CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018

Expressed in United States Dollars

NOTE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the company have been prepared by and are the responsibility of the Company's management. The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Planet 13 Holdings Inc.:

Management is responsible for the preparation and presentation of the accompanying condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the condensed interim consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information presented. The board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

The condensed interim consolidated financial statements were approved by the Board of Directors on August 28, 2018 and were signed on behalf of Management by:

"Larry Scheffler"
Larry Scheffler, Co-CEO

"Robert Groesbeck"
Robert Groesbeck, Co-CEO

"Dennis Logan"
Dennis Logan, CFO

Expressed in United States Dollars

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30-Jun-18 2018	As at December 31, 2017
Assets		
Current Assets		
Cash and cash equivalents	17,109,458	451,869
HST receivable	55,080	-
Inventory (Note 7)	1,183,893	966,622
Biological assets (Note 8)	2,637,409	2,706,335
Prepaid expenses	733,401	92,129
Total Current Assets	**21,719,240**	**4,216,955**
Property and equipment (Note 9)	5,223,546	4,341,915
	5,223,546	**4,341,915**
Total Assets	**26,942,786**	**8,558,870**
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	827,255	678,319
Accrued expenses	1,501,228	1,055,829
Income taxes payable	2,140,064	1,270,862
Notes payable - current portion (Note 10)	14,320	14,182
Total Current Liabilities	**4,482,867**	**3,019,192**
Notes payable - long-term portion (Note 10)	921,031	925,890
Notes payable - related party (Note 10)	-	6,526,732
Deferred tax liability	553,856	568,330
	1,474,887	**8,020,952**
Total Liabilities	**5,957,754**	**11,040,144**
Shareholders' Equity		
Share capital (Note 12)	21,111,565	-
Restricted share units (Note 12)	1,446,512	-
Warrants (Note 12)	4,247,779	-
Contributed surplus (Note 12)	149,622	-
Deficit	(5,970,445)	(2,481,274)
Total Shareholders' Equity	**20,985,032**	**(2,481,274)**
Total Liabilities and Shareholders' Equity	**26,942,786**	**8,558,870**

See accompanying notes

The consolidated financial statements were approved by the Board of Directors and were signed on its behalf by:

"Michael Harman"	***"Greg Wilson"***
Michael Harman, Director	Greg Wilson, Director

Expressed in United States Dollars

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

	Three months Ended June 30, 2018	Three months Ended June 30, 2017	Six months Ended June 30, 2018	Six months Ended June 30, 2017
Revenue				
Revenues, net of discounts	4,426,197	1,461,782	8,026,679	2,596,215
Gain on Biological Asset Transformation	1,058,531	774,970	3,189,227	2,375,657
Cost of Goods Sold	(3,105,592)	(830,114)	(7,214,697)	(1,450,086)
Gross Profit	**2,379,136**	**1,406,638**	**4,001,209**	**3,521,786**
Expenses				
General and Administrative (Note 11)	1,644,556	589,735	2,755,501	1,021,788
Sales and Marketing	229,363	32,417	334,909	45,808
Depreciation and Amortization	29,077	28,804	61,440	57,239
Non-cash Compensation Expense	1,596,134	-	1,596,134	-
Total Expenses	**3,499,130**	**650,956**	**4,747,983**	**1,124,835**
Income (Loss) From Operations	**(1,119,994)**	**755,682**	**(746,774)**	**2,396,951**
Other (Income) Expense:				
Interest Expense, net	121,405	255,218	239,857	488,337
Foreign exchange (gain) loss	266,521	-	266,521	-
RTO acquisition costs	532,367	-	532,367	-
(Gain) loss on conversion of debt (Note 10)	848,925	-	848,925	-
Total Other (Income) Expense	**1,769,218**	**255,218**	**1,887,669**	**488,337**
Net loss for the period before tax	**(2,889,212)**	**500,464**	**(2,634,443)**	**1,908,614**
Provision for tax - current (Note 15)	514,093	478,255	854,728	1,197,406
Net Income (Loss) for the period	**(3,403,305)**	**22,209**	**(3,489,171)**	**711,208**
Loss per share for the period				
Basic and fully diluted loss per share	**($0.04)**	***na***	**($0.04)**	***na***
Weighted Average Number of Shares Outstanding	83,819,620	*nil*	79,434,174	*nil*

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

Expressed in United States Dollars

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Number of shares outstanding	Share Capital	Class A Restircted shares	Restricted Share Units	Warrants	Contributed Surplus	Retained Earnings (Deficit)	Total Equity
Balance at January 1, 2017	**-**	**-**		**-**	**-**	**-**	**(3,302,815)**	**(3,302,815)**
Net income (loss) for the period	-	-		-	-	-	711,208	711,208
Balance at June 30, 2017	**-**	**-**		**-**	**-**	**-**	**(2,591,607)**	**(2,591,607)**
Balance at July 1, 2017	-	-		-	-	-	**(2,591,607)**	**(2,591,607)**
Net income (loss) for the period	-	-		-	-	-	110,333	110,333
Balance at December 31, 2017	**-**	**-**		**-**	**-**	**-**	**(2,481,274)**	**(2,481,274)**
Balance at January 1, 2018	**-**	**-**	**-**	**-**	**-**	**-**	**($2,481,274)**	**(2,481,274)**
Shares issued on share exchnage with MMDC shareholders on RTO closing	25,300,000	1,124,661	-	-	-	-	-	1,124,661
Class A shares issued on share exchnage with MMDC shareholders on RTO cl	49,700,000	-	2,209,643	-	-	-	-	2,209,643
Shares issued on private placement	31,458,400	14,894,769	-	-	-	-	-	14,894,769
Warrants issued on private placement	-	-	-	-	4,247,779			4,247,779
Shares issued to former Carpincho shareholders on RTO closing	5,250,000	4,040,637	-	-	-	-	-	4,040,637
Class A shares issued on conversion of debt	5,532,940	-	4,258,401	-	-	-	-	4,258,401
Share issuance costs	-	(5,416,546)	-	-	-	-	-	(5,416,546)
Restricted share units issued	-	-	-	1,446,512	-	-	-	1,446,512
Issuance of share options	-	-	-	-	-	149,622	-	149,622
Net income (loss) for the period	-	-	-	-	-	-	(3,489,171)	(3,489,171)
Balance at June 30, 2018	**117,241,340**	**14,643,521**	**6,468,044**	**1,446,512**	**4,247,779**	**149,622**	**(5,970,445)**	**20,985,032**

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

Expressed in United States Dollars

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months Ended June 30, 2018	Six months Ended June 30, 2017
Operating activities		
Net loss for the period	(3,489,171)	711,208
Add (deduct) non-cash items:		
Non–cash compensation expense	1,596,134	-
Depreciation and amortization	320,227	293,890
Unrealized foreign exchange (gain) loss	138,075	-
Loss on conversion of debt	848,925	
Non-cash interest expense	217,048	231,210
	(368,763)	1,236,308
Net change in non-cash working capital		
Sales tax recoverable	47,060	-
Inventory	(217,271)	(460,644)
Biological assets	68,926	(2,375,657)
Prepaid expenses	(641,272)	-
Income tax payable	869,202	389,683
Net change in deferred tax liabilities	(14,474)	977,587
Accounts payable and accrued liabilities	561,182	174,328
Cash flow provided by (used in) operating activities	**304,590**	**(58,395)**
Investing activities		
Purchase of property, plant and equipment	(1,201,858)	(69,613)
Cash flow used in investing activities	**(1,201,858)**	**(69,613)**
Financing activities		
Issuance of common shares and warrants	19,508,446	-
Share and warrant issuance costs	(1,783,390)	-
Issuance of long-term debt	-	-
Principal repayment on equipment finance lease	(2,721)	(6,922)
Repayment of long-term debt	-	-
Cash flow provided by (used in) financing activities	**17,722,335**	**(6,922)**
Effect of foreign exchange on cash	(202,155)	-
Net increase (decrease) in cash and cash equivalents during the period	**16,622,911**	**(134,930)**
Cash and cash equivalents at beginning of period	451,869	20,868
Net cash acquired on the RTO acquisition	34,678	-
Cash and cash equivalents at end of period	**17,109,458**	**(114,062)**

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations

Planet 13 Holdings Inc. (formerly Carpincho Capital Corp.) ("P13" or "the Company") was incorporated under the Canada Business Corporations Act on April 26, 2002 and on June 11, 2018 underwent a reverse-takeover ("RTO") acquisition of MM Development Company, Inc. ("MMDC"), a privately held corporation existing under the laws of the State of Nevada. MMDC, founded on March 20, 2014, is a vertically integrated cultivator and provider of cannabis and cannabis-infused products licensed under the laws of the State of Nevada, with two current licenses for cultivation, two licenses for production, and two dispensary licenses (one medical license and one recreational license). Upon completion of the RTO, the shareholders of MMDC obtained control of the consolidated entity. Under the purchase method of accounting, MMDC was identified as the acquirer, and, accordingly, P13 is considered to be a continuation of MMDC, with the net assets of the Company at the date of the RTO deemed to have been acquired by MMDC (Note 6). The 2017 comparative figures in the consolidated financial statements include the results of operations of MMDC prior to the RTO on June 11, 2018.

P13 is a public company which is listed on the Canadian Securities Exchange under the symbol "PLTH".

The Company's registered office is located at 4850 W. Sunset Road, Suite 130, Las Vegas, NV 89118.

These condensed interim consolidated financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

2) Statement of compliance

These Financial Statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board ("IASB").

These Financial Statements were authorized for issuance by the Board of Directors on August 28, 2018.

3) Summary of significant accounting policies

(a) Basis of Preparation

The condensed interim financial statements of the Company have been prepared in accordance with IAS 34, "Interim Financial Reporting" following the same accounting policies and methods of application as those disclosed in the annual audited financial statements of the Company for the year ended December 31, 2017. These condensed interim consolidated financial statements do not include all notes of the type normally included within the annual audited financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for the year then ended.

These financial statements were approved and authorized for issue by the Board of Directors of the Company on August 28, 2018.

(b) Basis of Measurement

These condensed interim financial statements have been prepared on the going concern basis, under the historical cost convention except for certain financial instruments and biological assets that are measured at fair value less costs to sell, as described herein.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(c) Functional Currency

The Company's functional currency, as determined by management, is the United States ("U.S.") dollar. These financial statements are presented in U.S. dollars.

(d) Recent Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. The Company is assessing the impact of these new standards on future financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

(i) IFRS 7, Financial instruments: Disclosure

IFRS 7, Financial instruments: Disclosure, was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

(ii) IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments, which reflects all phases of the financial instruments project and replaces IAS 39, Financial Instruments: Recognition and Measurement, and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company does not expect significant impact on its financial statements from the adoption of this new standard.

(iii) 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 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 model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company does not expect significant impact on its financial statements from the adoption of this new standard.

(iv) IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15, Revenue from Contracts with Customers, at or before the date of initial adoption of IFRS 16. The extent of the impact of adoption of the standard has not yet been determined.

4) Critical accounting judgements estimates and assumptions

In the application of the Company's accounting policies, which are described in note 2 in the Company's Audited Financial Statements for the year ended December 31, 2017, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in which the estimates are revised and in any future period affected.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Condensed Interim Consolidated Financial Statements.

a) Critical estimates

Useful life of property, plant and equipment

The Company reviews the estimated lives of its property, plant and equipment at the end of each reporting period. There were no material changes in the lives of property and equipment during the six months ended June 30, 2018 or the year ended December 31, 2017.

Share-based payments

Management uses the Black-Scholes option pricing model for valuation of share-based compensation, warrants and broker warrants which requires the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materiality affect the fair market value estimate and the Company's results and equity reserves.

Impairment of non-financial assets

Judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market and business environment, the events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

Income taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery.

b) Critical judgements

Inventory and Biological Assets

The Company's biological assets consist of cannabis plants. The Company capitalizes all the direct and indirect costs as incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest including labour related costs, grow consumables, materials, utilities, facilities costs, quality and testing costs, and production related depreciation. The Company then measures the biological assets at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Cost to sell includes post-harvest production, shipping and fulfilment costs. The net unrealized gains or losses arising from changes in fair value less cost to sell during the period are included in the results of operations of the related period. Seeds are measured at fair value.

Inventories of harvested work-in-process and finished goods are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value at harvest, which becomes the initial deemed cost. All subsequent direct and indirect post-harvest costs are capitalized to inventory as incurred,

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

including labour related costs, consumables, materials, packaging supplies, utilities, facilities costs, quality and testing costs, and production related depreciation. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories for resale and supplies and consumables are valued at the lower of costs and net realizable value, with cost determined using the average cost basis.

5) Financial instruments and risk management

a) Fair value hierarchy

Financial instruments are recorded at fair value are classified using a fair value hierarchy that reflects the significant of the inputs used in making the measurements.

The fair value of hierarchy has the following levels:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in the markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's financial instruments include cash and cash equivalents, short-term investments, accounts payable, and notes payable. The carrying value of cash and cash equivalents is carried at fair value. Short-term investments, accounts payable and accrued liabilities, and notes payable approximate their fair value due to their short-term nature.

The following table summarizes the Company's financial instruments at June 30, 2018:

	Cash and Receivables	Other Financial Liabilities	Total
Financial Assets:			
Cash	$ 17,109,458	-	$ 17,109,458
Accounts receivable	55,080	-	55,080
Financial Liabilities			
Accounts Payable and Accrued Liabilities	-	1,901,127	1,901,127
Current Portion of Notes Payable	-	14,320	14,320
Notes Payable, Net of Current Portion	-	921,031	921,031
Notes Payable Related Party	-	-	-
Intercompany Advances	-	3,857,762	3,857,762
Total	$ 17,164,537	$ 6,694,240	$ 23,858,777

b) Credit risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial instrument. Credit risk arises from cash and cash equivalents with banks and financial institutions. It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

c) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

d) Currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Company primarily operates in Canada and the United States and incurs certain expenditures and obtains financing in both Canadian and US dollars. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the Company or subsidiary that holds the financial asset or liability. The Company's risk management policy is to review its exposure to non-US dollar forecast operating costs on a case-by-case basis. The majority of the Company's forecast operating costs are in US Dollars and Canadian dollars. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of foreign currency financial assets and liabilities in US dollars as at June 30, 2018 is as follows:

US Dollar amounts of foreign currency assets and liabilities

	Assets	Liabilities
Canadian Dollars	$15,064,249	$162,876

Based on the financial instruments held as at June 30, 2018, the Company's deficit would have changed by $1,369,477 had the US dollar shifted by 10% as a result of foreign exchange effect on translation of non-US dollar denominated financial instruments.

e) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

f) Pricing risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. See Note 8 for the Company’s assessment of certain changes in the fair value assumption used in the calculation of biological asset values

g) Concentration risk

The Company operates exclusively in Southern Nevada. Should economic conditions deteriorate within that region, its results of operations and financial position would be negatively impacted.

6) Reverse take-over transaction

On June 11, 2018, MMDC and P13 (formerly Carpincho Capital Corp.) completed the definitive share exchange agreement entered into on April 26, 2018, (the “RTO Agreement”), whereby MMDC acquired all of the issued and outstanding shares of Carpincho Capital Corp, on the basis of 0.875 consolidated common shares of the resulting entity for every one (1) outstanding common share of Carpincho Capital Corp. In accordance with IFRS 3, the substance of the transaction was a reverse takeover (“RTO”) of a non-operating company. The transaction does not constitute a business combination since Carpincho Capital Corp did not meet the definition of a business under IFRS 3. As a result, the transaction has been accounted for as an asset acquisition with MMDC being identified as the acquirer (legal subsidiary) and Carpincho Capital Corp. being treated as the accounting subsidiary (legal parent) with the transaction being measured at the fair value of the equity consideration issued to Carpincho Capital Corp shareholders. The net assets acquired was the fair value of the net assets of Carpincho Capital Corp, which on June 10, 2018 was $11,544.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The amount was calculated as follows:

Cash and cash equivalents	34,678
Accounts Receivable	8,020
Accounts payable and accrued liabilities	(31,154)
Net asstes acquired	11,544
Fair value of 5,250,000 shares issued by MMDC at CAD$1.00 per share	4,040,637
Fair value of consideration paid in excess of net assets acquired	4,029,093
Transaction costs related to the acquisition	114,858
Amount charged to share issuance costs as part of the RTO	3,914,235

7) Inventories

The Company's inventory is comprised of:

	June 30, 2018	December 31, 2017
Raw Material		
Harvested Cannabis	$ 175,998	$ 171,532
Packaging and miscellaneous	20,358	40,589
Total Raw Material	196,356	212,121
Work in Process	706,198	507,629
Finished Goods	281,339	246,872
Total Inventories	$ 1,183,893	$ 966,622

8) Biological Assets

Biological assets consist of cannabis plants. At June 30, 2018, the changes in the carrying value of biological assets are shown below:

Harvest in Process	June 30, 2018
Balance as at December 31, 2017	$ 2,706,335
Net change in fair value less costs to sell due to biological transformation	3,189,227
Transferred to inventory upon harvest	(3,258,153)
Ending balance	$ 2,637,409

The Company values its biological assets at the end of each reporting period at fair value less costs to sell. This is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. This model also considers the progress in the plant life cycle.

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The fair value of biological assets is categorized within Level 3 on the fair value hierarchy. The significant assumptions used in determining the fair value of biological assets include the following:

- The average number of weeks in the growing cycle is twelve weeks from propagation to harvest;
- The average harvest yield of whole flower per plant;
- The average selling price of whole flower per gram;
- Duration of the production cycle,
- The percentage of costs incurred as of this date compared to the total costs expected to be incurred;
- Processing costs include drying and curing, testing and packaging, post-harvest overhead allocation, and oil extraction costs per gram: and
- Selling costs include shipping, order fulfilment, and labelling costs per gram.
- As at June 30, 2018, the weighted average fair value less cost to complete and cost to sell was $4.95 per gram (June 30, 2017 - $5.44 per gram)

The estimates of growing cycle, harvest yield, and costs per gram are based on the Company's historical results. The estimate of the selling price per gram is based on the Company's historical sales in addition to the Company's expected sales price going forward. The Company’s estimates are, by their nature, subject to change. Changes in the anticipated yield will be reflected in future changes in the gain or loss on biological assets. Once biological assets are harvested, they become inventory.

As at June 30, 2018, the biological assets were, on average, 18.6% complete (2017 – 51.2%), and are expected to ultimately yield approximately 476kg of cannabis (2017- 487kg); and, the estimated fair value less costs to sell of dry cannabis was $5.26 per gram.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9) Property and Equipment

	Land	Buildings	Equipment	Leasehold Improvements	Total Capital Assets
Cost					
At December 31, 2016	$ 312,581	$ 1,569,963	$ 840,819	$ 2,109,371	$ 4,832,734
Additions	54,095	128,114	139,625	349,985	671,819
Transfers & disposals	-	-	-	-	-
At December 31, 2017	366,676	1,698,077	980,444	2,459,356	5,504,553
Additions	2,500	160,523	-	1,040,061	1,203,084
Transfers & disposals	-	-	-	-	-
At June 30, 2018	$ 369,176	$ 1,858,600	$ 980,444	$ 3,499,417	$ 6,707,637
Accumulated Depreciation					
At December 31, 2016	$ -	$ 36,169	$ 199,153	$ 321,876	$ 557,198
Additions	-	40,181	242,681	322,577	605,439
Transfers & disposals	-	-	-	-	-
At December 31, 2017	-	76,350	441,834	644,453	1,162,637
Additions	-	21,453	121,618	178,383	321,454
Transfers & disposals	-				-
At June 30, 2018	$ -	$ 97,803	$ 563,452	$ 822,836	$ 1,484,091
Net book value					
At December 31, 2016	$ 312,581	$ 1,533,794	$ 641,666	$ 1,787,495	$ 4,275,536
At December 31, 2017	$ 366,676	$ 1,621,727	$ 538,610	$ 1,814,903	$ 4,341,915
At June 30, 2018	$ 369,176	$ 1,760,797	$ 416,992	$ 2,676,581	$ 5,223,546

Depreciation expense for the six months ended June 30, 2018 and 2017, totalled $320,227 and $293,890, respectively, of which $258,787 and $236,651, respectively, is included in cost of goods sold.

Expressed in United States Dollars

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

10) Notes Payable

Notes payable consist of the following:

	June 30, 2018	December 31, 2017
Related parties		
Revolving notes payable due members, with deferred interest at 15.0%, compounded monthly, due December 31, 2019	$ -	$ 6,526,732
Non-related parties		
Promisory note dated November 4, 2015, with semi-annual interest at 5.0%, secured by deed of trust, due December 1, 2019	884,000	884,000
Equipment financing note payable, due December 20, 2021, with monthly principal and interest of $1,265	51,351	56,072
	$ 935,351	$ 940,072
Less current portion	(14,320)	(14,182)
	$ 921,031	$ 925,890

In March 2014, the Company entered into promissory note agreements with its members (who are now shareholders) in order to provide funds to support operations of the Company. The advance period was from March 20, 2014 through December 31, 2017. The promissory notes mature on December 31, 2019 and interest accrues on each advance on the day an advance is made at a rate of 15%. On January 1, 2018, the holders of the notes converted an aggregate of $3,334,304 of principal into 75 million shares of common stock of MMDC that were then exchanged for 25,300,000 common shares of P13 and 49,700,000 Class A restricted shares of P13 on closing of the RTO. In addition, on closing of the RTO on June 11, 2018, the holders of the notes converted the remaining amounts of principal and accrued interest due them into 5,532,940 shares of Class A restricted shares of the Company. The shares issued on the conversion of the notes had a deemed value of CAD$1.00 per share. The ascribed value of the Class A restricted shares issued was $4,258,401 and the book value of the debt settled was $3,409,476 leading the Company to record a loss on the settlement of debt of $848,925.

The promissory note with outstanding balances at June 30, 2018 of $884,000 is collateralized by a deed of trust on the related land.

Stated maturities of debt obligations are as follow:

Next 12 months	$ 14,320
2 years	898,598
3 years	14,884
4 years	7,549
	$ 935,351

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

11) General and Administrative Expenses

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Salaries and wages	$ 1,146,844	$ 248,387	$ 1,548,319	$ 432,692
Executive compensation	92,269	69,912	152,269	118,500
Payroll taxes and benefits	239,702	39,116	309,957	73,498
Office expenses	47,736	13,920	60,604	32,061
Professional fees	161,167	30,782	235,386	72,062
Investor relations	61,452	-	61,452	-
Regulatory and filing fees	3,069	-	3,069	-
All other general and administrative expenses	(107,685)	187,618	384,443	292,975
	$ 1,644,556	$ 589,735	$ 2,755,501	$ 1,021,788

12) Share Capital

a) Authorized

Unlimited number of common shares without par value.

Six months ended June 30, 2018

	Number of Shares
Balance January 1, 2017	0
Balance at 31 December 2017	**0**
Balance at January 1, 2018	25,300,000
MMDC Shares exhanged for P13 shares	(25,300,000)
Shares issued to MMDC Shareholders on RTO closing	25,300,000
Shares issued to former Carpincho Capital Corp shareholders	5,250,000
Shares issued on private placement	31,458,400
Total Common shares outstanding	62,008,400
Balance at January 1, 2018	49,700,000
MMDC Shares exhanged for P13 shares	(49,700,000)
Class A Shares issued to MMDC shareholders on RTO closing	49,700,000
Class A Shares issued on exchange of notes payable	5,532,940
Total Class A Shares outstanding	55,232,940
Balance June 30, 2018	117,241,340

On June 11, 2018 the Company closed the RTO transaction, where it issued 5,250,000 common shares to former shareholders of Carpincho Capital Corp. (Note 6). The Company issued the shares at a deemed price of CAD$1.00 per share (the closing price of the Company's common shares on the first day of trading). The Company recorded Share capital in the amount of $4,040,637. In addition, the Company recorded share issuance costs of $3,914,235 equal to the value ascribed to the common shares issued to former Carpincho shareholders less the net book value of the shares of Carpincho immediately prior to the closing of the RTO.

The RTO closing also triggered the closing of a private placement that was being held in escrow pending the closing of the RTO (see the Company's filing statement filed on SEDAR for additional details on the RTO transaction). The Company closed the private placement by issuing 31,458,400 units at a price of CAD$0.80 per unit for gross proceeds

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

of $19,508,466. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$1.40 per common share. The warrants are estimated to have a fair value of $3,600,373. Share issuance costs incurred directly with the private placement were $1,270,016 and the Company ascribed a fair value of $647,406 to the broker warrants that were issued as part of the private placement financing.

The Company issued 5,532,940 Class A restricted shares at a deemed value of CAD$1.00 per share for total equity of $4,258,401 on the settlement of notes held by related parties that were converted to equity on closing of the RTO at the option of the note holder.

Former shareholders of MMDC exchanged their 75,000,000 common shares of MMDC into 25,300,000 common shares and 49,700,000 Class A restricted shares on closing of the RTO.

b) Stock options

The Company has established an incentive stock option plan (the "Plan") for employees, management, directors, and consultants of the Company, as designated and administered by a committee of the Company's Board of Directors. Under the Plan, the Company may grant options for up to 10% of the issued and outstanding common shares of the Company.

On June 11, 2018 the Company granted 645,000 incentive stock options to employees of the Company. These options are exercisable at a price of CAD$0.80 per common share for a period of five years from the grant date.

On June 11, 2018 the Company granted 175,000 incentive stock options to consultants of the Company. These options are exercisable at a price of CAD$0.80 per common share for a period of three years from the grant date.

The following table summarizes information about stock options outstanding as at June 30, 2018:

Expiry date	Exercise Price	June 30, 2018 Outstanding	June-30 2018 Exercisable
June-11-2021	$0.80	175,000	43,750
June-11-2023	$0.80	645,000	215,000
		820,000	**258,750**

The employee options vest one third on the grant date and one third on the first and second anniversary of the grant date. The fair value ascribed to the options issued was $471,048 and is being recognized as non-cash compensation expense over the vesting period of the options. The following assumptions were used to arrive at the value ascribed to the options issued using a Black Scholes Option Pricing model:

Assumption	June 11, 2018	June 11, 2018
Share price	**$1.00**	**$1.00**
Risk-free rate	**2.14%**	**1.99%**
Expected dividend yield	**0.00%**	**0.00%**
Expected volatility	**98.10%**	**98.10%**
Option life in years	**5.00**	**3.00**

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The following table reflects the continuity of stock options for the periods presented:

Stock option activity	30-June 2018	Weighted Average Exercise price	31-December 2017	Weighted Average Exercise price
Balance – beginning of period	0	$0.00	0	$0.00
Granted	820,000	$0.80	0	$0.00
Exercised	-	-	-	-
Expired	-	$0.00	$0	$0.00
Forfeited	-	$0.00	$0	$0.00
Balance – end of period	820,000	$0.80	0	NA

c) Warrants

The following table summarizes warrants outstanding at June 30, 2018:

Date of Issuance	Date of Expiry	Exercise Price	June-30 2018 Outstanding
June-11-2018	June-11-2020	$0.80	**1,485,645**
June-11-2018	June-11-2020	$1.40	**15,729,150**
			17,214,795

	June-30 2018
The outstanding warrants have a weighted-average exercise price of:	$1.35
The weighted average remaining life in years of the outstanding warrants is:	1.95

The following table reflects the continuity of warrants for the periods presented:

Warrant activity	June-30 2018 Number	Weighted Average Exercise price	December-31 2017	Weighted Average Exercise price
Balance – beginning of period	0	$0.00	0	$0.00
Issued on private placements	15,729,150	$1.40	0	$0.00
Issued to brokers on private placement	1,485,645	$0.80	-	$0.00
Exercised	-	$0.00	-	$0.00
Expired	-	$0.00	0	$0.00
Balance – end of period	**17,214,795**	**$1.35**	0	NA

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The following assumptions were used to arrive at the value ascribed to the Warrants issued using a Black Scholes Option Pricing model:

Assumption	June 11, 2018
Share price	**$1.00**
Risk-free rate	**1.90%**
Expected dividend yield	**0.00%**
Expected volatility	**98.10%**
Warrant life in years	**2.00**

d) Restricted Share Units

The Company has established a Restricted Share Unit incentive plan (the "RSU Plan") for employees, management, directors, and consultants of the Company, as designated and administered by a committee of the Company's Board of Directors. Under the RSU Plan, the Company may grant RSUs and/or options for up to 10% of the issued and outstanding common shares of the Company.

On June 11, 2018 the Company granted Management and Directors of the Company 5,638,358 Restricted Share Units under the RSU plan. The value ascribed to the RSU issued was CAD$1.00 per share, the closing share price of the Company's common shares on June11, 2018. The RSUs vest 1/3on the grant date and 1/3 on each of the first and second anniversaries of the grant date.

The following table summarizes the RSUs that were granted on June 11, 2018:

Restricted Share Units (RSUs) Grant Date	Share Price on Grant Date	June 30, 2018 Outstanding	June-30 2018 Vested
June-11-2018	CAD $1.00	5,638,358	1,879,453
		5,638,358	**1,879,453**

13) Commitments and Contingencies

(a) Office and Operating Leases

The Company leases certain business facilities from third parties under operating lease agreements that specify minimum rentals. The leases expire through 2034 and contain renewal provisions. Additionally, certain leases provide for stated rent increases, and rent expense is calculated on a straight-line basis over the terms of the leases with the incentives reported as deferred rent. The Company's net rent expense for the six months ended June 30, 2018 and 2017, was approximately $321,988 and $114,381, respectively. Of these amounts, $115,454 and $0, respectively, relate to the Company's Planet 13 Superstore retail location currently under build-out and expected to open on November 1, 2018.

Certain facilities are occupied under the terms of lease agreements with related parties. The leases expire through 2034 and contain certain renewal provisions. Rent expense under these leases totaled $64,942 and $47,844 for the six months ended June 30, 2018, and 2017, respectively.

Future minimum lease payments under non-cancelable operating leases (including the Planet 13 Superstore) having an initial or remaining term of more than one year are as follows:

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Next 12 months	$ 960,401
2 years	1,136,438
3 years	1,184,306
4 years	1,234,467
5 years	1,290,420
Thereafter	4,483,743
	$ 10,289,775

(b) Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations at June 30, 2018, medical and adult use cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

(c) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At June 30, 2018, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

(d) Indemnification

On October 15, 2015, an original member of the Company, Ollehea, LLC, requested that the Company repurchase its interest as allowed under the LLC operating agreement then in effect. However, the Company at that time had not begun operations and had not yet generated positive cash flow and, as a result, Ollehea was unwilling to accept a note from the Company in repayment of its interest. Consequently, the remaining members, PRMN Investments LLC and Thirteen LLC, agreed to issue promissory notes to Ollehea on behalf of the Company in the amount of $101,997 each to satisfy the repurchase requirement. In connection therewith, the Company agreed to indemnify and reimburse the remaining members for any payments made to Ollehea under the notes. The notes were repaid by the Company on July 9, 2018.

(e) Operating Licenses

Although the possession, cultivation and distribution of marijuana for medical and adult use is permitted in Nevada, marijuana is a Schedule-I controlled substance and its use remains a violation of federal law. Since federal law criminalizing the use of marijuana preempts state laws that legalize its use, strict enforcement of federal law regarding marijuana would likely result in the Company's inability to proceed with our business plans. In addition, the Company's assets, including real property, cash, equipment and other goods, could be subject to asset forfeiture because marijuana is still federally illegal.

(f) Employment Agreements

The Company has employment agreements in place with its Executive Management team and certain key employees. The annual salaries pursuant to such agreements range from $60,000 to $240,000.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

14) Related party transactions

Related party transactions are summarized as follows:

The following is a summary of the Company's related party transactions during the period:

(a) Notes Payable Related Party

The Company has funded a significant portion of its operating expenses and capital asset acquisitions through revolving loans from the Company's shareholders (Note 10). The following table reflects the changes in amounts due under such revolving loans for the six months ended June 30, 2018:

Balance as at December 31, 2017	$ 6,526,732
Advances	-
Repayments	-
Conversion of notes payable to equity	(3,334,304)
Conversion of notes payable to intercompany	(3,409,476)
Accrued interest	217,048
Balance at June 30, 2018	$ -

On January 1, 2018, the members converted $3,334,304 of the above notes to equity. On June 11, 2018, the remaining balance of the notes were converted into shares of the Company.

b) Building Lease

The Company leases approximately 15,000 square feet of office and production space for the Company's Clark County Cultivation facility from a limited partnership controlled by one of the Company's members. Rents paid under this lease for the six months ended June 30, 2018 and 2017 equaled $64,942 and $47,844, respectively.

(c) Officer Compensation

The Company's officers were paid an aggregate of $259,838 and $209,744 in salary and related employee benefits for the six months ended June 30, 2018 and 2017, respectively. The Company's Co-CEO's have agreed to defer a portion of their agreed-upon salaries since inception. At June 30, 2018, total deferred compensation due such officers was $241,245. The following table summarizes amounts paid to related parties as compensation for the six-month periods ended June 30, 2018 and 2017:

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Name and principal position	Year	Remuneration or fees [1]	Share based payments [1]	Included in accounts payable [1]
Larry Scheffler, Co-CEO	**2018**	**$158,549**	**$256,548**	**-**
	2017	$87,500	-	$87,500
Robert Groesbeck, Co- CEO	**2018**	**$160,400**	**$256,548**	**-**
	2017	$120,000	-	$32,500
Dennis Logan, CFO	**2018**	**$7,594**	**$95,179**	**$7,594**
	2017	-	-	-
William Vargas, VP Finance	**2018**	**$22,000**	**$95,179**	**$3,000**
	2017	-	-	-
Tanya Lupien, VP Sales and Marketing	**2018**	**$79,264**	**$127,248**	**-**
	2017	95,783	-	-
Chris Wren, VP Operations	**2018**	**$101,264**	**$185,500**	**-**
	2017	$105,689	-	-
Leighton Koehler, General Counsel	**2018**	**$9,251**	**$66,667**	**-**
	2017	-	-	-
Greg Wilson, Director	**2018**	**-**	**$82,362**	**-**
	2017	-	-	-
Michael Harman, Director	**2018**	**-**	**$82,362**	**-**
	2017	-	-	-
Marc Lustig, Director	**2018**	**-**	**$82,362**	**-**
	2017	-	-	-

[1] Amounts disclosed were paid or accrued to the related party during the six months ended June 30, 2018 and 2017.

(d) Other

The Company sub-lets approximately 2,000 square feet of office space and purchases certain printed marketing collateral and stationery items from a company owned by one of its executives. Amounts paid to such company for rent for the six months ended June 30, 2018 equaled $16,818 for rent and amounts paid for printed marketing collateral and stationery items equaled $90,593.

15) Income Taxes

The components of the income tax provision (benefit) include:

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Current	$ 632,436	$ 389,683
Deferred	222,292	807,723
	$ 854,728	$ 1,197,406

16) Segmented disclosure

a) Operating segments

The Company operates in a single reportable operating segment as a vertically integrated cannabis company with cultivation, production and distribution operations in the state of Nevada.

b) Geographic segments

As at June 30, 2018, all the Company's non-current assets were located in the United States.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

17) Subsequent Events

The Company has evaluated subsequent events through August 28, 2018, which is the date these financial statements were approved by the Board of Directors for issuance.

Payment of Former Shareholder Notes

On October 15, 2015, an original member of the Company, Ollehea, LLC, requested that the Company repurchase its interest as allowed under the LLC operating agreement then in effect. However, the Company at that time had not begun operations and had not yet generated positive cash flow and, as a result, Ollehea was unwilling to accept a note from the Company in repayment of its interest. Consequently, the remaining members, PRMN Investments LLC and Thirteen LLC, agreed to issue promissory notes to Ollehea on behalf of the Company in the amount of $101,997 each to satisfy the repurchase requirement. In connection therewith, the Company agreed to indemnify and reimburse the remaining members for any payments made to Ollehea under the notes. The notes were repaid by the Company on July 9, 2018.

Strategic Disbursement

On or around June 28, 2018, the landlord for the Company's Clark County cultivation facility notified the Company that the mortgage holder of the loan secured by such location was considering foreclosure action against the facility due to the Company's business conducted therein. The landlord further indicated that the building was listed for sale and that it was anticipated that a sale would be completed before December 31, 2018. In connection therewith, and in order to ensure the Company's ability to continue to use the leased premises, the Company made a strategic disbursement of $1,254,862 to the holder of the note secured by the facility. This disbursement is secured by a promissory note bearing interest at 3.95% annually, a deed of trust and a personal guarantee.