMCS Huron. His safety and WHMIS training, combined with his understanding of security procedures, are expected to assist SMP with compliance with the highest level of government regulations. He has effectively managed the integration of new equipment and systems, and has extensive personnel training experience, which, together with his training in environmental issues, electronics and operations of complex systems, will support the operational side of SMP.

On May 17, 2018 the Company announced the appointment of several key executives to its Board of Advisors to help steer the Company's brand into Canada's emerging rec-use marijuana market which included:

Derek Chan Derek joins Choom™ after his previous role as CFO for Vega, North America's leading all-natural health and performance nutrition brand. During his 9 years at Vega, his financial oversight helped the company grow 15x in sales. Derek managed the Company's private equity financing and participated in the M&A process, culminating in the successful sale of Vega to White Wave Foods for US$550 million. Mr. Chan brings over 20 years' experience in senior finance roles across various industries spanning consumer packaged goods, hospitality, and technology.
Derek holds a Chartered Professional Accountant designation and a Bachelor of Science from Simon Fraser University. Prior to leaving public practice, Derek was at KPMG LLP where he worked with a portfolio of private and public companies in audit and tax advisory services.

John Heaney John brings over 20 years of combined experience in private legal practice and government counsel. Most recently, John was the Chief of Staff for the Government of Alberta, where his role was paramount to ensuring the government was in touch with the needs and wants of Albertans. John has been a key official in developing the Alberta government's energy royalty review and climate-change legislation.
John also worked at several law firms in British Columbia, most notably as a lawyer at Heenan Blaikie LLP. His expertise in legal counsel, strategic planning, and government relations is critical to Choom™ as it approaches the legalization of recreational cannabis in Canada. Mr. Heaney holds a Bachelors of Law (LLB) from the University of Victoria.

Bobby Black Bobby Black is an icon of marijuana media and is best known for his 21-year tenure as senior editor, columnist and primary brand ambassador for High Times Magazine. During his tenure at High Times, Bobby produced and hosted numerous events, including the Cannabis Cup, the Stony Awards and Doobie Awards shows, Ganja Goddess parties, and the Miss High Times Contest/Pageant. Bobby has also served as editor for both Sensi and Greenleaf magazines, as well as contributing to several other cannabis publications. He is the host of *Blazin' With*

Bobby Black on Cannabis Radio, the former host of *Contact High* on Sirius Radio, and co-founder of the 420-friendly travel agency Higher Way Travel. Most recently, he has accepted the position of Chief Operating Officer at Crockett Family Farms—one of the most respected and award-winning cannabis genetics and cultivation in North America, based in California.

As the Choom Ambassador of Good Times, Bobby brings a 'high' level of cannabis expertise to our leadership team and will be instrumental in educating our audience of cannabis users and the 'cannacurious' on the past, present, and future state of marijuana, as we navigate the new frontier of legal adult use in Canada.

On February 28, 2018 the Company appointed Chris Gagan as Senior Vice President of Marketing to lead its brand strategy and execution.

Mr. Gagan brings over 20 years of marketing expertise and lifestyle brand development, product development, and retail expertise across a variety of wholesale and retail channels, most recently with Canada's largest national retailer of sporting goods FGL Sports, where he led the design and development team for their exclusive brands division.

As part of the senior leadership team, Mr. Gagan will be responsible for the development and execution of the Choom™ brand and retail marketing strategy. Mr. Gagan will also be integral to driving product marketing and market research for Choom™ as it prepares for the upcoming legalization of cannabis for recreational use across Canada.

Use of Proceeds

On September 27, 2017, the Company completed a non-brokered private placement of 3,333,333 units of at a price of $0.15 per unit (a "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. The Company has paid aggregate cash finder's fees in connection with the financing of $25,324.

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 consist 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. The Company has paid aggregate cash finder's fees in connection with the financing of $4,970.

On February 6, 2018 the Company completed a non-brokered private placement for 5,400,000 units at a price of $0.50 per unit (each a "Unit") for gross proceeds of $2,700,000. Each Unit is comprised of one common share (a "**Common Share**") and one-half of one Common Share purchase warrant (a "**Warrant**"), with each Warrant entitling the holder thereof to acquire a Common Share at a price of $0.75 per share until August 6, 2019. The Company has paid aggregate cash finder's fees in connection with the financing of $49,138.

Proceeds from the financings described herein are for general corporate purposes, continuing evaluation of other opportunities in the cannabis market, and for the costs incurred in connection with the Acquisition.

March 19, 2018 Choom completed a non-brokered private placement of 11,666,991 subscription receipts (each a "**Subscription Receipt**") for gross proceeds of $7,000,000. The proceeds from the Subscription Receipts were held until completion of the ITI Amalgamation as described hereinabove. Concurrently with the closing of the ITI Amalgamation, the Company completed on June 15, 2018, a non-brokered private placement and issued 14,225,353 shares (the "**June 2018 Financing**") at a price of $0.71 per share for gross proceeds of $10,100,001 (which included the $7,000,000 in Subscription Receipts already held). The Company has paid aggregate cash finder's fees in connection with the financing of $252,192.

The proceeds from the collective financings are being utilized for general corporate purposes, continuing evaluation of other opportunities in the cannabis market and for the costs incurred in connection with the acquisition of Medi-Can, IGC, and ITI Amalgamation as described hereinabove.

Outlook

Choom has secured the rights to 52 retail opportunities across Western Canada and its rapidly expanding Alberta presence now stands at 29 in highly strategic and secure locations, with 14 Development permits and 11 building permits received from the various municipalities. With recently amended regulations in Ontario, Choom has deployed its real estate team throughout the province of Ontario to secure a significant cannabis retail footprint in Canada's largest adult use market.

With recently amended regulations in Ontario, Choom has deployed its real estate team throughout the province of Ontario to secure a significant cannabis retail footprint in Canada's largest adult use market.

Choom is executing an aggressive expansion plan to create a significant retail storefront brand in the Canadian adult use market and is committed to developing and acquiring retail stores as a top priority. In all cases, the retail opportunities are subject to all necessary governmental and municipal approvals being granted. This number is expected to grow over the coming months as the Company is currently negotiating additional leases with the intention of submitting applications for retail licenses.

With legalization finally here, Choom is continuing to aggressively roll out its retail strategy. Management see's a massive opportunity in the retail market, with a goal to build Choom into an iconic Canadian retail storefront brand.

Selected Annual Information

The following table summarizes selected financial data reported by the Company for the years ended June 30, 2018, 2017 and 2016. The following annual results are compliant with IFRS:

	Year ended June 30 2018 $	**Year ended June 30 2017 $**	**Year ended June 30 2016 $**
Total Revenue	Nil	Nil	Nil
Net Loss	(6,575,456)	(686,430)	(632,555)
Comprehensive loss	(6,575,736)	(687,764)	(630,488)
Loss per share basic and diluted	(0.07)	(0.01)	(0.01)
Exploration and evaluation assets	—	—	379,375
Total assets	100,596,063	130,917	449,100
Current liabilities	1,001,209	77,761	568,011
Non-current liabilities	—	—	—
Shareholders' equity (deficiency)	99,594,854	53,156	(118,911)
Number of Common Shares	178,747,288	66,686,975	51,211,619

Results of Operations

Financial Results for the years ended June 30, 2018 and 2017

During the year ended June 30, 2018, the Company reported a net loss of $6,575,456 and loss per share of $0.07 compared to a net loss of $686,430 and loss per share of $0.01 for the comparative year ended June 30, 2017.

During the year ended June 30, 2018, the Company recorded a fair value loss (2017 – loss) on available-for-sale investment of $280 (2017 – $1,334) for a total comprehensive loss of $6,575,736 compared to $687,764 comprehensive loss for the year ended June 30, 2017.

The net loss for the year ended June 30, 2018 primarily consisted of general and administration costs of $4,230,291 (2017 - $308,830) in connection with the change of business to the cannabis industry and related transaction costs in connection with the various acquisitions as described hereinabove as well as research and development costs in connection with setting up controls and procedures and laboratory testing and the costs incurred in retail license applications. Additionally, the Company recorded stock-based payment expenses of 1,604,144 (2017 - $Nil). The Company recorded a loss on the settlement of debt (see Related Part Transactions and Medi-can Acquisition).

The summary of variances in expenditures included:

	2018	2017	Variance	
	$	$	$	%
Accounting & legal	**607,212**	50,572	556,640	1101%
Conferences	**298,070**	-	298,070	100%
Consulting	**815,925**	157,094	658,831	419%
Investor relations, website development and marketing	**1,608,067**	15,747	1,592,320	10112%
Office and administration fees	**81,463**	16,416	65,047	396%
Regulatory fees	**40,442**	13,999	26,443	189%
Rent	**500,122**	46,653	453,469	972%
Shareholder communications	**149,236**	2,815	146,421	5201%
Transfer agent fees	**22,370**	5,534	16,836	304%
Travel	**107,384**	-	107,384	100%
	4,230,291	308,830	3,921,461	1270%

Significant variances to note were:

Accounting and Legal: Increase in accounting and legal were legal fees in connection with the various transactions described herein primarily including the Medi-can Acquisition, the ICG Acquisition, the ITI Transaction, the SMP Acquisition, Flower Power Acquisition Agreement and review of various acquisition opportunities as described herein.

Conferences: The increase in costs were in relation to the change of business and management's attendance at the various cannabis conferences and seminars.

Consulting: The increase if consulting related to additional support in connection with the transactions as described herein as well as with the change of business.

Investor relations, website development and marketing: The increase was a result of the website development and design in connection with the change of business and revamp of the Company's logo and advertising materials. Additionally, the Company undertook various marketing campaigns with media services providers to create awareness for the Company in a highly competitive market.

Office and administrative: The increase in expenses was as a result of the increased activity for administrative personnel and telephone office expenses in relation to the various transactions described hereinabove.

Regulatory fees: The increase in expenses, were the result of the delisting from the TSX Venture Exchange and listing on the CSE as well the listing on the OTCQB.

Rent: The primary increase in rent related to certain termination fee of $300,000 in connection with the ICG Acquisition and its leased facility with the change of ownership and assignment of the leased premises to the previous tenant as well as a $100,000 lease fee.

Additionally, rent includes the Company's head office which was initially $4,000 per month effective July 1, 2017 to December 31, 2107 and then reduced to $2,000 per month for January 2018 to March 31, 2018. Effective May 1, 2018 Choom took over the head lease for the office space at a monthly rate of $8,644. Rent in the comparative period was billed at approximately $4,000 per month (See Related Party Transactions).

Shareholder communication: The increase in expenditures related to the increase in news release dissemination services as well as email blast dissemination and included the costs for the annual and special meeting of shareholders held on October 18, 2017. Expenditures in the prior year were minimal as a result of limited activity.

Transfer agent*:* The increase in expenditures related to the increase in share issuances from the financings as described herein as well as the exercise of options and warrants. Additionally, the costs related to the Company's annual and special meeting held on October 18, 2017. The expense in the prior year were minimal in comparison due to lesser share issuances and the Company did not hold its meeting in the prior year.

Travel: The increase in travel related to the attendance of conferences in comparison to the prior year where activity was limited.

Summary of Quarterly Results

The following table summarizes certain selected financial information reported by the Company for each of the last eight quarters reported. The following quarterly results are prepared in accordance with IFRS.

	June 30, 2018 ($)	March 31, 2018 ($)	Dec. 31, 2017 ($)	Sept.30, 2017 ($)
Operations				
Revenue	—	—	—	—
Net Loss	**(3,969,572)**	(911,017)	(1,274,047)	(158,017)
Net Loss per Share	**(0.03)**	(0.01)	(0.02)	(0.00)
	June 30, 2017 ($)	March 31, 2017 ($)	Dec. 31, 2016 ($)	Sept. 30, 2016 ($)
Operations				
Revenue	—	—	—	—
Net Loss	(518,992)	(91,092)	11,058	(87,404)
Net Loss per Share	(0.01)	0.00	0.00	(0.00)

The Company earned no revenue during the periods presented other than interest income due to the nature of the industry and its current operations.

Significant variances to note included:

During the three month period ended March 31, 2018, the Company reported a net loss of $911,017 and loss per share of $0.01. The net loss for March 31, 2018 primarily consisted of general and administration costs of $682,278 (2017 - $90,959) in connection with the change of business as described herein to the cannabis industry as well as research and development costs in connection with setting up controls and procedures and laboratory testing.

The Company reported a net loss during the quarter ended December 31, 2017 of $1,274,047 related to general and administrative costs of $298,917 for the change of business completed on October 18, 2017 as described herein. Additionally, pursuant to the settlement of debt the Company issued 3,150,000 common shares at an issue price of $0.31 per common share extinguishing an aggregate of $535,500 ($0.17 per share) in outstanding trade payables to non-related parties resulting in a loss on debt settlement of $441,000.

The Company reported a net loss during the fourth quarter June 30, 2017 of $518,992 or $0.01 loss per share, which primarily included the $424,506 for impairment of exploration and evaluation assets for the write off of all of its exploration properties as described hereinabove.

There were no significant variances for the remaining quarter's reported hereinabove to note.

Fourth Quarter

The Company reported a net loss during the fourth quarter June 30, 2018 of $3,969,572 (2017 - $518,992) or $0.03 loss per share (2017 - $0.01), primarily related to share-based payments of 855,637 and administrative and general expenses of $3,100,405 compared to the prior year 2017 which primarily included the $424,506 for impairment of exploration and evaluation assets for the write off of all of its exploration properties as a result of the change of business as described herein.

There were no significant variances for the remaining quarters reported hereinabove to note.

Financial Condition, Liquidity and Capital Resources

Results of Operations

	June 30 2018 $	June 30 2017 $
Financial position:		
Cash and cash equivalents	**9,384,390**	109,309
Working capital	**9,261,142**	51,725
Advances from shareholders	**253,501**	-
Trade payables	**747,708**	77,761
Property, plant and equipment	**225,975**	1,431
License	**89,725,400**	-
Total Assets	**100,596,063**	130,917
Shareholders' equity	**99,594,854**	53,156

Key change to the Company's financial condition is the working capital of 9,261,142 as a result of the financings described hereinabove (June 30, 2017- $51,725).

As described hereinabove the Company the proceeds from the recent financings have been allocated for general corporate purposes as well as the costs incurred in connection with the various acquisitions and costs incurred to secure the retail sites as well as to provide working capital for continuing evaluation and development of the cannabis market.

Convertible Note

On November 16, 2017 the Company entered into the Acquisition Note with the Medi-can Shareholders as described hereinabove for an aggregate amount of $2,500,000 (the "**Principle Balance**"). The Acquisition Note is unsecured and non-interest bearing. Related party amounts include:

i) $375,000 from John Doo Jin Oh a director of the Company.

The Acquisition Note is due 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**")

The Principle Balance is due and payable on the Trigger Date and can be paid at the Company's sole election either:

a) by way of a cash payment; or
b) by issuance to the holder the Principle Balance in common shares in the capital of the Company valued as the 20 day volume-weighted average trading price determined on the Trigger Date.

Advances

Subsequent to June 30, 2018 The Company has made advances to related and non-related parties in the aggregate $1,675,000 in connection with securing its interests in the retail opportunities in Canada which includes related party advances of $1,250,000 pursuant to the Clarity Option and certain stand still agreements with various retail sites (See Commitments and Related Party Transactions).

In the event the Company does not acquire a retail site, the advances will convert to loans at an interest rate of 6% due and payable with in one year upon such conversion.

As the Company has not yet generated revenue it will continue to have to rely on equity and or debt financings to provide the additional working capital to continue the Company's advancement in the cannabis industry.

The Company anticipates it has the sufficient funding in place to meet its current working capital requirements and other short -term financial obligations. Additional funding will be required to meet the development of the retail sites the Company has secured the rights to in the event it exercises the options in place to acquire such retail site.

Commitments and Contractual Obligations

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 9, 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 Mary 15, 2019.

Island Green Cure Leasehold Premises

Pursuant to the closing of the ICG Acquisition on May 2, 2018 as described in Note 10, 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 June 30, 2018, $88,908 is classified as a current asset in prepaids and deposit and $355,632 is classified as a long-term deposit.

Specialty Medijuana Products Inc.

Pursuant to the closing of the ITI Acquisition the Company assumed under SMP four lease agreements for four leasehold premises located in Victoria, British Columbia each dated February 15, 2018 for an initial term of five years, commencing on March 1, 2018 and ending on February 28, 2023, with an option to renew at a monthly rate of $12,500 for each premise.

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.

Acquisition

The Company has 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 which will be credited toward the purchase price**.** Should the transaction not proceed the $500,000 deposit will be returned. Subsequent to year-end, the $500,000 was returned to the Company.

Clarity Option Agreement

Pursuant to an option agreement dated April 16, 2018 as amended and restated on August 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, Alberta and Saskatchewan. 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. The exercise price shall be reduced to $800,000 in the event any location has a population less than 10,000 individuals. Any shares issued in connection with the Clarity Option shall be escrowed and released as to 20% every six months over a 24 month period.

Related Party Transactions

a) Key Compensation

		June 30 2018		June 30 2017
Key management personnel compensation comprised:				
Consulting fees	**$**	**329,813**	$	157,094
Share-based payments		**258,064**		-
	$	**587,877**	$	157,094

i) Consulting fees of $130,000 (2017 – 70,000) were paid to 0954041 BC Ltd. ("0954041"), a company controlled by Chris Bogart, President and Chief Executive Officer.
ii) Consulting fees of $47,813 (2017 - $18,594) were paid to Minco Corporate Management Inc. ("Minco"), a company controlled by Terese Gieselman, Chief Financial Officer and Secretary.
iii) Consulting fees of $120,000 (2017 - $68,500) were paid to Etoby Management Limited ("Etoby") and/or Craig Schneider ("Schneider") a company controlled by Schneider, an individual with significant influence over the Company. In addition, rental fees of $32,000 (2017 - $46,653) were charged by Etoby and/or Schneider.
iv) Consulting fees of $32,000 (2017 - $nil) were incurred to Chris Gagan, the Vice President of Marketing.
v) Share-based payments are the fair value of options granted to directors and key management personnel as described in Note 14.

b) Related Party Liabilities

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

Amounts due to:	Service for:		June 30 2018		June 30 2017
Minco	Consulting Fees	$	**17,374**	$	2,730
Chris Gagan	Consulting Fees		**16,590**		12,717
Corex Gold Corporation	Expenses		**-**		12,717
0954041	Expenses		**-**		89
		$	**33,964**	$	15,536

As at June 30, 2018, $Nil (2017 - $12,717) was due to Corex Gold Corporation ("Corex"), which has a former common officer, Terese Gieselman of the Company, for expenses incurred by Corex on behalf of the Company for shared office space and administrative personnel expenses. These advances are non-interest-bearing and due on demand.

c) Related Party Receivables

As at June 30, 2018, $Nil (2017 - $276) was due from InMed Pharmaceuticals Inc. ("InMed"), which has common officer Chris Bogart of the Company for expenses incurred on behalf of InMed for shared office space and general expenses. These advances are non-interest-bearing and due on demand.

d) Shares for Debt

On August 30, 2016, included in the shares for debt settlement as describe in Note 14, was the settlement of an aggregate $306,831 in trade payables through the issuance of an aggregate 4,383,296 common shares at an issue price of $0.07 resulting in a gain on settlement of debt of $49,754 with related parties as follows:

Debtor	Debt Amount	Share Price	No. Shares
0954041 BC Ltd.	$37,500	$0.07	535,714
Schneider	269,331	$0.07	3,847,582
Total	**$306,831**		**4,383,296**

e) Advances

In connection with the Clarity Option described herein subsequent to June 30, 2018 the Company has advanced an aggregate $1,250,000 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.

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

Management has had to apply judgment with respect to whether the acquisition of Medi-Can, IGC, and SMP 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, all three acquisitions were considered to be asset acquisitions.

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**.**

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.

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.

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.

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.

Changes in Accounting Policies including Initial Adoption

Standards, Amendments and Interpretations Not Yet Effective

The standards listed below include only those which the Company reasonably expects may be applicable to the Company at a future date. The Company is currently assessing the impact of the standards on the consolidated financial statements.

IFRS 9 *Financial Instruments*

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*

Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: “amortized cost”, “fair value through other comprehensive income”, or “fair value through profit or loss” (default). Equity instruments are classified and measured as “fair value through profit or loss” unless upon initial recognition elected to be classified as “fair value through other comprehensive income”.

- *Classification and measurement of financial liabilities:*

When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- *Impairment of financial assets:*

An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at “amortized cost” or “fair value through other comprehensive income”, lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

• *Hedge accounting:*
Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

• *Derecognition:*
The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

This standard is applicable to annual periods beginning on or after January 1, 2018.

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 annual periods beginning on or after January 1, 2018.

Applicable to annual periods beginning on or after January 1, 2017.

Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)
The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 Income Taxes)
The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.

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 annual periods beginning on or after January 1, 2018. Earlier application is permitted.

IFRS 15 Revenue from Contracts with Customers

This new standard establishes a comprehensive framework for the recognition, measurement and disclosure of revenue replacing IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue — Barter Transactions Involving Advertising Services*.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

Revenue is recognized based on a five-step model:
1. Identify the contract with customer;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognize revenue when (or as) the performance obligations are satisfied.

New disclosure requirements on information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

Financial Instruments and Risk Management

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

- Market risk
- Credit risk
- Liquidity risk

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

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

General Objectives, Policies and Processes

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

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

Market Risk

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

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in GICs or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

Cash and GICs are subject to floating interest rates.

Other Price Risk

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

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities may be subject to risks associated with fluctuations in the market prices of the relevant commodities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The effect of commodity price risk to the Company's financial instruments is immaterial.

Credit Risk

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

The carrying amount of the related party receivable represents the maximum credit exposure.

Liquidity Risk

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

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

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other payable and option payment commitments. The Company's trade and other payables are all due within 90 days after the year ended June 30, 2018

Determination of Fair Value

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

The statements of financial position carrying amounts for cash, short-term investments, related party receivable, and trade and other payables approximate fair value due to their short-term nature.

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

Fair Value Hierarchy

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

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

Cash, short-term investments and available-for-sale investments are measured as Level 1 financial instruments.

Capital Management

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

The Company is not exposed to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended June 30, 2018.

Off balance-sheet arrangements

The Company has no off balance-sheet arrangements.

Outstanding Share Data

The Company's authorized capital is unlimited common shares without par value. As at the date of this report, 179,467,288 common shares were issued and outstanding. The Company as at the date of this report had the following outstanding options, warrants and convertible securities as follows:

Type of Security	Number	Exercise price	Expiry Date
Stock Options	2,950,000	$0.17	16-Nov-22
Stock Options	600,000	$0.75	27-Feb-23
Stock Options	500,000	$1.06	19-Mar-23
Stock Options	50,000	$0.84	11-Apr-23
Stock Options	110,000	$0.91	13-Apr-23
Stock Options	50,000	$0.88	7-May-23
Stock Options	100,000	$0.84	10-May-23
Stock Options	1,000,000	$0.35	15-Jun-23
Stock Options	700,000	$1.26	19-Jun-23
Stock Options	250,000	$1.41	20-Jun-23
Stock Options	250,000	$1.28	1-Aug-23
Stock Options	100,000	$1.07	17-Aug-23
Warrants	771,150	$0.25	27-Mar-19
Warrants	3,012,500	$0.25	18-Jun-19
Warrants	2,377,500	$0.75	06-Aug-19

As at the date of this report hereof there was 11,250,000 common shares held in escrow in connection with the Medi-can Transaction as described herein.

As at the date of this report hereof there was 5,760,000 common shares held in escrow in connection with the IGC Transaction as described herein.

Other Requirements

Additional disclosure of the Company's material change reports, news release and other information can be obtained on SEDAR at www.sedar.com.

Risks and uncertainties

Economic and industry risk factors that may affect our business, in particular those that could affect our liquidity and capital resources, are as described under the heading "Risk Factors" in our AIF, available on the Company's SEDAR profile at www.sedar.com. In particular, there are currently significant uncertainties in capital markets impacting the availability of equity financing for the purposes of cannabis research, development and production. There are also significant uncertainties relating to the global economy, political uncertainties and the volatility in the prices of cannabis stocks which may impact our business and may impact our ability to remain a going concern.

Risks Relating to the Medical Cannabis Industry

Volatile Market Price for Common Shares

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond Choom's control, including the following:

- actual or anticipated fluctuations in Choom's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which Choom operates;
- addition or departure of Choom's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting Choom's industry generally and its business and operations;
- announcements of developments and other material events by Choom or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving Choom or its competitors;
- operating and share price performance of other companies that investors deem comparable to Choom or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in Choom's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Such volatility has been particularly evident with regards to the share prices of medical cannabis companies that are public issuers in Canada. Accordingly, the market price of Common Shares may decline even if Choom's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, Choom's operations could be adversely impacted and the trading price of Common Shares may be materially adversely affected.

The Cannabis Industry is Subject to Competition

There is potential that Choom will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and production and marketing experience than Choom.

Because of the early stage of the industry in which Choom operates, Choom expects to face additional competition from new entrants. If the number of users of medical marijuana in Canada increases, the demand for products will increase and Choom expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products and pricing strategies. To remain competitive, Choom will require a continued high level of investment in research and development, marketing, sales and client support. Choom may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of Choom.

Cannabis is Not an Approved Drug or Medicine

Cannabis is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of cannabis, but Canadian courts have required reasonable access to a legal source of cannabis when authorized by a healthcare practitioner.

Regulatory Risks

Choom operates in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements. Choom's ability to grow, store and sell medical cannabis in Canada with respect to the Facility is dependent on Medi-Can obtaining the ACMPR license from Health Canada and the need to maintain such ACMPR license in good standing. Failure to: (i) comply with the requirements of the ACMPR license; and (ii) maintain this ACMPR license would have a material adverse impact on the business, financial condition and operating results of Choom.

Choom will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of Choom's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Choom's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of Choom.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond Choom's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce Choom's earnings and could make future capital investments or Choom's operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

A more detailed description of the various risks associated with the Company can be found under the heading "Risk Factors" in the AIF. Additional information relating to Choom, including the Company's AIF, is available under the Company's SEDAR profile at www.sedar.com.