

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

MCTC Holdings, Inc.

Form: 10-Q

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For quarterly period ended November 30, 2018

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 333-146404

MCTC HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

83-1754057

(I.R.S. Employer
Identification No.)

1919 NW 19th Street, Suite 302

Fort Lauderdale, FL

(Address of principal executive offices)

33311

(Zip Code)

(954) 551-7701

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer (Do not check if a smaller reporting company)	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in 12b-2 of the Exchange Act.) Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 183,864,600 shares of common stock, par value \$0.0001, were outstanding on January 11, 2018.

MCTC HOLDINGS, INC.
FORM 10-Q

For the Period Ended November 30, 2018

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PART I — FINANCIAL INFORMATION

MCTC Holdings, Inc.
CONSOLIDATED BALANCE SHEETS

	November 30, 2018 (Unaudited)	August 31, 2018
ASSETS		
Current Assets:		
Cash	\$ 4,677	\$ 4,652
Total Current Assets	4,677	4,652
TOTAL ASSETS	\$ 4,677	\$ 4,652
LIABILITIES & STOCKHOLDER'S DEFICIT		
Current Liabilities:		
Accounts Payable	\$ 10,618	\$ 11,688
Accounts Payable - Related Party	6,700	6,200
Accrued Interest	30,051	28,306
Accrued Interest - Related Party	1,634	857
Notes Payable - Related Party	37,910	22,554
Note Payable to Shareholder	70,000	70,000
Total Current Liabilities	156,913	139,605
Total Liabilities	156,913	139,605
Stockholder's Deficit		
Preferred Stock, par value \$0.0001, 10,000,000 shares Authorized, 0 shares Issued and Outstanding at November 30, 2018 and August 31, 2018	—	—
Common Stock, par value \$0.0001, 290,000,000 shares Authorized, 183,864,600 shares Issued and Outstanding at November 30, 2018 and August 31, 2018	18,386	18,386
Additional Paid-In Capital	584,665	584,665
Accumulated Deficit	(755,287)	(738,004)
Total Stockholder's Deficit	(152,236)	(134,953)
TOTAL LIABILITIES AND STOCKHOLDER'S DEFICIT	\$ 4,677	\$ 4,652

The accompanying notes are an integral part of these unaudited consolidated financial statements

MCTC Holdings, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended November 30,	
	2018	2017
Revenues:	\$ —	\$ —
Expenses:		
Professional fees	12,500	16,564
General and administrative expense	2,261	7,640
Total Operating Expenses	14,761	24,204
Operating Loss	(14,761)	(24,204)
Other Expense		
Interest expense	2,522	1,745
Net Loss	(17,283)	\$ (25,949)
Basic & Diluted Loss per Common Share	\$ (0.00)	\$ (0.00)
Weighted Average Common Shares		
Outstanding	183,864,600	53,864,600

The accompanying notes are an integral part of these unaudited consolidated financial statements

MCTC Holdings, Inc.
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	For the Three Months Ended November 30,	
	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Loss	\$ (17,283)	(25,949)
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes In:		
Accounts Payable	(1,070)	10,941
Accounts Payable - Related Party	500	8,000
Accrued Interest	1,745	1,745
Accrued Interest - Related Party	777	—
Net Cash Used in Operating Activities	(15,331)	(5,263)
<u>CASH FLOWS FROM FINANCING</u>		
Proceeds from Note Payable - Related Party	15,356	5,218
Net Cash Provided by Financing Activities	15,356	5,218
Net (Decrease) Increase in Cash	25	(45)
Cash at Beginning of Period	4,652	4,832
Cash at End of Period	4,677	4,787
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</u>		
Cash paid during the year for:		
Interest	\$ —	\$ —
Franchise Taxes	\$ —	\$ —

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

None.

The accompanying notes are an integral part of these unaudited consolidated financial statements

MCTC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

November 30, 2018
(Unaudited)

Note 1. Organization and Description of Business

MicroChannel Technologies Corporation (the "Company") was formed as a wholly-owned subsidiary of New Energy Technologies, Inc. ("New Energy"). New Energy spun off its issued and outstanding shares to New Energy's shareholders on December 18, 2007. The Company was incorporated under the name MultiChannel Technologies Corporation on February 28, 2005 in the State of Nevada, and changed to its existing name on April 4, 2005.

On or about June 27, 2018 we changed domiciles from the State of Nevada to the State of Delaware and thereafter reorganized under the Delaware Holding Company Statute Delaware General Corporation Law Section 251(g). On or about July 12, 2018, two subsidiaries were formed for the purpose of effecting the reorganization. We incorporated MCTC Holdings, Inc. and MCTC Holdings Inc. incorporated MicroChannel Corp.. We then effected a merger involving the three constituents and under the terms of the merger we were merged into MicroChannel Corp., with MicroChannel Corp. surviving and our separate corporate existence ceasing. Following the merger MCTC Holdings, Inc. became the surviving publicly traded issuer and all of our assets and liabilities were merged into MCTC Holdings, Inc.'s wholly owned subsidiary MicroChannel Corp.. Our shareholders became the shareholders of MCTC Holdings, Inc. on a one for one basis.

The Company is not currently engaged in any business operations. It is, however, in the process of attempting to identify, locate, and if warranted, acquire new commercial opportunities.

Note 2. Going Concern Uncertainties

The Company has not generated any revenues, has an accumulated deficit of \$755,287 as of November 30, 2018, and does not have positive cash flows from operating activities. The Company expects to incur additional losses as it continues to identify and develop new commercial opportunities. The Company will be subject to the risks, uncertainties, and difficulties frequently encountered by early-stage companies. The Company may not be able to successfully address any or all of these risks and uncertainties. Failure to adequately do so could cause the Company's business, results of operations, and financial condition to suffer. These conditions raise substantial doubt about the Company's ability to continue as a going concern for a period of one year from the issuance date of these financial statements.

The Company's ability to continue as a going concern is an issue due to its net losses and negative cash flows from operations, and its need for additional financing to fund future operations. Management plans to identify commercial opportunities and to obtain necessary funding from outside sources. There can be no assurance that such funds, if available, can be obtained on terms reasonable to the Company. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern and do not include any adjustments that may result from the outcome of this uncertainty. Based on the Company's current level of expenditures, management believes that cash on hand is adequate to fund operations for at least the next twelve months.

Note 3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying interim financial statements have been prepared in accordance with U.S. GAAP and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's latest Annual Report filed with the SEC on Form 10-K for the year ended August 31, 2018. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the unaudited interim financial statements that would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal year as reported in the Form 10-K have been omitted.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and expenses during the reporting period. On an on-going basis, the Company evaluates its estimates. Actual results and outcomes may differ materially from the estimates as additional information becomes known.

Cash and Cash Equivalents

Cash and cash equivalents includes highly liquid investments with original maturities of three months or less. On occasion, the Company has amounts deposited with financial institutions in excess of federally insured limits.

Fair Value of Financial Instruments

The Company measures certain financial assets and liabilities at fair value based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The carrying value of cash and cash equivalents and accounts payable approximate their fair value because of the short-term nature of these instruments and their liquidity. Management is of the opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

Income Taxes

Deferred income tax assets and liabilities are determined based on the estimated future tax effects of net operating loss and credit carryforwards and temporary differences between the tax basis of assets and liabilities and their respective financial reporting amounts measured at the current enacted tax rates. The Company records an estimated valuation allowance on its deferred income tax assets if it is not more likely than not that these deferred income tax assets will be realized.

The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As of the previous years ended August 31, 2018 and 2017, the Company has not recorded any unrecognized tax benefits.

Segment Reporting

The Company's business currently operates in one segment.

Net Loss per Share

The computation of basic net loss per common share is based on the weighted average number of shares that were outstanding during the year. The computation of diluted net loss per common share is based on the weighted average number of shares used in the basic net loss per share calculation plus the number of common shares that would be issued assuming the exercise of all potentially dilutive common shares outstanding using the treasury stock method. See Note 4. Net Loss Per Share.

Recently Issued Accounting Pronouncements

The Company reviews new accounting standards as issued. Although some of these accounting standards issued or effective after the end of the Company's previous fiscal year may be applicable to the Company, it has not identified any standards that it believes merit further discussion. The Company does not expect the adoption of any recently issued accounting pronouncements to have a significant impact on its financial position, results of operations, or cash flows.

Note 4. Net Loss Per Share

During the nine months ended November 30, 2018 and November 30, 2017, the Company recorded a net loss. The Company does not have any potentially dilutive securities outstanding. Therefore, basic and diluted net loss per share is the same for those periods.

Note 5. Note Payable to Shareholder

On January 9, 2014, the Company issued a \$70,000 note payable to a shareholder of the Company. The note payable bears interest at an annual rate of 7%, which then increased to 10% after it was in default. Principal and accrued interest on the note payable were due on January 9, 2016, with a default annual rate of 10% interest after that date. The outstanding balance of principal and accrued interest may be prepaid without penalty. During the three months ended November 30, 2018, the Company recorded an interest expense of \$1,745 related to the note payable. As of November 30, 2018, the original principal balance of \$70,000 on the note payable remained outstanding, with accrued interest of \$30,051. The note payable was not repaid on January 9, 2016 and is thus in default as of the date of this filing.

Note 6. Related Party

In October 2017 – November 30, 2018, the Company incurred a related party debt in the amount of \$15,000 to an entity related to the legal custodian of the Company for professional fees. As of November 30, 2018, a balance of \$6,700 remained outstanding.

In November 30, 2017 – November 30, 2018, the Company issued a \$34,954 in multiple notes payable to an entity related to the legal custodian of the Company for funds loaned. The notes payable bear interest at an annual rate of 10% and are convertible to common shares of the Company at \$0.0001 per share. On May 8, 2018, \$13,000 of the principal balance on notes payable was converted to common stock. As of November 30, 2018, \$21,954 of the principal balance remained outstanding on the notes payable and \$1,404 in accrued interest.

In August 2018 – November 2018, the Company issued \$15,956 in multiple notes payable to a legal custodian of the Company for funds loaned. The notes bear interest at an annual rate of 10% and are payable upon demand. As of November 30, 2018, \$15,956 of the principal balance remained outstanding on the notes payable and \$230 in accrued interest.

Note 7. Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets at November 30, 2018 and August 31, 2018 are as follows:

	November 30, 2018	August 31, 2018
Deferred tax assets:		
Net operating loss carryforwards	\$ 135,500	\$ 131,871
Capitalized research and development	-----	—
Research and development credit carry forward	1,963	1,963
Total deferred tax assets	<u>137,463</u>	<u>133,834</u>
Less: valuation allowance	<u>(137,463)</u>	<u>(133,834)</u>
Net deferred tax asset	<u>\$ —</u>	<u>\$ —</u>

The net decrease in the valuation allowance for deferred tax assets was \$3,629 for the three months ended November 30, 2018. The Company evaluates its valuation allowance on an annual basis based on projected future operations. When circumstances change and this causes a change in management's judgment about the realizability of deferred tax assets, the impact of the change on the valuation allowance is reflected in current operations.

For federal income tax purposes, the Company has net U.S. operating loss carry forwards at November 30, 2018 available to offset future federal taxable income, if any, of \$618,127, which will fully expire by the fiscal year ended August 31, 2035. Accordingly, there is no current tax expense for the three ended November 30, 2018 and November 30, 2017. In addition, the Company has research and development tax credit carry forwards of \$1,963 at November 30, 2018, which are available to offset federal income taxes and fully expire by August 31, 2028.

The utilization of the tax net operating loss carry forwards may be limited due to ownership changes that have occurred as a result of sales of common stock.

The effects of state income taxes were insignificant for the three ended November 30, 2018 and November 30, 2017.

The following is a reconciliation between expected income tax benefit and actual, using the applicable statutory income tax rate of 21% and 34%, respectively for the three months ended November 30, 2018 and 2017:

	November 30,	
	2018	2017
Income tax benefit at statutory rate	\$ 3,629	8,823
Change in valuation allowance	(3,629)	(8,823)
	\$ —	—

The fiscal years 2012 through 2018 remain open to examination by federal authorities and other jurisdictions in which the Company operates.

Note 8. Subsequent Events

None.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Except for the historical information presented in this document, the matters discussed in this Form 10-Q for the quarter ended November 30, 2018, contain forward-looking statements which involve assumptions and our future plans, strategies, and expectations. These statements are generally identified by the use of words such as "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend," or "project," or the negative of these words or other variations on these words or comparable terminology. These statements are expressed in good faith and based upon a reasonable basis when made, but there can be no assurance that these expectations will be achieved or accomplished.

Such forward-looking statements include statements regarding, among other things, (a) our potential profitability and cash flows, (b) our growth strategies, (c) our future financing plans, and (d) our anticipated needs for working capital. This information may involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. These statements may be found under "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as in this Form 10-Q generally. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the matters described in this Form 10-Q generally. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this filing will in fact occur. In addition to the information expressly required to be included in this filing, we will provide such further material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not misleading.

Although forward-looking statements in this report reflect the good faith judgment of our management, forward-looking statements are inherently subject to known and unknown risks, business, economic and other risks and uncertainties that may cause actual results to be materially different from those discussed in these forward-looking statements. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We assume no obligation to update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this report, other than as may be required by applicable law or regulation. Readers are urged to carefully review and consider the various disclosures made by us in our reports filed with the Securities and Exchange Commission which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operation and cash flows. If one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, our actual results may vary materially from those expected or projected.

Except where the context otherwise requires and for purposes of this Form 10-Q only, "we," "us," "our," "Company," "our Company," and "MCTC" refer to "MCTC Holdings, Inc."

Overview

The following discussion and analysis of our financial condition and results of operations ("MD&A") should be read in conjunction with our financial statements and the accompanying notes to the financial statements included in this Form 10-Q.

The MD&A is based on our financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses and related disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions .

Description of Business

We were formed as a wholly-owned subsidiary of New Energy Technologies, Inc. New Energy spun off its issued and outstanding shares to New Energy's shareholders on December 18, 2007. We were incorporated under the name MultiChannel Technologies Corporation on February 28, 2005 in the State of Nevada, and changed to our existing name, MicroChannel Technologies Corporation, on April 4, 2005.

On or about June 27, 2018 we changed domiciles from the State of Nevada to the State of Delaware and thereafter reorganized under the Delaware Holding Company Statute Delaware General Corporation Law Section 251(g). On or about July 12, 2018, two subsidiaries were formed for the purpose of effecting the reorganization. We incorporated MCTC Holdings, Inc. and MCTC Holdings Inc. incorporated MicroChannel Corp.. We then effected a merger involving the three constituents and under the terms of the merger we were merged into MicroChannel Corp., with MicroChannel Corp. surviving and our separate corporate existence ceasing. Following the merger MCTC Holdings, Inc. became the surviving publicly traded issuer and all of our assets and liabilities were merged into MCTC Holdings, Inc.'s wholly owned subsidiary MicroChannel Corp.. Our shareholders became the shareholders of MCTC Holdings, Inc. on a one for one basis.

The Company is not currently engaged in any business operations. It is, however, in the process of attempting to identify, locate, and if warranted, acquire new commercial opportunities.

Employees

As of November 30, 2018, we did not have any employees.

Results of Operations

For the Three months Ended November 30, 2018 and November 30, 2017

The professional fees were \$12,500 and \$16,564 for the three months ended November 30, 2018 and November 30, 2017, respectively. This was due to an increase in business operations in 2017. General & Administrative expenses were \$2,261 and \$7,640, for the three months ended November 30, 2018 and November 30, 2017, respectively.

The interest expense of \$2,522 and \$1,745 for the three months ended November 30, 2018 and November 30, 2017, respectively, is related to a note payable that the Company issued on January 9, 2014 in the amount of \$70,000, to a shareholder of the Company and a multiple notes payable incurred from November 30, 2017 – November 30, 2018 in the amount of \$50,910, to related parties. The \$70,000 note payable to a shareholder, bears interest at an annual rate of 7%, which then increased to 10% after it was in default. Principal and accrued interest on the note payable of the company were due on January 9, 2016, with a default annual rate of 10% interest after that date. As of November 30, 2018, there cumulative interest due of \$30,051 related to this note. The \$37,910 in multiple notes payable to a related parties, bear interest at an annual rate of 10%. On May 8, 2018, \$13,000 of this debt was converted into shares of common stock, with \$37,910 remaining as of November 30, 2018. The outstanding balance of principal and accrued interest may be prepaid on both without penalty. As of November 30, 2018, there cumulative interest due of \$1,634 related to these notes.

Net cash used in operating activities was \$15,331 for the three months ended November 30, 2018, compared to net cash used in operating activities of \$5,263 for the prior three months ended November 30, 2017. Based on our current level of expenditures, additional funding is required to cover our operations for at least the next twelve months. The company is in the process of attempting to identify, locate, and if warranted, acquire new commercial opportunities.

Liquidity and Capital Resources

As of the year ended August 31, 2018, we had an accumulated deficit of \$738,004 and cash and cash equivalents of \$4,652. As of the current quarter ended November 30, 2018, we had an accumulated deficit of \$755,287 and cash and cash equivalents of \$4,677.

In January 2014, we received funding by issuing a \$70,000 note payable to a shareholder. The \$70,000 note payable was due on January 9, 2016 and has not been repaid as of the date of this filing and is thus in default as of November 30, 2018. As of November 30, 2018, \$70,000 remained outstanding.

In October 2017 – November 30, 2018, the Company incurred a related party debt in the amount of \$15,000 to an entity related to the legal custodian of the Company for professional fees. As of November 30, 2018, a balance of \$6,700 remained outstanding.

In November 2017 – November 2018 we received funding from issuing \$34,954 in notes payable to an entity related to the legal custodian of the Company. On May 8, 2018, \$13,000 of this debt was converted to shares of common stock. In connection with the above notes, the Company recognized a beneficial conversion feature of \$27,954, representing the intrinsic value of the conversion features at the time of issuance. This beneficial conversion feature was accreted to interest expense during the year ended August 31, 2018. As of November 30, 2018, \$21,954 remained outstanding.

In August 2018 – November 2018, we received funding from issuing \$15,956 in notes payable to a legal custodian of the Company. As of November 30, 2018, \$15,956 remained outstanding.

Other Contractual Obligations

As of the three months ended November 30, 2018, we do not have any contractual obligations other than the \$70,000 note payable to a shareholder and \$37,910 in notes payable to related parties, a legal custodian of the company and an entity related to the legal custodian of the Company, with related accrued interest on the notes. The \$70,000 note payable was due on January 9, 2016 and has not been repaid as of this filing and is thus in default.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Recently Issued Accounting Pronouncements

We review new accounting standards as issued. Although some of these accounting standards issued or effective after the end of our previous fiscal year may be applicable to the Company, we have not identified any standards that we believe merit further discussion. We do not expect the adoption of any recently issued accounting pronouncements to have a significant impact on our financial position, results of operations, or cash flows.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, Garry McHenry, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), as of the end of the period covered by this quarterly report. Based on this evaluation, Garry McHenry, our Chief Executive Officer and Chief Financial Officer concluded that as of November 30, 2018, our disclosure controls and procedures were not effective such that the information required to be disclosed in our United States Securities and Exchange Commission (the "SEC") reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

The material weakness identified relates to the lack of proper segregation of duties. The Company believes that the lack of proper segregation of duties is due to the Company's limited resources.

Changes in Internal Controls Over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with our evaluation of these controls as of the end of our last fiscal quarter as covered by this report on November 30, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

The Company's management does not expect that its disclosure controls or its internal control over financial reporting will prevent or detect all error or all fraud and is not effective. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
2.1 ⁽¹⁾	Agreement and Plan of Merger
2.2 ⁽¹⁾	Certificate of Merger
3.1 ⁽¹⁾	Certificate of Incorporation of MicroChannel Technologies Corporation
3.2 ⁽¹⁾	By Laws of MicroChannel Technologies Corporation
21.1 ⁽¹⁾	Certificate of Incorporation of MCTC Holdings, Inc.
21.2 ⁽¹⁾	Bylaws of MCTC Corporation
21.3 ⁽¹⁾	Certificate of Incorporation of MicroChannel Corp.
21.4 ⁽¹⁾	Bylaws of MicroChannel Corp.
31.1 *	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Rule 13(a)-14 of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 *	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 USC. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*Filed herewith.

(1) Incorporated by reference to the exhibits filed as part of the report on Form 10-K filed by MCTC Holdings, Inc. on November 29, 2018.

**CERTIFICATION PURSUANT TO RULE 13A-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Garry McHenry, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MCTC Holdings, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. As the registrant's certifying officer I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. As the registrant's certifying officer I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 11, 2019

/s/ Garry McHenry

Garry McHenry

Chief Executive Officer and Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of MCTC Holdings, Inc. (the "Company") on Form 10-Q for the quarter ending November 30, 2018, as filed with the Securities and Exchange Commission on April 9, 2018 (the "Report"), I, Garry McHenry, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 11, 2019

/s/ Garry McHenry

Garry McHenry

Chief Executive Officer and Chief Financial Officer