Eve & Co Incorporated

Condensed Consolidated Interim Financial Statements

(Unaudited)

For the three months ended March 31, 2019

(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	March 31, 2019	December 31, 2018
Assets			
Current Assets			
Cash		**$ 5,388,371**	$ 1,038,174
Other Receivables & Prepaid Expenses		**546,230**	167,234
HST Receivable		**265,066**	1,889,568
Accounts Receivable		**623,725**	545,409
Biological Assets	5	**3,788,759**	2,912,369
Inventory	6	**1,149,069**	2,075,368
Total Current Assets		**11,761,220**	8,628,122
Non-Current Assets			
Property, Plant and Equipment	7	**16,910,279**	14,860,255
Total Non-Current Assets		**16,910,279**	14,860,255
Total Assets		**$ 28,671,499**	$ 23,488,377
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities		**$ 3,914,565**	$ 3,750,245
Promissory Note	8	**826,000**	976,000
Loans and Borrow ings	9	**5,479,266**	-
Total Current Liabilities		**10,219,831**	4,726,245
Non-Current Liabilities			
Loans and Borrow ings	9	**-**	3,346,099
Total Non-Current Liabilities		**-**	3,346,099
Total Liabilities		**10,219,831**	8,072,344
Equity			
Share Capital	10	**27,597,564**	23,447,576
Contributed Surplus		**2,587,863**	2,704,901
Accumulated deficit		**(11,733,759)**	(10,736,444)
Total Equity		**18,451,668**	15,416,033
Total Liabilities and Equity		**$ 28,671,499**	$ 23,488,377

Signed on behalf of the Board

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

Nature of Operations note 1
Commitments and Contingencies note 14
Subsequent events note 15

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 March 31, 2019	Three Months Ended April 30, 2018
Revenue		$ 1,707,626	$ -
Inventory production costs expensed to cost of sales	6	(899,959)	-
Gross Profit Before Fair Value		807,667	-
Realized Fair Value amounts included in inventory sold	6	(1,262,061)	-
Unrealized fair value gain on changes in Biological Assets	5	919,274	-
Gross Profit Including Fair Value		$ 464,880	$ -
Operating Expenses			
Finance Expenses		609,782	90,257
Stock Based Compensation	10	151,230	-
Professional Fees		150,889	-
Operating Labour		148,325	221,276
Management Wages		119,615	82,906
General and Administration		56,106	141,925
Advertising & Promotion		40,678	-
Amortization	7	20,483	38,972
Consulting and contract w ork		1,898	416,523
Total Expenses		1,299,006	991,859
Loss from Operations		$ (834,126)	$ (991,859)
Other Income (Expense)			
Listing & Transaction Costs	4	-	(114,054)
Other Income		9,811	2,649
Net Loss and Comprehensive Loss before Income Taxes		$ (824,315)	$ (1,103,264)
Deferred Income Tax		(173,000)	-
Net Loss and Comprehensive Loss		$ (997,315)	$ (1,103,264)
Net loss per share			
Basic and Diluted		$ (0.00)	$ (0.01)
Weighted average of shares outstanding basic and diluted		234,575,158	140,976,000

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	Deficit	Total
Balance as at January 31, 2018	-	-	-	-	**$ 5,894,003**	**$ -**	**$ -**	**$ (3,691,536)**	**$ 2,202,467**
Shares issued for services during the period	-	-	-	1,615,914	403,979	-	-	-	403,979
Net loss for the three months then ended	-	-	-	-	-	-	-	(1,103,264)	(1,103,264)
Balance as at April 30, 2018	**-**	**-**	**-**	**1,615,914**	**$ 6,297,982**	**$ -**	**$ -**	**$ (4,794,800)**	**$ 1,503,182**

	Share Capital					Reserves			
	Class A	Class B	Class C	Common Shares	Amount	Contributed Surplus	Convertible Debt	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	-	-	-	497,904	207,817	(68,341)	-	-	139,476
Stock Options Issued	-	-	-	-	-	151,230	-	-	151,230
Stock Options Exercised	-	-	-	500,000	218,134	(93,134)	-	-	125,000
Net loss for the three months then ended	-	-	-	-	-	-	-	(997,315)	(997,315)
Balance as at March 31, 2019	**-**	**-**	**-**	**248,056,482**	**$27,597,564**	**$ 2,587,863**	**$ -**	**$(11,733,759)**	**$18,451,668**

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		Three Months Ended March 31, 2019		Three Months Ended April 30, 2018
Operating Activities					
Net Loss		**$**	**(997,315)**	$	(1,103,264)
Items not affecting cash:					
Stock based compensation	10		**151,230**		-
Amortization			**71,047**		38,972
Accretion expense on convertible debt			**98,144**		-
Unrealized gain on inventory & biological assets			**(919,274)**		-
Deferred tax recovery			**173,000**		-
Realized Fair Value amounts included in inventory sold			**1,262,061**		-
Changes in operating assets and liabilities					
Prepaid expenses			**(378,996)**		-
HST Payable/Receivable			**1,546,186**		201,685
Accounts payable			**(1,835,894)**		(73,283)
Inventory			**(292,878)**		-
Shares issued for services			**-**		403,979
Net cash used by operating activities		**$**	**(1,122,689)**	$	(531,911)
Investing Activities					
Payment for property, plant & equipment		**$**	**(120,856)**	$	(1,365,250)
Net cash provided (used) by investing activities		**$**	**(120,856)**	$	(1,365,250)
Financing Activities					
Shares issued	10	**$**	**264,476**	$	-
Payment of debt			**(150,000)**		(621,052)
Draw against facility			**5,479,266**		-
Advances to related parties			**-**		(486,476)
Share and debt issuance costs			**-**		1,113,875
Net cash provided by financing activities		**$**	**5,593,742**	$	6,347
Net cash flows during the period		**$**	**4,350,197**	$	(1,890,814)
Cash and Cash Equivalents					
Cash and cash equivalents at beginning of period		**$**	**1,038,174**	$	2,326,006
Change in cash during the period			**4,350,197**		(1,890,814)
Cash and cash equivalents at end of period		**$**	**5,388,371**	**$**	**435,192**
Supplemental Discolsure of Cash Flow Information					
Cash interest paid		**$**	**3,459**	$	-
Cash taxes paid		**$**	**-**	$	-
Supplemental Disclosure of Non-Cash Flow Investing and Financing Activities					
Non-Cash fixed asset additions w ithin accounts payable		**$**	**2,617,120**	$	-
Non-Cash portion of compensation options exercised			**279,793**		-
Conversion of debt	11	**$**	**3,724,037**	$	-

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 OTCQB venture 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 March 31, 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 May 23, 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 4. 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 comparative balances for the three month period ended April 30, 2018 presented in these condensed financial statements have been adjusted to reflect the addition of $464,752 of expenses that were properly reflected in NMC’s statements of profit or loss for NMC’s for the six month period ended April 30, 2018, however were not properly stated in the three month period then ended. The expenses were incorrectly excluded from the statements of profit or loss for NMC’s three month period ended April 30, 2018 when previously reported. The comparative interim financial statements for the three month period ended April 30, 2018 have been restated.

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.

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.).

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

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

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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.

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.

(Unaudited - Expressed in Canadian dollars)

5. Biological Assets

	March 31, 2019	December 31, 2018
Carrying amount, beginning of period	$ 2,912,369	$ -
Production costs capitalized	1,155,432	1,969,667
Changes in fair value less costs to sell due to biological transformation	919,274	3,469,867
Transferred to inventory upon harvest	(1,235,722)	(2,527,165)
Carrying amount, end of period	$ 3,788,759	$ 2,912,369

As at March 31, 2019 the ending balance of Biological Assets was comprised of a cash component relating to production costs capitalized of $1,627,813 (April 30, 2018 - $Nil) and a fair value component related to changes in fair value less costs to sell due to biological transformation of $2,160,946 (April 30, 2018 - $Nil). Included in Biological Assets as at March 31, 2019 was capitalized amortization of $63,290 (April 30, 2018 - $Nil).

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.

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. 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. Processing costs - represents estimated post-harvest costs per gram to bring a gram of harvested cannabis to its saleable condition, including drying, curing, testing and packaging, and overhead allocation, estimated based on post-harvest costs incurred during the period divided by number of grams processed during the period;
d. Selling costs - represents estimated shipping, order fulfillment, and labelling costs per gram, calculated by dividing selling costs incurred during the period by number of grams sold during the period; and
e. 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:

(Unaudited - Expressed in Canadian dollars)

	March 31, 2019	Percentage change used in sensitivity analysis	Change resulting from reasonable variance as at March 31, 2019	Change resulting from reasonable variance as at December 31, 2018
Selling Price	$ 2.98	10%	$ 384,268	$ 292,479
Yield by plant in grams	39.53	10%	378,876	272,549
Post harvest costs	$ 0.08	10%	$ 5,392	$ 22,799

6. Inventory

	Capitalized Cost	Biological Asset Fair Value Adjustment	**March 31, 2019 Total**	December 31, 2018 Total
Dried Cannabis	$ 271,048	$ 337,047	**$ 608,095**	$ 1,128,202
Dried Trim	159,781	198,688	**358,469**	785,845
Drying Plants	73,326	91,181	**164,507**	161,321
Supplies	17,998	-	**17,998**	-
	$ 522,153	$ 626,916	**$ 1,149,069**	$ 2,075,368

The inventory expensed to cost of goods sold in the three months ended March 31, 2019 was $899,959 (April 30, 2018 – $Nil). Included in inventory expensed to cost of goods sold is the fair value adjustment on the sale of inventory of $1,262,061 for the three months ended March 31, 2019 (April 30, 2018 – $Nil). Also included in this amount was capitalized amortization of $17,114 (April 30, 2018 – $Nil).

As at March 31, 2019 the ending balance of inventory was comprised of a cash component relating to production costs capitalized of $504,155 (April 30, 2018 - $Nil) and a fair value component related to changes in fair value less costs to sell due to biological transformation of $626,916 (April 30, 2018 - $Nil). Included in inventory as at March 31, 2019 was capitalized amortization of $28,139 (April 30, 2018 - $Nil).

During the three months ended March 31, 2019 there was no impairment to inventory.

(Unaudited - Expressed in Canadian dollars)

7. Property, Plant and Equipment

Cost	Balance at December 31, 2018	Additions	Adjustments	**Balance at March 31, 2019**
Land	$ 160,000	$ -	$ -	$ 160,000
Building	4,028,153	502,549		4,530,703
Machinery & Equipment	670,029	33,648	25,933	729,610
Technology & Computers	568,883	11,102		579,984
Construction in Progress	10,636,318	1,573,773	(25,933)	12,184,158
	$ 16,063,383	$ 2,121,072	$ -	$ 18,184,455

Accumulated Amortization	Balance at December 31, 2018	Amortization	Adjustments	**Balance at March 31, 2019**
Land	$ -	$ -	$ -	$ -
Building	477,071	136,409	-	613,480
Machinery & Equipment	342,805	50,439	-	393,244
Technology & Computers	182,318	85,134	-	267,452
	$ 1,002,194	$ 271,982	$ -	$ 1,274,176
Net Book Value				$ 16,910,279

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 March 31, 2019, there was $2,617,120 of property, plant and equipment in accounts payable and accrued liabilities.

For the three-month period ending March 31, 2019 amortization of $50,564 was capitalized to biological assets and inventory.

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				$ 14,860,255

(Unaudited - Expressed in Canadian dollars)

8. Related Parties

Key management includes directors and officers of the Company. Compensation paid to key management for the three month period ended March 31, 2019 amounted to $129,960 (April 30, 2018 - $82,907).

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.

During the fiscal period the officers and directors of the Company were granted options to purchase up to 500,000 common shares with a fair value of $97,500 (note 11).

9. Loans and Borrowings

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

	March 31, 2019	December 31, 2018
Loan Facility	**$ 5,479,266**	$ -
Convertible Debentures (note 11)	**-**	3,346,099
Less current portion	**(5,479,266)**	-
Non-current loans and borrow ings	**$ -**	$ 3,346,099

On March 23, 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 Middlesex County, Ontario. Borrowings under the construction facility are due at the earlier of a refinancing or December 31, 2019. 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.

(Unaudited - Expressed in Canadian dollars)

The obligations under the facilities are guaranteed by the Company and are secured by a collateral mortgage on NMC's property located in Middlesex County. 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 March 31, 2019 the amount drawn against the facility was $5,479,266 (December 31, 2018 - $NIL). During the three month period ended March 31, 2019 interest of $2,972 was 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.

Outstanding Capital

		Common Shares		Total
At December 31, 2018		233,725,245	$	23,447,577
Shares issued on exercise of options	a	997,904		425,951
Shares issued on conversion of debentures	b	13,333,333		3,724,036
At March 31, 2019		**248,056,482**	**$**	**27,597,564**

The Company issued common shares during the period ended March 31, 2019 as follows:

a. During the three-month period ended March 31, 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
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
Stock options	500,000	28-Feb-19	0.25		218,134
Totals	**997,904**			**$**	**425,952**

b. During the three-month period ended March 31, 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.

Stock Options

During the three month period ended March 31, 2019 the Company granted options to purchase up to 500,000 common shares to a director of the Company with a fair value of $97,500. This value was determined using the Black-Scholes option pricing model with the assumptions shown below. During the three months ended March 31, 2019, 500,000 options were exercised and 625,000 options were cancelled.

(Unaudited - Expressed in Canadian dollars)

Compensation Options

During the three month period ended March 31, 2019, an aggregate of 497,904 compensation options were exercised.

As at March 31, 2019 the outstanding options of the Company are as follows:

	March 31, 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	500,000		0.26	17,302,133		0.29
Exercised during the period	(997,904)		0.27	(2,581,232)		0.22
Cancelled during the period	(500,000)		0.41	(1,700,000)		0.27
Outstanding, end of the period	**12,022,997**	**$**	**0.30**	13,020,901	$	0.30
Exercisable, end of the period	**7,622,997**	**$**	**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	2,033,333	2,033,333	0.30	28-Jun-20
28-Jun-18	649,664	649,664	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
	12,022,997	**7,622,997**		

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

(Unaudited - Expressed in Canadian dollars)

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 March 31, 2019 the warrant details of the Company are as follows:

Type of Warrant	Expiry Date	Number of Warrants	Weight Average Price	
Warrant	June 28, 2020	33,330,000	$	0.35
		33,330,000	**$**	**0.35**

	March 31, 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
Outstanding, end of the period	**33,330,000**	**$**	**0.35**	33,330,000	$	0.35

11. 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.

During the three month period ended March 31, 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:

(Unaudited - Expressed in Canadian dollars)

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%
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.

	Debentures	Contributed Surplus		Total
		Warrants	Conversion Option	
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)		(279,794)	**(3,724,037)**
Balance, March 31, 2019	$ -	$ 641,614	$ -	**$ 641,614**

12. 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 March 31, 2019 a 1% increase in the prime lending rate would result in approximately $54,793 higher interest payments on an annual basis.

(Unaudited - Expressed in Canadian dollars)

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 March 31, 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 March 31, 2019, this amounted to $6,012,096.

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 March 31, 2019, the Company had $5,388,371 of cash and cash equivalents.

The Company is obligated to pay accounts payable and accrued liabilities with a carrying amount and contractual cash flows amounting to $3,914,565 due in the next 12 months. Further the Company has outstanding Loans and Borrowings of $5,479,266 and Promissory Notes with a principle amount of $826,000 plus accrued interest of $39,468 which are all due on demand. As at March 31, 2019 the Company still had $13,220,734 available to draw under its $18,700,000 credit facility.

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 March 31, 2019 are summarized in the following table:

	Loans and Receivables	Financial assets designated as FVTPL	Other financial liabilities	**Totals**
Assets				
Cash and Cash Equivalents	$ 5,388,371	$ -	$ -	$ **5,388,371**
Trade Receivables	623,725	-	-	**623,725**
Liabilties				
Accounts Payable and Accrued Liabilities	-	-	3,914,565	**3,914,565**
Loans and Borrowings	5,479,266	-	-	**5,479,266**
Promissory Note	$ -	$ -	$ 826,000	$ **826,000**

(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 March 31, 2019, total managed capital was comprised of shareholders' equity of $18,451,668 (December 31, 2017 – $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	$ 18,099,132	$ -	$ -	$ -	$ -	$ 18,099,132
Loans and Borrowings	5,479,266	-	-	-	-	5,479,266
Promissory Note	826,000	-	-	-	-	826,000
Amount	$ 24,404,398	$ -	$ -	$ -	$ -	$ 24,404,398

15. Subsequent Events

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

a. Share issuances

- 821,490 common shares were issued on the exercise of 821,490 stock options for proceeds of $242,039.
- 16,665,000 common shares were issued on the exercise of 16,665,000 warrants for proceeds of $5,832,750.

b. On April 22, 2019, the Company announced that Alice Murphy was appointed to the Company's board of directors.

c. On May 10, 2019, the Company announced that it had completed a bought deal private placement of 20,900,000 special warrants ("Special Warrants") at a price of $0.50 per Special Warrant for aggregate gross proceeds of $10,450,000. Each Special Warrant is exercisable into one unit of the Company (a "2019 Unit"). Each 2019 Unit consists of one common share and one common share purchase warrant (a "2019 Warrant"). Each 2019 Warrant entitles the holder thereof to purchase one common share at an exercise price of $0.60 until May 10, 2021. In connection with the bought deal private placement, the Company issued 1,463,000 compensation special warrants ("Compensation Special Warrants"). Each Compensation Special Warrant is exercisable into one compensation option ("2019 Compensation Options"). Each 2019 Compensation Option entitles the holder thereof to acquire one common share at an exercise price of $0.50 until May 10, 2021.

d. On May 23, 2019, the Company granted 7,200,000 stock options to certain directors, officers, and employees of the Company. The exercise price of each of these stock options is the greater of (i) the closing price of the common shares on the TSX Venture Exchange on May 23, 2019 and (ii) the closing price of the common shares on the TSX Venture Exchange on May 24, 2019.