Condensed Interim Consolidated Financial Statements (Unaudited)

Eve & Co Incorporated
For the three and nine month periods ended July 31, 2018

The accompanying unaudited condensed interim consolidated financial statements for the three and nine months ended July 31, 2018 have been prepared by management of Eve & Co Incorporated and have not been reviewed by such company's auditors.

Condensed Interim Consolidated Statements of Financial Position (unaudited)

Eve & Co Incorporated

As at July 31, 2018

	Notes	As at July 31, 2018	As at October 31, 2017
Assets			
Current Assets			
Cash		$ 7,312,352	$ 91,400
Other Receivables & Prepaid Expenses	10	2,304,728	-
HST Receivable		538,152	76,767
Biological Assets	11	634,465	-
Inventory	12	748,199	-
Total Current Assets		**$ 11,537,896**	**$ 168,167**
Non-Current Assets			
Property, Plant and Equipment	4	$ 4,600,728	$ 1,899,513
Intangible Assets	5	24,167	-
Deposit on Capital	4	6,000,000	-
Other Non-Current Assets		11,048	-
Total Non-Current Assets		**$ 10,635,943**	**$ 1,899,513**
Total Assets		**$ 22,173,839**	**$ 2,067,680**
Liabilities			
Current Liabilities			
Bank Overdraft		$ 17,868	$ 25,142
Accounts Payable and Accrued Liabilities		307,101	624,498
Promissory Note	8	976,000	-
Special Shares - Class C	8	-	976,000
Due to Related Parties		-	430,562
Current Portion of Long Term Debt	7	612,683	2,198,719
Total Current Liabilities		**$ 1,913,652**	**$ 4,254,921**
Non-Current Liabilities			
Loans and Mortgages	7, 9	$ 6,452,600	$ -
Total Non-Current Liabilities		**$ 6,452,600**	**$ -**
Total Liabilities		**$ 8,366,252**	**$ 4,254,921**
Equity			
Share Capital	8	$ 17,695,682	$ 900,128
Contributed Surplus	9	4,888,400	-
Retained Earnings		(8,776,495)	(3,087,369)
Total Equity		**$ 13,807,587**	**$ (2,187,241)**
Total Liabilities and Equity		**$ 22,173,839**	**$ 2,067,680**

The accompanying notes are an integral part of these financial statements

On behalf of the Board

"Jonathan Pollack"
Director

"Ravi Sood"
Director

Condensed Interim Consolidated Statements of Loss (unaudited)

Eve & Co Incorporated

For the three and nine month periods ended July 31, 2018

	Notes		Nine Months Ended July 31, 2018		Nine Months Ended July 31, 2017		Three Months Ended July 31, 2018		Three Months Ended July 31, 2017
Cost of Sales									
Growing supplies and inputs		$	203,714	$	133,893	$	123,753	$	47,515
Salaries and wages			847,325		119,798		397,341		78,130
Total Cost of Sales			**1,051,038**		**253,691**		**521,093**		**125,645**
Unrealized gain on changes in fair value of biological assets	11	$	1,382,664	$	-	$	1,382,664	$	-
Gross Profit		**$**	**331,625**	**$**	**(253,691)**	**$**	**861,570**	**$**	**(125,645)**
Expenses									
Consulting and contract work	8,10	$	1,236,608	$	54,288	$	787,066	$	29,372
Amortization			116,923		110,589		38,979		36,863
Repairs and maintenance			19,319		18,722		690		14,332
Utilities			74,370		33,393		16,433		9,213
Insurance premiums			27,063		6,965		18,805		2,090
Finance expense			258,969		137,242		91,621		66,960
Office and Administrative Expenses			216,126		54,724		133,655		26,749
Legal & Professional Fees			198,762		19,123		98,572		7,932
Property Taxes			6,531		8,379		1,577		1,587
Management Wages	6		139,950		18,915		57,044		-
Stock based compensation	8		1,283,000		-		1,283,000		-
Travel & conventions			44,282		4,935		28,379		1,799
Total Expenses		**$**	**3,621,902**	**$**	**467,275**	**$**	**2,555,821**	**$**	**196,896**
Loss from Operations		**$**	**(3,290,277)**	**$**	**(720,966)**	**$**	**(1,694,251)**	**$**	**(322,541)**
Other Income									
Listing & Transaction Costs	3	$	(2,405,283)	$	-	$	(2,291,229)	$	-
Other Income			6,434		469		3,785		190
Net Loss		**$**	**(5,689,126)**	**$**	**(720,497)**	**$**	**(3,981,695)**	**$**	**(322,350)**
Net loss per share									
Basic and diluted		$	(0.03)	$	(0.01)	$	(0.02)	$	(0.00)
Weighted average of shares outstanding	8		167,599,522		140,000,000		187,184,515		140,000,000

The accompanying notes are an integral part of these financial statements

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (unaudited)

Eve & Co Incorporated

For the nine month period ended July 31, 2018

		Share Capital		Deficit		Contributed surplus		Total
Balance as at October 31, 2017	$	900,128	$	(3,087,369)	$	-	$	(2,187,241)
Issuance of shares on RTO *(note 8)*		1,590,000		-		-		1,590,000
Shares issued for cash during the period		13,687,700		-		-		13,687,700
Shares issued for debt during the period		1,113,875		-		-		1,113,875
Shares issued for services during the period		403,979		-		-		403,979
Convertible debt *(note 9)*		-		-		2,850,000		2,850,000
Compensation options *(note 9)*		-		-		755,400		755,400
Stock Options *(note 8)*		-		-		1,283,000		1,283,000
Net loss for the nine months then ended		-		(5,689,126)		-		(5,689,126)
Balance as at July 31, 2018	**$**	**17,695,682**	**$**	**(8,776,495)**	**$**	**4,888,400**	**$**	**13,807,587**

For the nine months ended July 31, 2017

		Share Capital		Deficit		Contributed surplus		Total
Balance as at October 31, 2016	$	900,128	$	(800,374)		-	$	99,754
Net loss for the nine months then ended		-		(609,908)		-		(609,908)
Balance as at July 31, 2017	**$**	**900,128**	**$**	**(1,410,282)**	**$**	**-**	**$**	**(510,154)**

The accompanying notes are an integral part of these financial statements

Condensed Interim Consolidated Statements of Cash Flows (unaudited)

Eve & Co Incorporated

For the three and nine month periods ended July 31, 2018

	Note		Nine months ended July 31, 2018		Nine months ended July 31, 2017
Operating Activities					
Profit (loss) after taxation		$	(5,689,126)	$	(720,497)
Adjustments for:					
Non-cash transaction costs	3		1,559,185		-
Stock based compensation	8		1,283,000		-
Shares issued for services			403,979		-
Adjustments for non-cash items					
Amortization			116,923		110,589
Unrealized gain on inventory & biological assets			(1,382,664)		66,912
Changes in operating assets and liabilities					
Prepaid expenses			(2,304,729)		(498)
HST Payable/Receivable			(461,383)		(56,142)
Accounts payable			(317,397)		390,691
Other current liabilities			(11,048)		-
Net cash provided by operating activities		**$**	**(6,803,260)**	**$**	**(208,945)**
Investing Activities					
Payment for property, plant & equipment		$	(2,818,138)	$	(315,056)
Deposit on Capital Purchase			(6,000,000)		-
Intangible Assets			(24,167)		-
Net cash provided by investing activities		**$**	**(8,842,305)**	**$**	**(315,056)**
Financing Activities					
Shares issued		$	14,269,241	$	-
Payment of debt			(472,161)		-
Issuance of debt			-		530,498
Issuance of convertible debenture	9		9,500,000		-
Advances to related parties			(430,563)		17,257
Net cash provided by financing activities		**$**	**22,866,517**	**$**	**547,755**
Net Cash Flows		**$**	**7,220,953**	**$**	**23,754**
Cash and Cash Equivalents					
Cash and cash equivalents at beginning of period		$	91,400	$	6,946
Change in cash during the period			7,220,953		23,754
Cash and cash equivalents at end of period		**$**	**7,312,352**	**$**	**30,700**

The accompanying notes are an integral part of these financial statements

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Eve & Co Incorporated
For the three and nine month periods ended 31 July 2018

1. DESCRIPTION OF OPERATIONS

Eve & Co Incorporated (formerly Carlaw Capital V Corp.) (the "Company") was incorporated provincially under the Business Corporations Act (Ontario) on June 6, 2014 and carries on the business of the cultivation and sale of medical cannabis. The Company is a licensed producer and seller of cannabis products under the Access to Cannabis for Medical Purposes Regulations.

To date, the Company has not yet realized profitable operations and has significant losses to date resulting in a cumulative deficit of $8,776,495 (October 31, 2017 - $3,087,369). As at July 31, 2018, the Company had cash of $7,312,352 (October 31, 2017 - $91,400) to settle current liabilities of $1,913,652 (October 31, 2017 - $4,254,921).

2. BASIS OF PRESENTATION

(a) Statement of compliance

The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Certain comparative figures have been reclassified to conform to the current period's presentation.

The condensed interim consolidated financial statements do not included all the information and disclosures required in the annual consolidated financial statements.

The preparation of condensed interim consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are consistent with those disclosed in the notes to the annual consolidated financial statements. These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on September 30, 2018.

(b) Basis of presentation

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as detailed in the Company’s accounting policies.

(c) Functional and presentation currency

The Company’s functional currency, as determined by management, is the Canadian dollar. These financial statements are presented in Canadian dollars.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Management has applied significant estimates, judgements and assumptions relating to the following:

i) Biological assets and inventory

Management is required to make a number of estimates in calculating the fair value of biological assets and harvested cannabis inventory. These estimates include a number of assumptions, such as estimating the stage of growth of the cannabis inventory, harvesting costs, sales price and expected yields.

ii) Stock based compensation

In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price, the vesting period of the option and the risk-free interest rate are used.

iii) Warrants

In calculating the value of the warrants, the Company includes key estimates such as the volatility of the Company's stock price, the value of the Common Share, and the risk-free interest rate.

iv) Depreciation and amortization

Depreciation and amortization rates are dependent upon estimates of useful lives, which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful

v) Impairment of intangible assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value in use and fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sales of the asset in an arm's length transaction between knowledgeable and willing parties, Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate the present value. For the nine months ended July 31, 2018, management has determined that there were no indicators of impairment for its intangible assets.

(e) Principal of consolidation

These statements represent the consolidation of two entities; Eve & Co Incorporated and its wholly owned subsidiary Natural Medco Ltd. (o/a Eve & Co.) ("NMC"). The Company consolidates the entities which it controls. Control is defined by the power to govern an entity's financial and operating policies so as to be able to obtain benefits from its activities. Management has assessed that the Company controls NMC.

(f) Significant accounting policies

A summary of the significant accounting policies, which have been applied consistently to all periods presented in the accompanying financial statements are set out below:

i) *Inventory*

Inventories of harvested finished goods and packing materials are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value at harvest, which becomes the initial deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the average cost method. Products for resale and supplies and consumables are valued at the lower of cost and net realizable value.

ii) Biological Assets

The Company measures biological assets consisting of medical cannabis plants at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Unrealized gains or losses arising from changes in fair value less cost to sell during the period are included in the results of operations of the related period.

Any costs related to the production of biological assets are treated as periodic expenses and are included in the consolidated statement of income (loss) for the related period.

iii) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations have been issued but have not yet been applied in preparing these financial statements, as set out below:

(A) IFRS 9, Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after January 1, 2018 and earlier adoption is permitted.

(B) IFRS 15, Revenue from Contracts with Customers, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of goods or services and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier adoption is permitted.

(C) In January 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. There is an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application if IFRS 15 is also applied.

The Company does not believe the adoption of these policies will have any material impact on its financial statements.

3. REVERSE TAKEOVER

On December 18, 2017, Carlaw Capital V Corp. ("Carlaw") announced that it had entered into a definitive agreement with Natural Medco Ltd. ("NMC") pursuant to which it would acquire all of the issued and outstanding common shares (the "NMC Shares") of NMC (the "RTO"). At the date of closing of the RTO, there were 204,784,014 NMC Shares issued and outstanding, inclusive of 43,192,600 NMC Shares issued at a price of $0.25 per share pursuant to the Private Placements (as defined below). In exchange for the NMC Shares, the Company issued 204,784,014 common shares at a ratio of one share for each NMC Share and at a deemed price of $0.25 per share, resulting in a reverse takeover of the Company by NMC's shareholders.

The Company had 6,360,000 common shares outstanding prior to the completion of the RTO. On closing of the RTO there were 211,144,014 common shares outstanding, of which 6,360,000 were outstanding prior to the RTO, with the remainder being issued to previous shareholders of NMC.

Since the Company did not meet the definition of business under IFRS 3 Business Combinations, the RTO was accounted for as a purchase of the Company's assets. The consideration paid was determined as equity-settled share based payments under IFRS 2, at the fair value of the equity of the Company retained by the shareholders of the Company based on the fair value of the common shares on the date of closing of the RTO, which was determined to be $0.25 per common share based on the most recent equity raise completed just prior to the RTO. The Company recorded listing and transaction fees of $2,405,283 in the condensed interim consolidated financial statements.

Fair value of consideration paid:		
Deemed issuance of 6,360,000 common shares to Carlaw's shareholders	$	1,590,000
Deemed issuance of stock options to former stock option holders		161,000
Net assets of Carlaw acquired by NMC		(191,815)
		1,559,185
Other Transaction Costs:		
Transaction costs from November 20, 2017 private placement		114,056
Professional fees		732,042
Listing and transaction costs	$	**2,405,283**

The net liabilities of the Company were included at their carrying value of $86,739, which approximates their fair value as follows:

Cash		217,117
Accounts payable and accrued liabilities		(25,302)
	$	**191,815**

For accounting purposes, these condensed interim consolidated financial statements reflect a continuation of the financial position, operating results and cash flows of the Company's legal subsidiary, NMC.

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery & Equipment	Green-house Equipment	Fences & Security	Motor Vehicle	Totals
Cost	$	$	$	$	$	$	$
Balance October 31, 2016	160,000	1,417,589	92,953	281,456	480,188	22,225	2,454,411
Additions		363,833	63,621	-	19,842	-	447,296
Balance October 31, 2017	160,000	1,781,422	156,574	281,456	500,030	22,225	2,901,707
Additions		2,643,846	36,545	117,733	20,014	-	2,818,138
Balance July 31, 2018	160,000	4,425,268	193,119	399,189	520,044	22,225	5,719,845
Accumulated Amortisation							
Balance October 31, 2016		408,485	68,657	264,048	91,878	21,674	854,742
Additions		45,514	18,645	3,482	79,646	165	147,452
Balance October 31, 2017		453,999	87,302	267,530	171,524	21,839	1,002,194
Additions		37,151	23,731	6,077	49,815	149	116,923
Balance July 31, 2018	-	491,150	111,033	273,607	221,339	21,988	1,119,117
Net Book Value	160,000	3,934,118	82,086	125,582	298,705	237	**4,600,728**
					Net Book Value July 31, 2017		**1,862,650**
					Net Book Value October 31, 2017		**1,899,513**
					Net Book Value October 31, 2016		**1,599,669**

Building additions of $2,643,846 were not available for use as at July 31, 2018. No amortization is taken on this asset. It became available for use in early August 2018.

The Company has also put down a deposit of $6,000,000 for its greenhouse expansion.

5. INTANGIBLE ASSETS

Branding	$ 24,167
Total Intangible Assets	**$ 24,167**

Intangible Assets are made up of costs for "Eve" brand which is under development.

6. RELATED PARTIES

Key management includes directors and officers of the Company. Compensation paid to key management for the nine month period ended July 31, 2018 amounted to $139,950 (year ended October 31, 2017 - $205,435).

The land on which the Company’s greenhouse facility is situated is subject to an option to purchase held by Melinda Rombouts, the President and CEO and a director of the Company, and David Burch, a significant shareholder of the Company and director of NMC. Upon exercise of the option and the payment of $976,000, the option holders must immediately grant the Company a lease over the land, with such lease: (i) being for a term of 20 years, with four 5-year renewals; (ii) having monthly net rent not exceeding $6,100 throughout the term and renewals; (iii) having such terms and conditions that are in form and substance satisfactory to the Company, acting reasonably; and (iv) having no terms or conditions that are materially unusual or adverse to the Company in the opinion of its board, acting reasonably. The option may not be exercised, however, until NMC obtains all requisite regulatory approvals required for a change of ownership of the land, as may be required from time to time by Health Canada.

Ms. Rombouts and Mr. Burch are also the holders of promissory notes issued by NMC with an aggregate principal amount of $976,0000, of which $150,000 of principal becomes due and payable on March 31, 2019 and the remainder of such principal becoming due and payable within 30 days of demand. The notes bear interest at 5% per annum, calculated monthly.

During the fiscal period the officers and directors of the Company were granted 6,700,000 stock options with a fair value of $1,248,000. *(note 8)*

7. LONG TERM DEBT

Mainstreet Bank Loan		$ 612,683
Debentures	*10% per annum*	6,452,600
Less: Current Portion of Long Term Debt		(612,683)
Total Long Term debt		**$ 6,452,600**

The commercial mortgage with Mainstreet is part of a credit facility which includes a line of credit up to $25,000. As at July 31, 2018 the line of credit balance was $17,868. The Company is required under the credit facility agreement to maintain certain financial ratios at the end of each reporting period. The Company chose not to renew the loan with Mainstreet in the subsequent period, which matured on August 30, 2018. The loan was paid on August 30, 2018.

See Note 9 for additional disclosure on the Debentures.

8. SHARE CAPITAL

Authorized share capital

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

Outstanding capital

		Class A	Class B	Class C	Common	$ Total
At October 31, 2016 and 2017		720	480	976,000	-	900,128
Share reorganization	a	(720)	(480)		70,000,000	-
Shares issued for cash	b				7,760,000	3,880,000
Shares issued for debt	c				2,227,750	1,113,875
Shares issued for service	d				807,957	403,979
2:1 share split	e				80,795,707	-
Deemed issuance of common shares to former Carlaw shareholders	f				6,360,000	1,590,000
Private Placements	g				43,192,600	10,798,150
Cash share issue costs	h				-	(593,450)
Fair value of compensation options	i				-	(397,000)
Cancellation of Class C shares	j			(976,000)		
At July 31,2018		**-**	**-**	**-**	**211,144,014**	**17,695,682**

Stock Options

The Company granted 7,200,000 stock options to purchase common shares to several directors, officers, employees and consultants of the Company. During the three months ended July 31, 2018 no options were exercised. Options overall have been assigned a value of $1,283,000 in the period. This value was determined using the Black-Scholes option pricing model with the assumptions shown in note i) below.

	Number of Options	Average Exercise Price	Weighted average life
Balance Outstanding October 31, 2017	-	-	-
Stock Based Compensation	7,200,000	0.25	56 months
Compensation Options Issued to Agents *(note 9)*	2,448,800	0.25	12 months
Compensation Options Issued to Advisor *(note 9)*	2,333,333	0.30	12 months
Options Granted to Carlaw Shareholders *(note 9)*	720,000	0.10	40 months
Balance Outstanding July 31, 2018	12,702,133	0.25	

a) On November 30, 2017 NMC filed articles of amendment to reclassify its existing share capital by (i) new class of shares ("common shares"); (ii) exchanging the issued and outstanding 720 Class A common shares for 42,000,000 common shares; (iii) exchange the issued and outstanding 480 Class B common shares for 28,000,000 common shares; (iv) amending the rights of existing Class C special shares; (v) changing the reference to the authorized capital of the Company to provide for the maximum authorized share capital to consist of an unlimited number of Class C special shares. The weighted average shares outstanding, as at July 31, 2018 and 2017, has been reflected to incorporate this amended share capital structure for the purpose of calculating loss per share.

b) In November and December of 2017, NMC issued 7,760,000 common shares for cash proceeds of $3,880,000.

c) On November 20, 2017 NMC issued 2,227,750 common shares for the settlement of due to related parties and long-term debt with an aggregate value of $1,113,875.

d) On April 28, 2018 NMC issued 807,957 common shares at a deemed price of $0.50, for services provided in relation to the RTO.

e) On June 14, 2018 NMC declared a 2:1 stock split issuing 80,795,707 common shares to the existing shareholders. The weighted average shares outstanding, as at July 31, 2018 and 2017, has been reflected to incorporate this amended share split for the purpose of calculating loss per share.

f) Share capital, contributed surplus and the deficit of Carlaw are eliminated. *(note 3)*

g) On June 15, 2018, the Company completed a private placement of 25,340,000 subscription receipts on a brokered basis and 17,852,600 common shares on a non-brokered basis, all at a price of $0.25 per security (collectively, the “Private Placements”) for gross proceeds of approximately $10,798,150.

h) In connection with the Private Placements the agents received as compensation 7% of the gross proceeds ($443,450) of the financing in addition to a $169,500 (including applicable taxes) corporate finance fee.

i)

In connection with the brokered private placement the agents received 2,448,800 compensation options with an exercise price of $0.25 per share expiring June 28, 2020. The compensation options have been valued at $397,000 using the Black-Scholes option pricing model with the following assumptions:

Risk- free interest rate	1.35%
Dividend yield	Nil
Volatility factor	100%
Expected life	2 years

j) Prior to the RTO, the Company's subsidiary purchased 976,000 Class C special shares of NMC for a promissory note of $976,000. Such shares were cancelled in connection with the RTO.

9. DEBENTURE

Concurrently with the closing of the Private Placements, the Company completed an offering of 10,000 debenture units for aggregate gross proceeds of $10,000,000. Each debenture unit consisted of a $1,000 principal amount senior unsecured convertible debenture maturing June 28, 2020 and bearing interest at 10% per annum (a "Debenture"); and common share purchase warrants exercisable for up to 3,333 common shares at an exercise price per share of $0.35 expiring June 28, 2020. The Debentures are convertible into that number of common shares computed on the basis of the principal amount of the Debentures divided by the conversion price of $0.30 per share at the holder's option or upon mandatory conversion at the request of the Company in the event that at any time following four months plus one day following the RTO, for any ten consecutive trading days, the volume weighted average closing price of the common shares on the TSXV is greater than $0.60. Upon conversion, the holder will also receive a cash payment equal to the additional interest amount that such holder would have received if it had held the Debentures for a period of one year from the date of conversion provided that such period shall not extend beyond the maturity date. The Debentures have been bifurcated between their debt and equity components by fair valuing the debt component using a discount rate of 20% and allocating the residual to the equity component. As a result, $3,000,000 has been attributed to contributed surplus as the equity of debenture component of the Debentures. For purposes of these statements the warrants have not been valued as it would have a NIL impact on contributed surplus.

In connection with the Debenture financing, the Company incurred a $500,000 financing fee. This fee has been allocated to the debenture and contributed surplus on the same basis that the Debentures was bifurcated between debt and equity.

Also in connection with the Debenture financing, the Company issued 2,333,333 compensation options each being exercisable for one common share at the price of $0.30 per share expiring June 28, 2020. The compensation options have been valued at $282,000, using the Black-Scholes option pricing model with the following assumptions, all of which have been treated as a period expense:

Risk-free interest rate:	**1.35%**
Dividend yield:	**Nil**
Volatility Factor:	**100%**
Expected life	**2 years**

This value has been allocated to the Debentures and contributed surplus on the same basis that the Debentures was bifurcated between debt and equity.

Debenture Allocation	Debenture	Contributed Surplus
Gross Proceeds	$7,000,000	$3,000,000
Financing Fee	(350,000)	(150,000)
Compensation Options	(197,400)	755,400
Total Debenture Allocation	**$6,452,600**	**$3,605,400**

10. PREPAID EXPENSES

During the quarter ended July 31, 2018, the Company engaged various third-party consultants to provide a number of services to the Company over a one year term, such as promotion of the "Eve" brand and the production of reports for the CFO.

A total of $750,000 has been been included in the consulting fees for the quarter ended July 31, 2018, with the balance of the fees included in prepaid contracts.

This will continue over the next three quarters.

Breakdown of prepaid expenses/other receivables:

Prepaid Contracts	$ 2,250,000
Retainer	7,000
Other Misc. Prepaid Expenses/Receivables	47,728
Total Prepaid Expenses/Receivables	$ 2,304,728

11. BIOLOGICAL ASSETS

Increase in fair value less costs to sell due to biological transformation	$ 1,382,664
Transferred to inventories upon harvest	(748,199)
Carrying amount, July 31, 2018	**$ 634,465**

The Company's estimates, by their nature, are subject to changes that could result from volatility of market prices,

These estimates include the following assumptions:

(a) Selling prices are determined by estimating the Company's expected average selling price and mix of product strains;

(b) Costs incurred and remaining costs to complete were estimated by calculating the average production costs up to the point of harvest over the total production period;

(c) The percentage of costs incurred for each stage of plant growth;

(d) The stage of plant growth at which point of harvest is determined;

(e) Costs to sell and other fulfillment costs were determined by estimating the Company's average cost per gram; and

(f) Expected yields of harvested plants are estimated and risk adjusted at each stage of growth.

12. INVENTORY

	Total Kilograms	Price Per Kilogram Estimate		
Dry Cannabis	199.3	$	3,350	$ 667,564
Dry Trim	80.6	$	1,000	$ 80,635
Total Inventory				**$ 748,199**

During the nine months ender July 31, 2018, there was no impairment and no products were sold in the period.

13. SUBSEQUENT EVENTS

Subsequent to the end of the period the following significant events have occurred:

Extraction License

On September 14, 2018, the Company's license under the *Access to Cannabis for Medical Purposes* was amended by Health Canada to permit the production of cannabis oil.

Supply Agreements

On August 15, 2018, the Company entered into a supply agreement with the Ontario Cannabis Retail Corporation (the “OCS”) with respect to the supply of adult-use recreational cannabis to the OCS.

On September 18, 2018, the Company announced that it entered into a supply agreement with the Newfoundland Labrador Liquor Corporation with respect to the supply of adult-use recreational cannabis to the Newfoundland Labrador Liquor Corporation and certain provincially authorized persons.

14. COMPARATIVE BALANCES

The comparative figures as of October 31, 2017 and any dates prior represent those of exclusively NMC, as the Company underwent a reverse takeover as discussed in Note 3.