

**NATIONAL ACCESS CANNABIS CORP.**

**Condensed Interim Consolidated Financial Statements  
(Unaudited)**

**For the three months ended November 30, 2017 and 2016  
(Expressed in Canadian Dollars)**

**Notice of No Auditor Review of Interim Condensed Financial Statements  
For the three-month period ended November 30, 2017 and November 30, 2016**

The accompanying unaudited interim condensed financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management and have been approved by the Audit Committee and Board of Directors of the Corporation.

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

(signed) "*Mark Goliger*"

(signed) "*Michael Best*"

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Mark Goliger  
Chief Executive Officer

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Michael Best  
Chief Financial Officer

January 22, 2018

Ottawa, Ontario

**NATIONAL ACCESS CANNABIS CORP.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**November 30, 2017 and August 31, 2017**  
**(Unaudited - Expressed in Canadian Dollars)**

	Notes	November 30 2017	August 31 2017
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		<b>2,903,537</b>	4,871,790
Trade and other receivables	Note 6	<b>603,580</b>	403,003
Inventory	Note 7	<b>46,695</b>	24,556
Prepaid expenses		<b>81,291</b>	37,574
		<b>3,635,103</b>	5,336,923
<b>Non-current</b>			
Property and equipment	Note 8	<b>761,089</b>	817,652
Goodwill	Note 4 & 9	<b>1,516,271</b>	1,516,271
		<b>5,912,463</b>	7,670,846
<b>Liabilities</b>			
<b>Current</b>			
Trade and other payables		<b>685,138</b>	978,996
Note payable	Note 10	-	315,000
Deferred revenues		<b>18,822</b>	40,922
		<b>703,960</b>	1,334,918
<b>Non-current</b>			
Lease inducements		<b>10,455</b>	11,397
		<b>714,415</b>	1,346,315
<b>Shareholders' Equity</b>			
Share capital	Note 12	<b>15,436,254</b>	15,311,030
Warrants	Note 12	<b>160,937</b>	160,937
Contributed surplus		<b>508,419</b>	416,057
Accumulated deficit		<b>(10,907,561)</b>	(9,563,493)
		<b>5,198,048</b>	6,324,531
		<b>5,912,463</b>	7,670,846

Going concern (Note 1)  
Subsequent events (Note 20)

These financial statements were authorized for issue by the Board of Directors on January 22, 2018. They are signed on the Company's behalf by:

*"Chuck Rifici"*

Director

*"Rocco Meliambro"*

Director

The accompanying notes and schedules are an integral part of these Condensed Interim Consolidated Financial Statements.

**NATIONAL ACCESS CANNABIS CORP.**  
**Condensed Interim Consolidated Statements of Comprehensive Loss**  
**Three months ended November 30, 2017 and 2016**  
**(Unaudited - Expressed in Canadian Dollars)**

	2017	2016
<b>Revenues</b>		
Consultations	-	65,605
Administrative fees	<b>8,210</b>	-
Membership fees	<b>22,100</b>	20,147
Commissions	<b>374,222</b>	74,405
Merchandise sales	<b>32,820</b>	19,193
	<b>437,352</b>	179,350
<b>Cost of Goods Sold</b>		
Merchandise	<b>28,534</b>	13,642
Consultation fees	<b>147,882</b>	59,795
	<b>176,416</b>	73,437
<b>Gross Profit</b>	<b>260,936</b>	105,913
<b>Expenses</b>		
Advertising and marketing	<b>36,135</b>	34,245
Amortization of property and equipment	<b>89,409</b>	56,254
Amortization of intangible assets	-	14,015
Share based compensation	<b>92,362</b>	153,623
General and administrative expenses (Schedule)	<b>1,387,099</b>	455,718
	<b>1,605,004</b>	713,856
<b>Loss from operations</b>	<b>(1,344,068)</b>	(607,943)
<b>Net loss and comprehensive loss for the year</b>	<b>(1,344,068)</b>	(607,943)
<b>Net loss per share (Note 14)</b>		
Basic and diluted	(0.01)	(0.01)

The accompanying notes and schedules are an integral part of these Condensed Interim Consolidated Financial Statements.

**NATIONAL ACCESS CANNABIS CORP.**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
**Three months ended November 30, 2017 and 2016**  
**(Unaudited - Expressed in Canadian Dollars)**

	Share Capital		Warrants	Contributed	Deficit	Total (\$)
	Number of Shares	Amount (\$)	Amount	Surplus		
Balance, August 31, 2016	41,697,010	1,534,109	1,295,526	32,374	(1,838,574)	1,023,435
Subscription receipts (Note 12)	-	-	400,000	-	-	400,000
Conversion of director loans (Note 12)	8,000,000	400,000	-	-	-	400,000
Conversion of payable due to director (Note 12)	221,860	33,279	-	-	-	33,279
Share based compensation (Note 12)	925,814	66,466	-	87,157	-	153,623
Purchase of property and equipment (Note 12)	2,000,000	200,000	-	-	-	200,000
Net loss and comprehensive for the period	-	-	-	-	(607,943)	(607,943)
<b>Balance, November 30, 2016</b>	<b>52,844,684</b>	<b>2,233,854</b>	<b>1,695,526</b>	<b>119,531</b>	<b>(2,446,517)</b>	<b>1,602,394</b>
Subscription receipts (Note 12)	1,794,000	680,475	75,000	-	-	755,475
Payment of interest on short-term debt (Note 12)	360,000	90,000	-	-	-	90,000
Broker/finder warrants (Note 12)	-	-	50,096	146,438	-	196,534
Acquisition of companies (Note 12)	1,300,000	325,000	-	-	-	325,000
Amalgamation (Note 12)	100	100	-	-	-	100
Concurrent financing (Note 12)	24,000,000	6,000,000	93,786	-	-	6,093,786
Conversion of 2017 unsecured convertible debentures (Note 12)	5,000,000	1,041,773	17,055	-	-	1,058,828
Share based compensation (Note 12)	10,059,186	1,595,676	-	150,088	-	1,745,764
Conversion of options (Note 12)	500,000	5	-	-	-	5
Conversion of warrants (Note 12)	11,754,698	1,770,526	(1,770,526)	-	-	-
Share issuance costs (Note 12)	-	(350,841)	-	-	-	(350,841)
Transaction costs (Note 12)	-	(165,912)	-	-	-	(165,912)
Shares issued for reverse acquisition (Note 12)	8,361,495	2,090,374	-	-	-	2,090,374
Net loss and comprehensive for the period	-	-	-	-	(7,116,976)	(7,116,976)
<b>Balance, August 31, 2017</b>	<b>115,974,163</b>	<b>15,311,030</b>	<b>160,937</b>	<b>416,057</b>	<b>(9,563,493)</b>	<b>6,324,531</b>
Conversion of options (Note 12)	316,892	43,052	-	-	-	43,052
Conversion of warrants (Note 12)	624,749	121,384	-	-	-	121,384
Share based compensation (Note 12)	-	-	-	92,362	-	92,362
Share issuance costs (Note 12)	-	(13,971)	-	-	-	(13,971)
Transaction costs (Note 12)	-	(25,240)	-	-	-	(25,240)
Net loss and comprehensive loss for the period	-	-	-	-	(1,344,068)	(1,344,068)
<b>Balance, November 30, 2017</b>	<b>116,915,804</b>	<b>15,436,254</b>	<b>160,937</b>	<b>508,419</b>	<b>(10,907,561)</b>	<b>5,198,048</b>

The accompanying notes and schedules are an integral part of these Condensed Interim Consolidated Financial Statements.

**NATIONAL ACCESS CANNABIS CORP.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**Three months ended November 30, 2017 and 2016**  
**(Unaudited - Expressed in Canadian Dollars)**

	2017	2016
<b>Operating Activities</b>		
Net loss and comprehensive loss	(1,344,068)	(607,943)
Adjustments not effecting cash		
Amortization of property and equipment	89,409	56,254
Amortization of intangible assets	-	14,015
Amortization of lease inducements	(942)	(998)
Share-based compensation	92,362	153,623
	(1,163,239)	(385,049)
Changes in non-cash working capital		
Trade and other receivables	(200,577)	(20,596)
Inventory	(22,139)	(14,434)
Prepaid expenses	(43,717)	-
Trade and other payables	(293,859)	211,733
Deferred revenues	(22,100)	15,428
Cash flows used in operating activities	(1,745,630)	(193,098)
<b>Investing Activities</b>		
Acquisition of property and equipment	(32,848)	(515,120)
Cash flows used in investing activities	(32,848)	(515,120)
<b>Financing Activities</b>		
Issuance of share capital	-	633,279
Issuance of warrants	121,384	400,000
Issuance of options	43,052	-
Share issuance costs	(13,971)	-
Transaction costs	(25,240)	-
Note payable	(315,000)	300,000
Due to directors	-	(353,279)
Cash flows provided by financing activities	(189,775)	980,000
Net increase (decrease) in cash and cash equivalents	(1,968,253)	271,783
<b>Cash and cash equivalents, beginning of year</b>	<b>4,871,790</b>	<b>58,745</b>
<b>Cash and cash equivalents, end of year</b>	<b>2,903,537</b>	<b>330,528</b>

The accompanying notes and schedules are an integral part of these Condensed Interim Consolidated Financial Statements.

## **NATIONAL ACCESS CANNABIS CORP.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

**Three months ended November 30, 2017 and 2016**

**(Unaudited - Expressed in Canadian Dollars)**

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

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

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

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

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

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

**NATIONAL ACCESS CANNABIS CORP.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**Three months ended November 30, 2017 and 2016**

**(Unaudited - Expressed in Canadian Dollars)**

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**1. NATURE OF OPERATIONS AND GOING CONCERN (continued)**

**Going Concern Assumption**

These interim condensed consolidated financial statements for period ended November 30, 2017 have been prepared on the going concern basis, which assumes that the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company is in the development stage of expanding by opening and acquiring clinics throughout Canada. While these financial statements have been prepared on a going concern basis, the Company continues to remain dependent on its ability to obtain sufficient funding to sustain operations and continue with its current expansion projects. While the Company has been successful in raising financing in the past, there can be no assurance that it will be able to do so in the future. Several alternatives are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. These factors indicate a material uncertainty that may cast significant doubt about the Company being able to continue as a going concern. The Company has incurred losses since incorporation and as at November 30, 2017 has an accumulated deficit of \$10,907,561.

The interim condensed consolidated financial statements for the period ended November 30, 2017 do not reflect adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the reported revenues and expenses and the balance sheet classifications used. Such adjustments, if required, could be material.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Statement of Compliance**

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards 34, "*Interim Financial Reporting*" ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements. The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company's annual consolidated financial statements for the year ended August 31, 2017.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on January 22, 2018.

**2.2 Basis of measurement**

The consolidated financial statements, presented in Canadian Dollars, have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value.



**NATIONAL ACCESS CANNABIS CORP.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**Three months ended November 30, 2017 and 2016**

**(Unaudited - Expressed in Canadian Dollars)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.3 Basis of consolidation**

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

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

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

**3. NEW STANDARDS AND INTERPRETATIONS TO BE ADOPTED IN FUTURE**

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

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

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

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

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

## NATIONAL ACCESS CANNABIS CORP.

### Notes to the Condensed Interim Consolidated Financial Statements

Three months ended November 30, 2017 and 2016

(Unaudited - Expressed in Canadian Dollars)

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#### 4. BUSINESS COMBINATION

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

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

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

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

#### 5. REVERSE TAKEOVER

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

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

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

**NATIONAL ACCESS CANNABIS CORP.****Notes to the Condensed Interim Consolidated Financial Statements****Three months ended November 30, 2017 and 2016****(Unaudited - Expressed in Canadian Dollars)****5. REVERSE TAKEOVER ((continued))**

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

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

Net assets acquired include:

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

**6. TRADE AND OTHER RECEIVABLES**

	November 30 2017	August 31 2017
Trade receivables	451,669	309,772
Sales taxes recoverable	151,911	93,231
	603,580	403,003

**7. INVENTORY**

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

	November 30 2017	August 31 2017
Retail items	46,695	24,556

During the period ended November 30, 2017, \$28,534 of inventory was recognized as an expense (\$84,514 for the year ended August 31, 2017).

**NATIONAL ACCESS CANNABIS CORP.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**Three months ended November 30, 2017 and 2016**

**(Unaudited - Expressed in Canadian Dollars)**

**8. PROPERTY AND EQUIPMENT**

	Furniture And Equipment	Electronic Equipment	Information panels	Signs	Leasehold Improvements	Total
<u>Cost:</u>						
At August 31, 2016	68,535	34,779	14,233	22,627	500,464	640,638
Additions	59,740	34,018	-	41,741	445,726	581,225
Disposals	(3,690)	-	-	-	-	(3,690)
At August 31, 2017	124,585	68,797	14,233	64,368	946,190	1,218,173
Additions	-	11,801	-	-	21,045	32,846
Disposals	-	-	-	-	-	-
At November 30, 2017	124,585	80,598	14,233	64,368	967,235	1,251,019
<u>Accumulated Amortization</u>						
At August 31, 2016	8,311	8,545	5,709	2,210	57,712	82,487
Amortization	22,433	19,529	4,744	11,684	260,198	318,588
Disposals	(544)	-	-	-	-	(554)
At August 31, 2017	30,190	28,074	10,453	13,894	317,910	400,521
Amortization	6,229	5,672	945	3,218	73,344	89,409
Disposals	-	-	-	-	-	-
At November 30, 2017	36,419	33,746	11,398	17,112	391,254	489,930
<u>Carrying amounts:</u>						
At August 31, 2017	94,395	40,723	3,780	50,474	628,280	817,652
At November 30, 2017	88,166	46,852	2,835	47,256	575,980	761,089

**9. INTANGIBLE ASSETS AND GOODWILL**

	Total Goodwill	Total Software Licenses
<u>Cost:</u>		
At August 31, 2016	814,477	100,000
Additions (Note 4)	701,794	-
Disposals	-	-
At August 31, 2017	1,516,271	100,000
Additions	-	-
Disposals	-	-
At November 30, 2017	1,516,271	100,000
<u>Accumulated Amortization</u>		
At August 31, 2016	-	76,641
Amortization	-	23,359
Disposals	-	-
At August 31, 2017	-	100,000
Amortization	-	-
Disposals	-	-
At November 30, 2017	-	100,000
<u>Carrying amounts:</u>		
At August 31, 2017	1,516,271	-
At November 30, 2017	1,516,271	-

**NATIONAL ACCESS CANNABIS CORP.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**Three months ended November 30, 2017 and 2016**

**(Unaudited - Expressed in Canadian Dollars)**

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**10. NOTE PAYABLE**

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

**11. CONVERTIBLE DEBENTURES**

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

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

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

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

**NATIONAL ACCESS CANNABIS CORP.****Notes to the Condensed Interim Consolidated Financial Statements****Three months ended November 30, 2017 and 2016****(Unaudited - Expressed in Canadian Dollars)****12. EQUITY INSTRUMENTS****(a) Share Capital**

Authorized:

The authorized capital stock of the Company consists of an unlimited number of common shares.

	<b>Number of shares</b>	<b>Amounts</b>
<b>Balance, August 31, 2016</b>	<b>41,697,010</b>	<b>1,534,109</b>
Conversion of director loans (i)	8,000,000	400,000
Conversion of payable due to director (ii)	221,860	33,279
Share based compensation (iii)	925,814	66,466
Purchase of property and equipment (iv)	2,000,000	200,000
<b>Balance, November 30, 2016</b>	<b>52,844,684</b>	<b>2,233,854</b>
Subscription receipts net of issuance costs (v)	1,794,000	680,475
Payment of interest on short-term debt (vi)	360,000	90,000
Acquisition of companies (vii)	1,300,000	325,000
Amalgamation (viii)	100	100
Concurrent financing (ix)	24,000,000	6,000,000
Conversion of 2017 unsecured convertible debentures (x)	5,000,000	1,041,773
Share based compensation (iii)	10,059,186	1,595,676
Conversion of options (xi)	500,000	5
Conversion of warrants (xii)	11,754,698	1,770,526
Share issuance costs	-	(350,841)
Transaction costs (xiii)	-	(165,912)
Shares issued for reverse acquisition (xiv)	8,361,495	2,090,374
<b>Balance, August 31, 2017</b>	<b>115,974,163</b>	<b>15,311,030</b>
Conversion of options (xv)	316,892	43,052
Conversion of warrants (xvi)	624,749	121,384
Share issuance costs	-	(13,971)
Transaction costs	-	(25,240)
<b>Balance, November 30, 2017</b>	<b>116,915,804</b>	<b>15,436,254</b>

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

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

(iii) Members of the Board of Directors, the executive management team, employees and consultants of the Company received share based compensation for consulting services and salary. At November 30, 2017, the Company's expenses included \$Nil (August 31, 2017 - \$1,662,142) for consulting fees and salary.

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

**NATIONAL ACCESS CANNABIS CORP.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**Three months ended November 30, 2017 and 2016**

**(Unaudited - Expressed in Canadian Dollars)**

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**12. EQUITY INSTRUMENTS (continued)**

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

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

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

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

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

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

**NATIONAL ACCESS CANNABIS CORP.****Notes to the Condensed Interim Consolidated Financial Statements****Three months ended November 30, 2017 and 2016****(Unaudited - Expressed in Canadian Dollars)****12. EQUITY INSTRUMENTS (continued)**

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

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

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

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

(xv) On September 28, 2017, 66,892 options were exercised at an exercise price of \$0.083 and on November 30, 2017, 250,000 options were exercised at an exercise price of \$0.15.

(xvi) On November 23, 2017 and November 30, 2017, a total of 624,749 warrants were exercised for common shares. for total proceeds of \$121,384.

**(b) Warrants**

	November 30, 2017		August 31, 2017	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
		\$		\$
Outstanding, beginning of the period	1,440,050	0.17	8,788,032	0.15
Expired during the period	-	-	-	-
Issued during the period	-	-	4,406,716	0.17
Exercised during the period	(624,749)	0.19	(11,854,698)	0.15
Outstanding, end of the period	815,301	0.22	1,440,050	0.17



**NATIONAL ACCESS CANNABIS CORP.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**Three months ended November 30, 2017 and 2016**

**(Unaudited - Expressed in Canadian Dollars)**

**12. EQUITY INSTRUMENTS (continued)**

The following table summarizes the warrants that remain outstanding as at November 30, 2017:

Exercise Price	Warrants	Expiry Date
\$	#	
0.083	144,103	March 15, 2018
0.200	75,000	April 11, 2019
0.250	596,198	July 10, 2019
	815,301	

**13. STOCK OPTION PLAN**

The stock option plan is applicable to directors, officers, employees and consultants of the Company. The options are granted at the Company's current fair market value of the common shares under terms and conditions determined by the Board of Directors. Under the terms of the plan, the options generally vest immediately and expire at various dates from the date of the grant. The Board of Directors has the right to modify vesting periods at the time of option grant. There were 590,000 issued for the period ending November 30, 2017 (August 31, 2017 - 5,419,004). The employee compensation expense related to options vested for the period ended November 30, 2017 is \$92,362 (August 31, 2017 - \$237,245). The Company may issue up to 10% of the issued and outstanding common shares under its stock option plan. A summary of the status of the Company's issued and outstanding stock options as of November 30, 2017 and August 31, 2017, and changes during the years ended on those dates, is presented below:

	November 30, 2017		August 31, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	8,269,004	0.17	3,350,000	0.15
Net granted	590,000	0.23	5,419,004	0.18
Exercised	(316,892)	0.14	(500,000)	-
Forfeited	-	-	-	-
Cancelled	-	-	-	-
Outstanding, end of period	8,542,112	0.17	8,269,004	0.17

The following table summarizes information about stock options as at November 30, 2017:

Exercise price	Number outstanding at November 30, 2017		Weighted average remaining contractual life (years)	
	\$	#	Number exercisable at November 30, 2017	Weighted average remaining contractual life (years)
0.083	\$	627,112	#	8.3
0.15		5,375,000		1.8
0.16		110,000		4.9
0.25		2,430,000		3.8
0.17		8,542,112		2.9

The weighted average exercise price was \$0.17 as at November 30, 2017 (August 31, 2017 - \$0.17) for exercisable options.

**NATIONAL ACCESS CANNABIS CORP.****Notes to the Condensed Interim Consolidated Financial Statements****Three months ended November 30, 2017 and 2016****(Unaudited - Expressed in Canadian Dollars)****13. STOCK OPTION PLAN (continued)**

For the three months ended November 30, 2017, the Company recorded \$92,362 (November 30, 2016 - \$87,157) in stock-based compensation expense related to employee options, which are measured at fair value at the date of grant and are expensed over the vesting period. In determining the amount of stock-based compensation, the Company used the Black-Scholes option pricing method to establish the fair value of options granted by applying the following assumptions:

	November 30, 2017	November 30, 2016
Risk-free interest rate	0.87%-1.60%	1.38%
Expected life of options (years)	3-5	5
Expected annualized volatility	71.00%	70.00%
Expected dividend yield	Nil	Nil

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

**14. LOSS PER SHARE**

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

	November 30 2017	November 30 2016
<b>Basic earnings (loss) per share</b>		
Total comprehensive income (loss)	(1,344,068)	(607,943)
Weighted average number of common shares outstanding	116,031,823	45,383,448
Total comprehensive income (loss) per common share, basic	<u>(0.01)</u>	<u>(0.01)</u>
<b>Diluted earnings (loss) per share</b>		
Total comprehensive income (loss)	(1,344,068)	(607,943)
Weighted average number of common shares outstanding	116,031,823	45,383,448
Effect of dilutive stock	-	-
Weighted average number of common shares outstanding assuming dilution	<u>116,031,823</u>	<u>45,383,448</u>
Total comprehensive income (loss) per common share, diluted	<u>(0.01)</u>	<u>(0.01)</u>

The treasury stock method is used to calculate loss per share and under this method stock options and warrants that are anti-dilutive are excluded from the calculation of diluted loss per share. For the period ended November 30, 2017 and November 30, 2016, all outstanding options and warrants were considered anti-dilutive because the Company recorded a loss over those periods.

The outstanding stock options and warrants that could dilute basic net loss per share in future periods but were not included in determining diluted net loss per share for the period ending November 30, 2017 and November 30, 2016 because they are antidilutive are as follows:

**NATIONAL ACCESS CANNABIS CORP.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**Three months ended November 30, 2017 and 2016**

**(Unaudited - Expressed in Canadian Dollars)**

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**14. LOSS PER SHARE (continued)**

	2017	2016
Stock options	8,542,112	4,775,000
Warrants	815,301	11,454,698
	<u>9,357,413</u>	<u>16,229,698</u>

**15. LEASE AND OTHER COMMITMENTS AND GUARANTEES**

The Company has entered into various lease agreements having terms of 27 to 60 months. These lease agreements expire between April 30, 2018 and April 30, 2020.

As at November 30, 2017, the minimum annual lease payments are expected to be as follows:

2018	234,141
2019	167,593
2020	56,046
2021	-
	<u>457,780</u>

**16. KEY MANAGEMENT PERSONNEL COMPENSATION**

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

	November 30 2017	November 30 2016
Salaries	175,000	37,500
Directors' fees	-	-
Share-based compensation	56,209	153,623
Total Key Management Compensation	<u>231,209</u>	<u>191,123</u>

Salaries include cash payments for base salaries and bonuses. Directors' fees include meeting fees and retainers. Share-based compensation includes the compensation expense recognized during the year for key management personnel. There was \$56,209 of share based compensation granted to key management personnel for the period ended November 30, 2017 (November 30, 2016 - \$153,623).

**NATIONAL ACCESS CANNABIS CORP.****Notes to the Condensed Interim Consolidated Financial Statements****Three months ended November 30, 2017 and 2016****(Unaudited - Expressed in Canadian Dollars)****17. RELATED PARTY TRANSACTIONS**

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

Members of the Board of Directors and executive management team of the Company received compensation for consulting services and salaries. During the three months ended November 30, 2017, the Company's expenses included \$231,209 (2016 - \$191,123) for consulting fees and salaries.

During the three months ended November 30, 2017, rent in the amount \$11,250 (2016 - \$10,500) was paid to the immediate family of a shareholder of the Company.

**18. FINANCIAL INSTRUMENTS**

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

	As at November 30 2017	As at August 31, 2017
Financial assets:		
FVTPL		
Cash	2,903,537	4,871,790
Loans and receivables		
Trade and other receivables	603,580	403,003
<b>Total financial assets</b>	<b>3,507,117</b>	<b>5,274,793</b>
Financial liabilities:		
Financial liabilities at amortized cost		
Trade and other payables	685,138	978,996
Note payable	-	315,000
<b>Total financial liabilities</b>	<b>685,138</b>	<b>1,293,996</b>

**Financial Risk Management Objectives and Policies**

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

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

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

**NATIONAL ACCESS CANNABIS CORP.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**Three months ended November 30, 2017 and 2016**

**(Unaudited - Expressed in Canadian Dollars)**

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**18. FINANCIAL INSTRUMENTS (continued)**

**Market risk**

a) Currency risk

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

b) Interest rate risk

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

c) Price risk

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

**Liquidity Risk**

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

**Credit Risk**

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

**19. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to:

- Maintain a capital structure that allows it to finance its growth strategy with cash flows from its operations, the cash exercise of existing warrants and its debt capacity;
- Preserve its ability to meet its financial obligations by funding the capital needs via various private and institutional sources; and
- Optimize the use of its capital to provide an appropriate return on investment to its shareholders.

The Company defines its capital as shareholders' deficiency and amounts due to shareholders. The Company is not subject to externally imposed capital requirements and there has been no change with respect to the capital management strategy during the period ended November 30, 2017.

**NATIONAL ACCESS CANNABIS CORP.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**Three months ended November 30, 2017 and 2016**

**(Unaudited - Expressed in Canadian Dollars)**

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**20. SUBSEQUENT EVENTS**

Subsequent to the end of the period, shareholders of the Company exercised 190,315 warrants and 1,150,000 options through a number of individual transactions. The Company received \$282,521 in cash.

**21. COMPARATIVE FIGURES**

Certain comparative amounts have been reclassified to conform to the current presentation.

**NATIONAL ACCESS CANNABIS CORP.****Schedule****Three months ended November 30, 2017 and 2016****(Unaudited - Expressed in Canadian Dollars)**

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	2017	2016
<b>General and administrative expenses</b>		
Business taxes and licenses	85	186
Computer expenses	12,177	3,025
Insurance	22,937	3,451
Interest and bank charges	4,628	3,599
Laundry and cleaning	249	257
Management fees	13,940	68,595
Office supplies	37,832	35,638
Professional fees	186,118	28,941
Consulting fees	374,340	21,130
Rental	130,184	88,274
Repairs and maintenance	320	-
Salaries and benefits	508,756	167,704
Telecommunications	6,031	2,853
Travel and entertainment	83,019	26,742
Utilities	6,483	5,323
	<b>1,387,099</b>	<b>455,718</b>

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