Eve & Co Incorporated

Condensed Consolidated Interim Financial Statements

(Unaudited)

For the three and six months ended June 30, 2019 and July 31, 2018

(Expressed in Canadian Dollars)

Eve & Co Incorporated

(Formerly Carlaw Capital V Corp.)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian dollars)

As at	Notes		June 30, 2019		December 31, 2018
Assets					
Current Assets					
Cash		**$**	**14,893,542**	$	1,038,174
Other Receivables & Prepaid Expenses			**535,710**		167,234
HST Receivable			**668,095**		1,889,568
Accounts Receivable			**436,325**		545,409
Biological Assets	5		**2,253,851**		2,912,369
Inventory	6		**5,388,764**		2,075,368
Total Current Assets			**24,176,287**		8,628,122
Non-Current Assets					
Property, Plant and Equipment	7		**23,871,702**		14,860,255
Total Non-Current Assets			**23,871,702**		14,860,255
Total Assets		**$**	**48,047,989**	$	23,488,377
Liabilities					
Current Liabilities					
Accounts Payable and Accrued Liabilities		**$**	**2,865,201**	$	3,750,245
Promissory Note	8		**826,000**		976,000
Loans and Borrowings	9		**9,427,347**		-
Total Current Liabilities			**13,118,548**		4,726,245
Non-Current Liabilities					
Loans and Borrowings	9		**-**		3,346,099
Total Non-Current Liabilities			**-**		3,346,099
Total Liabilities			**13,118,548**		8,072,344
Equity					
Share Capital	10		**34,485,374**		23,447,576
Special Warrants	10		**9,105,049**		-
Contributed Surplus			**2,709,222**		2,704,901
Accumulated deficit			**(11,370,204)**		(10,736,444)
Total Equity			**34,929,441**		15,416,033
Total Liabilities and Equity		**$**	**48,047,989**	$	23,488,377

Signed on behalf of the Board

"Alice Murphy", Director "Ravi Sood", Director

Nature of Operations	note 1
Commitments and Contingencies	note 15
Subsequent events	note 16

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Eve & Co Incorporated

(Formerly Carlaw Capital V Corp.)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian dollars)

	Notes	Three Months Ended, June 30, 2019	Three Months Ended, July 31, 2018	Six Months Ended, June 30, 2019	Six Months Ended, July 31, 2018
Revenue		**$ 454,701**	$ -	**$ 2,178,829**	$ -
Excise Tax		**(20,071)**	-	**(36,573)**	-
Inventory production costs expensed to cost of sales	6	**(259,054)**	-	**(1,159,012)**	-
Gross Profit Before Fair Value		**175,576**	-	**983,244**	-
Realized Fair Value amounts included in inventory sold	6	**(223,392)**	-	**(1,485,453)**	-
Unrealized fair value gain on changes in Biological Assets	5	**1,837,104**	1,183,575	**2,756,378**	1,183,575
Gross Profit Including Fair Value		**$ 1,789,288**	$ 1,183,575	**$ 2,254,169**	$ 1,183,575
Operating Expenses					
Finance Expenses		**11,493**	91,621	**621,246**	181,878
Professional Fees		**398,730**	98,572	**549,619**	57,364
Stock Based Compensation	10	**335,020**	1,283,000	**486,250**	1,283,000
Management Wages		**172,090**	57,044	**333,010**	89,950
Operating Labour		**189,453**	264,003	**296,473**	535,279
General and Administration		**115,592**	294,503	**171,694**	477,636
Consulting and contract work		**148,735**	753,994	**150,632**	1,170,517
Advertising & Promotion		**48,355**	-	**89,033**	-
Amortization	7	**20,547**	35,089	**41,030**	74,061
Total Expenses		**1,440,015**	2,877,826	**2,738,987**	3,869,685
Income (Loss) from Operations		**349,273**	(1,694,251)	**$ (484,818)**	$ (2,686,110)
Other Income (Expense)					
Listing & Transaction Costs	4	**-**	(2,291,229)	**-**	(2,405,283)
Other Income		**14,247**	3,785	**24,058**	6,434
Net Income (Loss) and Comprehensive Income (Loss) before Income Taxes		**$ 363,520**	$ (3,981,695)	**$ (460,760)**	$ (5,084,959)
Deferred Income Tax		**-**	-	**(173,000)**	-
Net Income (Loss) and Comprehensive Income (Loss)		**$ 363,520**	$ (3,981,695)	**$ (633,760)**	$ (5,084,959)
Net Income (Loss) per share					
Basic and Diluted		**$ -**	$ (0.02)	**$ -**	$ (0.03)
Weighted average of shares outstanding basic		**274,075,402**	185,850,148	**254,544,726**	170,950,228
Weighted average of shares outstanding diluted		**277,048,132**	185,850,148	**254,544,726**	170,950,228

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Eve & Co Incorporated

(Formerly Carlaw Capital V Corp.)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - Expressed in Canadian dollars)

	Share Capital					Reserves				
	Class A	Class B	Class C	Common Shares	Amount	Contributed Surplus	Convertible Debt	Special Warrants	Deficit	Total
Balance as at January 31, 2018	-	-	976,000	159,975,500	**$ 5,894,003**	**$ -**	**$ -**	**$ -**	**$ (3,691,536)**	**$ 2,202,467**
Issuance of Shares on RTO	-	-	-	6,360,000	1,590,000	-	-	-		1,590,000
Exchange of shares for promissory note (note 8)	-	-	(976,000)	-	-	-	-	-	-	-
Private Placement	-	-	-	43,192,600	10,204,700	-	-	-		10,204,700
Shares issued for services during the period	-	-	-	1,615,914	403,979	-	-	-	-	403,979
Convertible debt	-	-	-	-	-	-	2,850,000	-		2,850,000
Compensation Options	-	-	-	-	(397,000)	755,400	-	-		358,400
Stock Options	-	-	-	-	-	1,283,000	-	-		1,283,000
Net loss for the six months then ended	-	-	-	-	-	-	-	-	(5,084,959)	(5,084,959)
Balance as at July 31, 2018	-	-	-	211,144,014	**$ 17,695,682**	**$ 2,038,400**	**$2,850,000**	**$ -**	**$ (8,776,495)**	**$ 13,807,587**

	Share Capital					Reserves				
	Class A	Class B	Class C	Common Shares	Amount	Contributed Surplus	Convertible Debt	Special Warrants	Deficit	Total
Balance as at December 31, 2018	-	-	-	233,725,245	**$ 23,447,577**	**$ 2,598,108**	**$ 106,794**	**$ -**	**$ (10,736,444)**	**$ 15,416,035**
Deferred tax on convertible debt	-	-	-	-	-	-	173,000	-	-	173,000
Converted debt	-	-	-	13,333,333	3,724,036	-	(279,794)	-	-	3,444,242
Compensation options exercised	-	-	-	2,244,394	942,069	(283,055)	-	-	-	659,014
Stock Options Vesting	-	-	-	-	-	486,250	-	-	-	486,250
Stock Options Exercised	-	-	-	500,000	218,134	(93,133)	-	-	-	125,001
Special Warrant Issued	-	-	-	-	-	-	-	9,105,049	-	9,105,049
Warrant Issued				-	-	321,860	-	-	-	321,860
Warrant Exercised	-	-	-	16,665,000	6,153,558	(320,808)	-	-	-	5,832,750
Net loss for the six months then ended	-	-	-	-	-	-	-	-	(633,760)	(633,760)
Balance as at June 30, 2019	-	-	-	266,467,972	**$ 34,485,374**	**$ 2,709,222**	**$ -**	**$ 9,105,049**	**$ (11,370,204)**	**$ 34,929,441**

On June 14, 2018 the Company completed a 2:1 stock split issuing 2 common shares for each common share held by the existing shareholders. Unless otherwise stated, all common share and per share amounts have been retroactively restated to reflect the effects of the share split.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Eve & Co Incorporated

(Formerly Carlaw Capital V Corp.)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited - Expressed in Canadian dollars)

	Notes		Six Months Ended, June 30, 2019		July 31, 2018
Operating Activities					
Net Income (Loss) and Comprehensive Income (Loss)		**$**	**(633,760)**	$	(5,084,959)
Items not affecting cash:					
Realized Fair Value amounts included in inventory sold			**1,485,453**		-
Deferred tax recovery			**173,000**		-
Amortization			**145,855**		85,516
Accretion expense on convertible debt			**98,144**		-
Stock based compensation	10		**486,250**		74,061
Shares issued for services			**-**		403,979
Other Non-Cash Transactions			**-**		1,559,185
Unrealized gain on inventory & biological assets			**(2,756,378)**		(1,183,575)
Changes in operating assets and liabilities					
Prepaid expenses			**(368,476)**		(2,304,729)
Accounts Receivable			**109,084**		-
HST Payable/Receivable			**1,221,473**		(336,463)
Accounts payable			**(1,774,662)**		(288,259)
Inventory			**(1,383,954)**		(199,088)
Other Current Liabilties			**-**		(11,048)
Net cash used by operating activities		**$**	**(3,197,971)**	$	(7,285,380)
Investing Activities					
Payment for property, plant & equipment		**$**	**(8,428,364)**	$	(7,879,750)
Net cash provided (used) by investing activities		**$**	**(8,428,364)**	$	(7,879,750)
Financing Activities					
Issuance of Special warrants		**$**	**10,450,000**	$	-
Draw against facility			**9,427,347**		-
Issuance of common shares, net of share issue costs			**6,616,766**		10,389,241
Advances to related parties			**-**		(482,980)
Payment of debt			**(150,000)**		-
Share and debt issuance costs			**(862,410)**		9,036,278
Net cash provided by financing activities		**$**	**25,481,703**	$	18,942,539
Net cash flows during the period		**$**	**13,855,368**	$	3,777,409
Cash and Cash Equivalents					
Cash and cash equivalents at beginning of period		**$**	**1,038,174**	$	2,326,006
Change in cash during the period			**13,855,368**		3,777,409
Cash and cash equivalents at end of period		**$**	**14,893,542**	**$**	**6,103,415**
Supplemental Discolsure of Cash Flow Information					
Cash interest paid		**$**	**90,207**	**$**	**-**
Cash taxes paid		**$**	**-**	**$**	**-**
Supplemental Disclosure of Non-Cash Flow Investing and Financing Activities					
Conversion of debt	11	**$**	**3,724,037**	**$**	**-**
Non-Cash fixed asset additions within accounts payable			**1,691,990**		**-**
Non-cash Portion of warrants exercised			**320,808**		**-**
Non-Cash portion of compensation options exercised			**283,055**		**-**
Non-Cash portion of stock options exercised		**$**	**93,133**	**$**	**-**

1. Nature of Operations

Eve & Co Incorporated (formerly Carlaw Capital V Corp.) (the "Company") is a publicly listed company on the TSX Venture Exchange and trades under the symbol "EVE". The Company is also listed on the OTCQX Best Market under the symbol "EEVVF". The registered head office of the Company is 2941 Napperton Drive, Strathroy, Ontario, Canada, N7G 3H8.

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 cannabis through its wholly owned subsidiary, Natural MedCo Ltd. ("NMC"). NMC was licensed to produce and sell cannabis under the federal Access to Cannabis for Medical Purposes Regulations. Effective October 17, 2018, NMC is licensed to produce and sell cannabis under the *Cannabis Act* (Canada), with the license effective to July 22, 2020 for the Company's current operating facility.

The unaudited condensed consolidated interim financial statements ("condensed financial statements") of the Company as at June 30, 2019 are comprised of the statements of the Company and its wholly owned subsidiary NMC, which is located in Canada. These condensed financial statements were authorized for issue by the Board of Directors on August 19, 2019.

The Company does not engage in any U.S. cannabis-related activities as defined in Canadian Securities Administrators Staff Notice 51-352.

2. Basis of Presentation

Statement of Compliance

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

The condensed financial statements are presented in Canadian dollars and are prepared in accordance with the same accounting policies, critical estimates and methods described in the Company's annual consolidated financial statements, except for the adoption of new accounting standards identified in Note 3. Given that certain information and footnote disclosures, which are included in the annual audited consolidated financial statements, have been condensed or excluded in accordance with IAS 34, these condensed financial statements should be read in conjunction with our annual audited consolidated financial statements as at and for the fourteen months ended December 31, 2018, including the accompanying notes thereto.

The condensed financial statements have been prepared with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to realize its assets and discharge its liabilities is dependant upon the Company obtaining the necessary financing and its ability to achieve profitable operations. Failure to do so may have an adverse effect on the financial position of the Company. Refer to note 12 Financial Instruments in the Liquidity section for further discussion on liquidity risks.

The preparation of condensed financial statements in accordance with IFRS 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 condensed financial statements are described further in the audited consolidated financial statements for the fourteen months ended December 31, 2018 (note 3. n.).

(Unaudited - Expressed in Canadian dollars)

3. New Standards, Amendments and Interpretations

New or amended standards effective January 1, 2019

(i) IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The Company adopted IFRS 9 using the retrospective approach where the cumulative impact of adoption was recognized in retained earnings as at December 31, 2018 and comparatives were not restated.

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income ("FVTOCI"), or (iii) at fair value through profit or loss ("FVTPL"). Consistent with IAS 39, financial liabilities under IFRS 9 are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost. The change did not impact the carrying amounts of any of our financial assets and liabilities on the adoption date.

The following table summarizes the classification of the Company's financial instruments under IAS 39 and IFRS 9:

Instrument	IAS 39 Classification	Level	IFRS 9 Classification
Cash and cash equivalents	FVTPL	Level 1	FVTPL
Trade receivables	Loans and receivables	N/A	Amortized cost
Biological Assets	FVTPL	Level 3	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	N/A	Amortized cost
Convertible debentures	Other financial liabilities	N/A	Amortized cost
Promissory note	Other financial liabilities	N/A	Amortized cost
Loans and borrowings	Other financial liabilities	N/A	Amortized cost

The adoption of IFRS 9 did not have a material impact on the Company's classification and measurement of financial assets and liabilities.

IFRS 9 uses an expected credit loss impairment model as opposed to an incurred credit loss model under IAS 39. The impairment model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date. For trade accounts receivable, the Company utilized a provision matrix, as permitted under the simplified approach, and has measured the expected credit losses based on lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to debtors and other relevant factors. The carrying amount of trade receivables is reduced for any expected credit losses through the use of an allowance for doubtful accounts ("AFDA") provision. Changes in the carrying amount of the AFDA provision are recognized in the statement of comprehensive income. When the Company determines that no recovery of the amount owing is possible, the amount is deemed irrecoverable and the financial asset is written off. The adoption of the new expected credit loss impairment model did not have a material impact on the carrying amounts of financial assets recognized at amortized cost.

(ii) IFRS 15 Revenue from Contracts with Customers

The IASB replaced IAS 18 *Revenue* in its entirety with IFRS 15 *Revenue from Contracts with Customers*. The Company adopted IFRS 15 using the modified retrospective approach, where the cumulative impact of adoption was required to be recognized in retained earnings as of December 31, 2018 and comparatives were not required to be restated.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue, at a point in time or over time, the assessment of which requires judgment. The model features the following five-step contract-based analysis of transactions to determine whether, how much and when revenue is recognized:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

In accordance with IFRS 15, revenue from the sale of cannabis is generally recognized when control over the goods has been transferred to the customer. Payment is typically due prior to shipment and is recognized into revenue upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer, the timing of which is consistent with the Company's previous revenue recognition policy under IAS 18.

Effective October 17, 2018, Canada Revenue Agency ("CRA") began levying an excise tax on the sale of medical and consumer cannabis products. The Company becomes liable for these excise duties when cannabis products are delivered to the customer. The excise taxes payable is the higher of (i) a flat-rate duty which is imposed when a cannabis product is packaged, and (ii) an ad valorem duty that is imposed when a cannabis product is delivered to the customer. Where the excise tax has been billed to customers, the Company has reflected the excise tax as part of revenue in accordance with IFRS 15. Net revenue from sale of goods, as presented on the condensed consolidated interim statements of loss and other comprehensive loss, represents revenue from the sale of goods less applicable excise taxes. Given that the excise tax payable/paid to CRA cannot be reclaimed and is not always billed to customers, the Company recognizes that the excise tax is an operating cost that affects gross margin to the extent that it is not recovered from its customers.

The adoption of this new standard had no material impact on the amounts recognized in its condensed financial statements.

(iii) IFRS 16 Leases

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. The adoption of this amendment did not have an impact on the Company's condensed financial statements.

(iv) IFRIC 23 Uncertainty over income tax treatments

IFRIC 23 'Uncertainty over income tax treatments' clarifies the application of recognition and measurement requirement in IAS 12, Income Taxes, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax credits and tax rates, and how an entity considers changes in facts and circumstances. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The adoption of this amendment did not have a material impact on the Company's condensed financial statements.

4. Reverse Takeover

On December 18, 2017, Carlaw Capital V Corp. ("Carlaw") announced that it had entered into a definitive agreement with NMC (the "RTO") pursuant to which Carlaw would acquire all of the issued and outstanding common shares of NMC ("NMC Shares"). At the date of closing of the RTO, there were 204,784,014 NMC Shares issued and outstanding. In exchange for the NMC Shares, the Company issued 204,784,014 common shares at a ratio of one share Carlaw for each NMC Share valued at $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 a business under IFRS 3 Business Combinations, the RTO was accounted for as a purchase of the Company's assets. The value of the consideration paid, determined as equity-settled share-based payments under IFRS 2, was based on the fair value of the common shares on the date of closing of the RTO of $0.25 per common share. This valuation is consistent with the most recent equity raise completed just prior to the RTO. The valuation of the stock options granted on closing of the RTO was based on a Black Scholes calculation using the following assumptions: risk-free rate of 2.06%; expected life of 6.6 years; volatility of 103% based on comparable companies; forfeiture rate of 0%; dividend yield of nil; and, exercise price of $0.10. The Company recorded the excess of the consideration over the net assets of Carlaw as listing and transaction fees of $1,833,019 in the consolidated financial statements for the fourteen months ended December 31, 2018.

(Unaudited - Expressed in Canadian dollars)

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		**(168,628)**
		1,582,372
Other Transaction Costs:		
Professional fees		**250,647**
Listing and transaction costs	$	**1,833,019**

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

Cash	$	**176,131**
Accounts payable and accrued liabilities		**(7,503)**
	$	**168,628**

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

5. Biological Assets

		June 30, 2019		December 31, 2018
Carrying amount, beginning of period	**$**	**2,912,369**	$	-
Production costs capitalized		**2,331,368**		1,969,667
Changes in fair value less costs to sell due to biological transformation		**2,756,378**		3,469,867
Transferred to inventory upon harvest		**(5,746,264)**		(2,527,165)
Carrying amount, end of period	**$**	**2,253,851**	$	2,912,369

As at June 30, 2019 the ending balance of Biological Assets was comprised of a cash component relating to production costs capitalized of $1,159,054 (December 31, 2018 - $1,142,272) and a fair value component related to changes in fair value less costs to sell due to biological transformation of $1,094,797 (December 31, 2018 - $1,770,097). Included in Biological Assets as at June 30, 2019 was capitalized amortization of $51,215 (December 31, 2018 - $36,805).

The Company's estimates, by their nature, are subject to changes that could result from volatility of market prices, unanticipated regulatory changes, harvest yields, loss of crops, changes in estimates and other uncontrollable factors that could significantly affect the future fair value of biological assets. The capitalization of costs related to biological assets (which are accounted for under IAS 41 - Agriculture) has been done in a manner consistent with IAS 2 - Inventories.

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;

(Unaudited - Expressed in Canadian dollars)

b. Harvest yield per plant - represents the expected grams of dry cannabis to be harvested from a cannabis plant, based on the weighted average historical yields by plant strain;
c. Post-Harvest Costs – represent the estimated cost to process a gram of harvested cannabis, consisting of the direct and indirect cost of materials, labour, utilities and amortization of the equipment. A processed gram is a gram of cannabis that has completed drying, curing, testing, and packaging. The post-harvest costs reflect an average of the costs expected to be incurred to get the product to its saleable state based on the expected sales channels for the product; and
d. The stage of plant growth represents the weighted average plants' age (in weeks) out of the 14 week growing cycle as of the period ended.

All biological assets are classified as current assets on the consolidated balance sheet and are considered Level 3 fair value estimates. The valuation of biological assets is based on an income approach in which the fair value at the point of harvesting is estimated based on selling prices less the costs to sell. For in-process biological assets, the fair value at point of harvest is adjusted based on the stage of growth at period end. Stage of growth is determined by reference to the plant's life relative to the stages within the harvest cycle.

Management's identified significant unobservable inputs, their range of values and sensitivity analysis are presented in the table below to show the impact of a reasonable increase/decrease that each input would have on the fair value of biological assets:

			Change in Fair Value of Biological Assets resulting from reasonable variance as at:	
Average:	June 30, 2019	Percentage change used in sensitivity analysis	June 30, 2019	December 31, 2018
Selling Price	$ 2.34	10%	$ 292,103	$ 292,479
Yield by plant in grams	39.10	10%	286,543	272,549
Post harvest costs	$ 0.10	10%	50,038	22,799
Growth Length (days)	98.00	10%	$ 109,786	$ 50,623

6. Inventory

	Capitalized Cost	Biological Asset Fair Value Adjustment	**June 30, 2019 Total**	December 31, 2018 Total
Dried Cannabis	$ 1,287,099	$ 2,050,876	**$ 3,337,975**	$ 1,128,202
Dried Trim	539,209	859,182	**1,398,392**	785,845
Drying Plants	248,975	396,719	**645,693**	161,321
Supplies	6,704	-	**6,704**	-
	$ 2,081,987	$ 3,306,777	**$ 5,388,764**	$ 2,075,368

The capitalized cost of inventory expensed to Inventory production costs expensed to cost of sales in the three and six months ended June 30, 2019 was $259,054 and $1,159,012 (July 31, 2018 – $Nil and $Nil). The fair value cost of inventory expensed to Realized Fair Value amounts included in inventory sold was $223,392 and $1,485,453 for the three and six months ended June 30, 2019 (July 31, 2018 – $Nil and $Nil). Also included in this amount was capitalized amortization of $9,303 and $36,998 for the three and six months ended June 30, 2019 (July 31, 2018 – $Nil and $Nil).

(Unaudited - Expressed in Canadian dollars)

As at June 30, 2019 the ending balance of inventory was comprised of a cash component relating to production costs capitalized of $2,081,987 (December 31, 2018 - $714,816) and a fair value component related to changes in fair value less costs to sell due to biological transformation of $3,306,777 (December 31, 2018 - $1,360,552). Included in inventory as at June 30, 2019 was capitalized amortization of $75,500 (December 31, 2018 - $21,174). During the six months ended June 30, 2019 there was no impairment to inventory.

7. Property, Plant and Equipment

Cost	Balance at December 31, 2018	Additions	Adjustments	**Balance at June 30, 2019**
Land	$ 160,000	$ -	$ -	$ 160,000
Building	4,028,153	497,973	84,519	4,610,646
Machinery & Equipment	670,029	112,563	37,332	819,925
Technology & Computers	568,883	24,348		593,230
Construction in Progress	10,636,318	8,522,417	(121,851)	19,036,884
	$ 16,063,383	$ 9,157,301	$ -	$ 25,220,684

Accumulated Amortization	Balance at December 31, 2018	Amortization	Adjustments	**Balance at June 30, 2019**
Land	$ -	$ -	$ -	$ -
Building	574,724	78,251	-	652,975
Machinery & Equipment	376,763	35,996	-	412,759
Technology & Computers	251,641	31,608	-	283,249
	$ 1,203,128	$ 145,855	$ -	$ 1,348,983
Net Book Value	$ 14,860,255			$ 23,871,702

Adjustments reflect the activation of an asset’s useful life, transitioning from construction in progress to the appropriate property, plant and equipment classification. Adjustments, as well, consist of reclassifications.

As at June 30, 2019, there was $1,754,490 of property, plant and equipment in accounts payable and accrued liabilities.

For the three and six month periods ending June 30, 2019 amortization of $54,267 and $104,831 was capitalized to biological assets and inventory.

(Unaudited - Expressed in Canadian dollars)

Cost		Balance at October 31, 2017		Additions		Adjustments		**Balance at December 31, 2018**
Land	$	160,000	$	-	$	-	$	160,000
Building		1,834,128		1,429,078		764,947		4,028,153
Machinery & Equipment		397,553		188,615		83,861		670,029
Technology & Computers		510,026		58,856		-		568,883
Construction in Progress		-		11,485,126		(848,808)		10,636,318
	$	2,901,707	$	13,161,676	$	-	$	16,063,383

Accumulated Amortization		Balance at October 31, 2017		Amortization		Adjustments		**Balance at December 31, 2018**
Land	$	-	$	-	$	-	$	-
Building		477,071		97,653		-		574,724
Machinery & Equipment		342,805		33,958		-		376,763
Technology & Computers		182,318		69,323		-		251,641
	$	1,002,194	$	200,934	$	-	$	1,203,128
Net Book Value	$	1,899,514					$	14,860,255

8. Related Parties

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. The transactions are conducted at arm's length and in the normal course of operations.

	Three Months Ended		Six Months Ended	
	June 30, 2019	July 31, 2018	**June 30, 2019**	July 31, 2018
Share Based Compensation	**$ 213,049**	$1,248,000	**$ 257,231**	$ 1,248,000
Salaries and Fees	**116,850**	294,503	**183,297**	477,636
Total	**$ 329,899**	$1,542,503	**$ 440,528**	$ 1,725,636

During the three and six month periods ending June 30, 2019 the officers and directors of the Company were granted options to purchase up to 6,500,000 and 7,000,000 common shares respectively with a fair value of $97,500 and $1,976,000 (note 10).

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 (the "Promissory Notes") issued by NMC with an aggregate principal amount of $976,000, of which $150,000 of principal was repaid on March 29, 2019 as per the terms of the note with the remainder of such principal becoming due and payable within 30 days of demand. In connection with the Company entering into the $18,700,000 term facility in the first quarter of 2019 (note 9) Ms. Rombouts and Mr. Burch agreed to a postponement of their right to demand repayment until such time as all the obligations owed to the Lender have been repaid. The notes bear interest at 5% per annum, calculated monthly.

(Unaudited - Expressed in Canadian dollars)

9. Loans and Borrowings

The following table provides a summary of the Company's long-term debt.

		June 30, 2019		December 31, 2018
Loan Facility	**$**	**9,427,347**	$	-
Convertible Debentures (note 11)		**-**		3,346,099
Less current portion		**(9,427,347)**		-
Non-current loans and borrowings	**$**	**-**	$	3,346,099

On March 19, 2019 NMC entered into an $18,700,000 non-revolving term facility with a Schedule 1 Canadian Bank (the "Lender") to fund the completion of the 780,000 sq. ft. expansion of its greenhouse production facility located in Strathroy, Ontario. Borrowings under the construction facility are due at the earlier of a refinancing or December 31, 2019 or on demand. Interest charged under this facility is payable monthly. After completion of the expansion, NMC has the option to replace the construction facility with either a non-revolving term facility or a revolving lease line of credit facility. Both of the replacement facilities would have a 12 month maturity with the option to renew at maturity. Interest on the facilities will float at a rate of 1.00% per annum above the Lender's prime lending rate, which currently is 3.95% per annum.

The Lender has the sole discretion to cancel or restrict the availability of any unutilized portion of the loan facility at any time and from time to time without notice. In addition, NMC must maintain a minimum debt service coverage ratio on an annual basis, meet certain reporting requirements relating to NMC's financial results. Should the Lender exercise its discretion or should NMC fail to meet any of these conditions, the Lender may prevent NMC from replacing the construction facility with the non-revolving term facility or the revolving lease line of credit.

The obligations under the facilities are guaranteed by the Company and are secured by a collateral mortgage on NMC's property located in Strathroy. The facilities are subject to certain customary financial and other covenants for a financing of this type and advances under the facilities are subject to certain customary conditions precedent.

As at June 30, 2019 the amount drawn against the facility was $9,427,347 (December 31, 2018 - $NIL). During the six month period ended June 30, 2019 finance charges of $96,613 were capitalized to construction in progress (for the year ended December 31, 2018 - $NIL).

10. Share Capital

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

(Unaudited - Expressed in Canadian dollars)

Outstanding Capital

	Note	Common Shares		Total
At December 31, 2018		233,725,245	$	23,447,577
Shares issued on exercise of options	a	2,744,394		1,160,203
Shares issued on conversion of debentures	b	13,333,333		3,724,036
Shares issued on conversion of warrants	c	16,665,000		6,153,558
At June 30, 2019		**266,467,972**	**$**	**34,485,374**

The Company issued common shares during the six month period ended June 30, 2019 as follows:

a. During the six month period ended June 30, 2019 the following options were exercised:

	Options	Exercise date	Exercise price		Value to shares
Compensation options	29,386	25-Jan-19	0.25	$	12,111
Stock options	500,000	28-Feb-19	0.25		218,134
Compensation options	4,898	13-Mar-19	0.25		7,989
Compensation options	19,386	21-Mar-19	0.25		2,019
Compensation options	144,234	21-Mar-19	0.25		59,442
Compensation options	300,000	21-Mar-19	0.30		126,257
Compensation options	88,157	16-Apr-19	0.25		36,331
Compensation options	300,000	17-Apr-19	0.30		126,257
Compensation options	433,333	16-May-19	0.30		182,371
Compensation options	375,000	29-May-19	0.30		157,821
Compensation options	250,000	10-Jun-19	0.30		105,214
Compensation options	300,000	19-Jun-19	0.30		126,257
Totals	**2,744,394**			**$**	**1,160,204**

b. On March 27, 2019, the final $4,000,000 of the original $10,000,000 principal amount of debentures were converted into 13,333,333 common shares. See note 11 for further details.

c. During the six month period ended June 30, 2019, 16,665,000 common share purchase warrants were converted into 16,665,000 common shares at an exercise price of $0.35.

Special Warrants

On May 10, 2019, the Company closed its private placement of Special Warrants. In relation to this transaction the Company issued 20,900,000 special warrants (the "Special Warrants"), at a price of $0.50 per Special Warrant for aggregate gross proceeds of $10,450,000 (the "Special Warrant Offering"). A Special Warrant is exercisable into one unit of the Company (a "2019 Unit"), for no additional consideration, at any time after the Closing, and each Special Warrant not previously exercised shall be deemed exercised on the earlier of (i) the fifth business day after a receipt is issued for a final prospectus qualifying the Units for distribution in all of the Canadian provinces in which purchasers reside, except Québec and (ii) September 11, 2019. Each 2019 Unit consists of one common share and one common share purchase warrant (a "Warrant"). Each Warrant shall entitle the holder thereof to purchase one common share at an exercise price of $0.60 until May 10, 2021. All of the proceeds were attributed to the common shares with $Nil assigned to the warrants.

In consideration for their services, the underwriter received a cash commission equal to 7% of the gross proceeds of the Special Warrant Offering of $731,500 and was issued 1,463,000 compensation special warrants that have an exercise price of $0.50 and expire on May 10, 2021 ("Compensation Special Warrant"). Each

(Unaudited - Expressed in Canadian dollars)

Compensation Special Warrant is exercisable into one compensation option (a "2019 Compensation Option"), for no additional consideration, at any time after the Closing, and each Compensation Special Warrant not previously exercised is deemed exercised on the earlier of (i) the fifth business day after a receipt is issued for a final prospectus qualifying the Units for distribution in Qualifying Jurisdictions and (ii) September 11, 2019.

The Compensation Special Warrants were measured at fair value of $321,860 at the date of grant. In determining the fair value for the compensation options, the Company used the Black-Scholes option pricing model to establish the fair value of warrants granted using the following assumptions: Risk-free interest rate - 1.6%, Dividend yield – Nil, Volatility - 100% and Expected life - 2 years

Gross Proceeds	**$**	**10,450,000**
Transaction Costs:		
7% Haywood Fee		(731,500)
Underwriter Compensation Options		(321,860)
Legal and Professional Fees		(291,591)
Net Proceeds	**$**	**9,105,049**

As at June 30, 2019 none of the of Special Warrants had been converted in to a 2019 Unit, as defined above, and as such they have been presented as a separate component of equity in the Statements of Financial Position. Upon exercise the net proceeds of the Special Warrants are expected to be reclassified to Share Capital, subject to any adjustments for changes in estimated transaction costs.

Stock Options

During the three and six month period ending June 30, 2019 the officers and directors of the Company were granted options to purchase up to 6,500,000 and 7,000,000 common shares respectively with a fair value of $97,500 and $1,976,000. The Company granted options to purchase up to 450,000 common shares to employees of the Company with a fair value of $130,050. These values were determined using the Black-Scholes option pricing model with the assumptions shown below. During the six months ended June 30, 2019, 500,000 options were exercised, and 500,000 options were cancelled.

Compensation Options

During the six month period ended June 30, 2019, the Company granted 1,463,000 Compensation Special Warrants with a fair value of $321,860, and an aggregate of 2,244,394 compensation options were exercised.

Option Overview

As at June 30, 2019 the outstanding Stock and Compensation Options of the Company are as follows:

(Unaudited - Expressed in Canadian dollars)

	June 30, 2019			December 31, 2018		
	Number of Options	Weighted Average Price		Number of Options	Weighted Average Price	
Outstanding, beginning of the period	13,020,901	$	0.30	-	$	-
Issued during the period	8,913,000		0.26	17,302,133		0.29
Exercised during the period	(2,744,394)		0.29	(2,581,232)		0.22
Cancelled during the period	(500,000)		0.41	(1,700,000)		0.27
Outstanding, end of the period	**18,689,507**	**$**	**0.35**	13,020,901	$	0.30
Exercisable, end of the period	**7,339,507**	**$**	**0.26**	8,620,901	$	0.26

Grant Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price ($)	Expiry Date
05-Feb-15	240,000	240,000	0.10	05-Feb-25
28-Jun-18	375,000	375,000	0.30	28-Jun-20
28-Jun-18	561,507	561,507	0.25	28-Jun-20
28-Jun-18	4,700,000	4,700,000	0.25	28-Jun-28
11-Sep-18	2,900,000	-	0.41	11-Sep-23
23-Oct-18	1,000,000	-	0.31	23-Oct-28
03-Jan-19	500,000	-	0.26	03-Jan-24
10-May-19(1)	1,463,000	1,463,000	0.50	10-May-21
23-May-19	6,950,000	-	0.405	23-May-24
	18,689,507	**7,339,507**		

(1) Assumes exercise of 1,463,000 Compensation Special Warrants and corresponding issuance of 1,463,000 compensation options.

Black Scholes calculations for each corresponding date use the following assumptions:

Stock based compensation issuance date	Risk free rate of return	Dividend yeild	Volatility Factor	Expected life
28-Jun-18	2.06	NIL	103%	7 years
28-Jun-18	1.35	NIL	100%	10 years
28-Jun-18	1.35	NIL	100%	2 years
10-Jul-18	1.35	NIL	100%	2 years
11-Sep-18	2.30	NIL	100%	5 years
23-Oct-18	2.20	NIL	100%	5 years
03-Jan-19	2.20	NIL	100%	5 years
10-May-19	1.64	NIL	100%	5 years
10-May-19	1.64	NIL	100%	2 years
23-May-19	1.39	NIL	100%	5 years

Warrants

On June 28, 2018, in conjunction with the convertible debenture offering (note 11) the Company issued 33,330,000 common share purchase warrants exercisable for up to 33,330,000 common shares at an exercise price per share of $0.35 expiring June 28, 2020.

As at June 30, 2019 the warrant details of the Company are as follows:

(Unaudited - Expressed in Canadian dollars)

	June 30, 2019			December 31, 2018		
	Number of Warrants	Weighted Average Price		Number of Warrants	Weighted Average Price	
Outstanding, beginning of the period	33,330,000	$	0.35	-	$	-
Issued During the period	-		-	33,330,000		0.35
Exercised during the period	(16,665,000)		0.35	-		-
Outstanding, end of the period	**16,665,000**	**$**	**0.35**	33,330,000	$	0.35

Convertible Debentures

In connection with the closing of the RTO, the Company issued 10,000 debenture units ("Units") for aggregate gross proceeds of $10,000,000. Each Unit consisted of $1,000 principal amount, senior unsecured convertible debenture maturing June 28, 2020 and bearing interest at 10% per annum (each 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 TSX Venture Exchange 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, $1,454,868 had been attributed to contributed surplus as the equity component of the Debentures. This amount was allocated $758,825 to the conversion feature and $696,043 to the warrants.

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 were bifurcated between debt and equity.

On March 27, 2019 the remaining $4,000,000 of the Debentures were converted and as a result there was a reclassification of a portion of the Debentures and related equity component from contributed surplus into common shares. Overall $10,000,000 of the Debentures were exchanged for 33,333,332 common shares as follows:

Date of Conversion		Amount	No. of Shares		Value to shares
21-Sep	$	3,000,000	10,000,000	$	2,645,395
05-Oct		2,000,000	6,666,666		1,763,597
12-Oct		1,000,000	3,333,333		881,798
27-Mar		4,000,000	13,333,333		3,724,036
Totals	**$**	**10,000,000**	**33,333,332**	**$**	**9,014,826**

Also, in connection with the Debenture financing, the Company issued 2,333,333 compensation options each being exercisable into one common share at the price of $0.30 per share until June 28, 2020. The compensation options have been valued at $282,000, using the Black-Scholes option pricing model with the following assumptions: Risk-free interest rate - 1.35%, Dividend yield – Nil, Volatility - 100% and Expected life - 2 years.

(Unaudited - Expressed in Canadian dollars)

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

	Debentures	Warrants	Conversion Option	Total
Balance, October 31, 2017	$ -	$ -	$ -	**$ -**
Balance of 2018 Issuance	-	-	-	**-**
Issuance - June 28, 2018	8,545,132	696,043	758,825	**10,000,000**
Cash commisions and Transaction costs	(668,230)	(54,429)	(59,341)	**(782,000)**
Fair Value of Compensation Warrants	-	-	-	**-**
Total, net of issuance costs	7,876,902	641,614	699,484	**9,218,000**
Accretion of debentures	340,297	-	-	**340,297**
Conversion into Shares	(4,871,100)	-	(419,690)	**(5,290,790)**
Balance, December 31, 2018	$ 3,346,099	$ 641,614	$ 279,794	**$ 4,267,507**
Accretion of debentures	98,144			**98,144**
Conversion into Shares	(3,444,243)	(320,807)	(279,794)	**(4,044,844)**
Balance, June 30, 2019	$ -	$ 320,807	$ -	**$ 320,807**

11. Financial Instruments

Interest Risk

The Company's exposure to interest rate risk is primally related to its Loans and Borrowings with variable interest rates. As at June 30, 2019 a 1% increase in the prime lending rate would result in approximately $94,273 higher interest payments on an annual basis.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade receivables. As at June 30, 2019, the Company was exposed to credit-related losses in the event of non-performance by the counterparties.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk.

Cash and cash equivalents are held by one of the largest credit unions in Canada primarily in deposit accounts. Since the inception of the Company, no losses have been incurred in relation to cash held by the financial institution. The trade receivable balance is held an established customer domiciled in Canada. The Company mitigates this risk by managing and monitoring the underlying business relationships with its customers.

The carrying amount of cash and trade receivables represents the maximum exposure to credit risk, and as at June 30, 2019, this amounted to $15,329,867.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements. As at June 30, 2019, the Company had $14,893,542 of cash and cash equivalents. The Company has planning, budgeting and forecasting processes to help determine its funding requirements to meet various contractual and other obligations and to manage liquidity risk.

(Unaudited - Expressed in Canadian dollars)

The Company is obligated to pay accounts payable and accrued liabilities with a carrying amount and contractual cash flows amounting to $2,865,202 due in the next 12 months. Further the Company has outstanding Loans and Borrowings of $9,427,347 and Promissory Notes with a principle amount of $826,000 plus accrued interest of $46,925 which are all due on demand. As at June 30, 2019 the Company had $9,272,652 available to draw under its $18,700,000 credit facility.

The Company has incurred operating losses and negative cash flows from operations in the six month period ended June 30, 2019 and the fourteen month period ended December 31, 2018, and has a working capital surplus of $11,057,739 as at June 30, 2019. The Company's outstanding bank loans and promissory notes are due on demand and there is no certainty as to when the debts may be called. Management believes that neither of the bank loans or promissory notes will need to be repaid in the next twelve months. As such management does not believe that the demand nature of the bank loans and promissory notes present a material uncertainty to the Company's ability to continue as a going concern.

In the six month period ended June 30, 2019, the Company saw an increase in its inventory balance. The Company has assessed the valuation of its inventory and concluded that the value is recoverable.

The carrying values of cash, trade receivables, accounts payable and accrued liabilities, Loans and Borrowings and Promissory Notes approximate their fair values due to their short term to maturity.

The carrying values of the financial instruments as at June 30, 2019 are summarized in the following table:

	Loans and Receivables	Financial assets designated as FVTPL	Other financial liabilities	**Totals**
Assets				
Cash and Cash Equivalents	$ 14,893,542	$ -	$ -	$ **14,893,542**
Trade Receivables	436,325	-	-	**436,325**
Liabilties				
Accounts Payable and Accrued Liabilities	-	-	2,865,201	**2,865,201**
Loans and Borrowings	9,427,347	-	-	**9,427,347**
Promissory Note	$ -	$ -	$ 826,000	$ **826,000**

12. Segmented Information

The Company operates in one segment: the production and sale of cannabis in Canada. All property, plant and equipment are located in Canada and all revenues were earned in Canada. During the three and six month periods ended June 30, 2019 the Company earned revenues from one customer, which accounted for more than 10.0% of overall revenues, of $424,579 and $2,028,952 respectively. There were no revenues in the three and six month periods ended July 31, 2018.

(Unaudited - Expressed in Canadian dollars)

13. Capital Management

The Company's objective is to maintain sufficient capital so as to maintain investor, creditor and customer confidence and to sustain future development of the business and provide the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management. The Company has not paid any dividends to its shareholders. The Company is not subject to any externally imposed capital requirements.

As at June 30, 2019, total managed capital was comprised of shareholders' equity of $34,385,374 (December 31, 2018 – $15,416,033). There were no changes in the Company's approach to capital management during the period.

14. Commitments and Contingencies

The Company has certain contractual financial obligations related to service agreements, purchase agreements and construction contracts.

Some of these contracts have optional renewal terms that the Company may exercise at its option. The annual minimum payments payable under these obligations over the next five years are as follows:

Fiscal Year	2019	2020	2021	2022	2023	Total
Expansion Contract	$ 17,663,846	$ -	$ -	$ -	$ -	$ 17,663,846
Loans and Borrowings	9,427,347	-	-	-	-	9,427,347
Promissory Note	826,000	-	-	-	-	826,000
Amount	$ 27,917,193	$ -	$ -	$ -	$ -	$ 27,917,193

15. Subsequent Events

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

a. Share issuances

- 379,200 common shares were issued on the exercise of 379,200 compensation options for proceeds of $113,550.

b. On August 6, 2019 the Company announced the completion of the construction of its 780,000 square foot greenhouse expansion project.