MM DEVELOPMENT COMPANY, LLC

AMENDED AND RESTATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

(Expressed in United States Dollars)

A new breed
of professional
services firm

MM DEVELOPMENT COMPANY, LLC
Notice to Reader

Please be advised that the following changes were made to the annual financial statements for the years ended December 31, 2017 and 2016:

- the correction of the valuation of the fair value of biological assets, other inventories and related changes to the Company's deferred income tax assets and liabilities on the financial statements and related notes.
- reclassification of non-sales revenues to other income.
- updated subsequent events

As a result of the restatement, the Company's reported net income of $821,541 for the year ended December 31, 2017 was reduced to a net loss of $602,515. Please refer to note 2 to the Amended and Restated Financial Statements for the years ended December 31, 2017 and 2016 for additional information

April 30, 2019

MM DEVELOPMENT COMPANY, LLC
Management's Responsibility for Financial Reporting

To the Members of MM Development Company, LLC:

The accompanying amended and restated financial statements in this annual report were prepared by management of MM Development Company, LLC ("MMDC" or "the Company"), and were reviewed and approved by the Members of MMDC.

Management is responsible for the amended and restated financial statements and believes that they fairly present the Company's financial condition and results of operation in conformity with International Financial Reporting Standards. Management has included in the Company's amended and restated financial statements amounts based on estimates and judgments that it believes are reasonable, under the circumstances.

To discharge its responsibilities for financial reporting and safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements. Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. Management further assures the quality of the financial records through careful selection and training of personnel and through the adoption and communication of financial and other relevant policies.

These amended and restated financial statements have been audited by the Company's auditor, Macias Gini & O'Connell, LLP, and their report is presented herein.

"Larry Scheffler"	"William Vargas"
Chief Executive Officer	*Vice President of Finance*

April 30, 2019

MM DEVELOPMENT COMPANY, LLC
Index to Amended and Restated Financial Statements

Certified Public Accountants

Independent Auditor's Report

To the Members
MM Development Company, LLC

We have audited the accompanying financial statements of MM Development Company, LLC (the "Company"), which comprise the amended and restated statements of financial position at December 31, 2017 and 2016, and the statements of operations, changes in members' deficit and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of MM Development Company, LLC at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Amended and Restated Financial Statements
Without modifying our opinion, we draw your attention to Note 2 to the financial statements, which explains that the financial statements for the years ended December 31, 2017 and 2016 have been restated from those on which we originally reported on May 22, 2018.

Macias Gini & O'Connell LLP

San Francisco, California
April 30, 2019

Macias Gini & O'Connell LLP
101 California Street, Suite 1225
San Francisco, CA 94111

www.mgocpa.com

MM DEVELOPMENT COMPANY, LLC
Amended and Restated Statements of Financial Position
At December 31, 2017 and 2016

		2017	2016
ASSETS			
Current Assets:			
Cash		$ 451,869	$ 20,868
Inventories	*Note 3*	1,703,829	1,224,651
Biological Assets	*Note 4*	1,067,305	558,608
Prepaid Expenses and Other Current Assets		92,129	-
Total Current Assets		3,315,132	1,804,127
Property and Equipment, Net	*Note 5*	4,341,915	4,275,536
Deferred Tax Asset	*Note 11*	-	-
TOTAL ASSETS		$ 7,657,047	$ 6,079,663
LIABILITIES AND MEMBERS' DEFICIT			
LIABILITIES			
Current Liabilities:			
Accounts Payable		$ 678,319	$ 721,490
Accrued Expenses		1,055,828	512,493
Income Tax Payable	*Note 11*	1,259,676	-
Notes Payable - Current Portion	*Note 6*	14,182	13,911
Total Current Liabilities		3,008,005	1,247,894
Long-Term Liabilities:			
Notes Payable, Net of Current Portion	*Note 6*	925,890	942,408
Notes Payable Related Party	*Note 6*	6,526,732	6,174,907
Deferred Tax Liability	*Note 11*	378,948	294,467
TOTAL LIABILITIES		10,839,575	8,659,676
MEMBERS' DEFICIT	*Note 8*	(3,182,528)	(2,580,013)
TOTAL LIABILITIES AND MEMBERS' DEFICIT		$ 7,657,047	$ 6,079,663

Nature of Operations (*Note 1*)
Commitments and Contingencies (*Note 12*)
Subsequent Events (*Note 15*)

Approved and authorized by the Members on April 30, 2019

"Larry Scheffler"	"William Vargas"
Chief Executive Officer	Vice President of Finance

The accompanying notes are an integral part of these financial statements

MM DEVELOPMENT COMPANY, LLC
Amended and Restated Statements of Operations
For the Years Ended December 31, 2017 and 2016

		2017	2016
Revenues, net of discounts		$ 8,975,471	$ 1,510,120
Cost of Goods Sold		5,176,733	1,920,684
Gross Profit Before Biological Asset Adjustment		3,798,738	(410,564)
Realized fair value amounts included in cost of goods sold	*Note 4*	(1,774,518)	(339,445)
Unrealized fair value gain on growth of biological assets	*Note 4*	2,619,142	1,616,089
Gross Profit		4,643,362	866,080
Expenses:			
General and Administrative	*Note 7*	2,638,859	1,147,287
Sales and Marketing		193,332	164,556
Depreciation and Amortization		121,364	103,009
Total Expenses		2,953,555	1,414,852
Income (Loss) From Operations		1,689,807	(548,772)
Other Income (Expense):			
Interest Expense, net		(976,674)	(743,013)
Other Income, net		28,509	37,393
Total Other Expense		(948,165)	(705,620)
Income (Loss) Before Provision for Income Taxes		741,642	(1,254,392)
Provision For Income Taxes	*Note 11*	1,344,157	294,467
Net Loss		$ (602,515)	$ (1,548,859)

The accompanying notes are an integral part of these financial statements

MM DEVELOPMENT COMPANY, LLC
Amended and Restated Statements of Changes in Members' Deficit
For the Years Ended December 31, 2017 and 2016

	Members' Capital	Accumulated Deficit	Total
Balance, January 1, 2016	$ -	$ (1,031,154)	$ (1,031,154)
Net Loss	-	(1,548,859)	(1,548,859)
Balance, December 31, 2016	-	(2,580,013)	(2,580,013)
Net Loss	-	(602,515)	(602,515)
Balance, December 31, 2017	$ -	$ (3,182,528)	$ (3,182,528)

MM DEVELOPMENT COMPANY, LLC
Amended and Restated Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income (Loss)	$ (602,515)	$ (1,548,859)
Adjustments to Reconcile Net Income (Loss) to Net Cash Used In Operating Activities:		
Depreciation	605,440	556,867
Interest on Note Payable - Related Party	937,531	736,812
Changes in Operating Assets and Liabilities:		
Inventory	(553,434)	(413,189)
Biological Assets	(508,697)	(558,608)
Inventory Fair Value Adjustments	74,255	(811,462)
Prepaid Expenses and Other Current Assets	(92,128)	2,172
Accounts Payable	(43,172)	721,059
Accrued Liabilities	367,630	(600,235)
Deferred Tax Liabilities	84,481	294,467
Income Tax Payable	1,259,676	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,529,067	(1,620,976)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(671,818)	(1,095,688)
NET CASH USED IN INVESTING ACTIVITIES	(671,818)	(1,095,688)
CASH FLOW FROM FINANCING ACTIVITIES		
Advances from Related Party	-	2,731,185
Payments on Notes Payable - Related Party	(410,000)	(500,960)
Other Borrowings	-	178,150
Principal on Equipment Financing	(16,248)	-
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(426,248)	2,408,375
NET INCREASE IN CASH AND CASH EQUIVALENTS	431,001	(308,289)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	20,868	329,157
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 451,869	$ 20,868

	2017	2016
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	$ -	$ -
OTHER NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchase of Property and Equiptment Financed	$ -	$ 72,319
Capitalized Interest	$ -	$ 38,228

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

MM Development Company, LLC ("MMDC" or the "Company") is a privately held limited liability company existing under the laws of the State of Nevada. MMDC, founded on March 20, 2014, is a vertically integrated cannabis company and is licensed under the laws of the State of Nevada to cultivate, produce, and sell both medicinal and recreational-use cannabis products within such state.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Company 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 ended December 31, 2017.

Certain reclassifications have been made to the previously issued financial statements to conform to the 2018 presentation. In the Company's previously issued financial statements for the years ended December 31, 2017 and 2016, the Company reported $28,509 and $4,392, respectively, of ATM/Debit Machine commissions as a component of revenue. In 2018, the Company began recording such items as a component of other income, the Company has reclassified $28,509 and $4,392, for the years ended December 31, 2017 and 2016, respectively, to Other Income in the Consolidated Statements of Operations and Comprehensive Income (Loss) presented elsewhere herein.

These financial statements were approved and authorized for issue by the Members of the Company on April 30, 2019.

Biological Assets and Inventory

Paragraph 12 of IAS 41 *Agricultural* states that "[a] biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except for the case described in paragraph 30 where the fair value cannot be measured reliably." Once the cannabis plant has been harvested, the costs incurred thereafter are within the scope of IAS 2 *Inventories*.

IAS 2.20 states: "in accordance with IAS 41 Agricultural inventories comprising agricultural produce that an entity has harvested are measured on initial recognition at their fair value less costs to sell at the point of harvest. This is the cost of the inventories at that date for application of this Standard."

The Company incorrectly applied these standards to its 2017 and 2016 yearend financial statements. The correction is being applied retroactively with restatement as of January 1, 2016. The impact on the December 31, 2016 balances was an increase to biological assets of $281,430, an increase in inventory of $811,462, a decrease in deferred tax assets of $75,623, an increase in deferred tax liabilities of $294,467 and a decrease in accumulated deficit of $722,802. The impact on the December 31, 2017 balances was a decrease in biological assets of $1,639,030, an increase in inventory of $737,207, a decrease in deferred tax liabilities of $189,382 and a decrease in accumulated deficit of $120,287.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The following tables summarize the effects of the adjustments described above.

Impact on the balance sheet for 2016

	As Previously Reported	Effect of Correction	As Restated
Assets			
Biological assets	$ 277,178	$ 281,430	$ 558,608
Inventory	413,189	811,462	1,224,651
Deferred tax asset	75,623	(75,623)	-
Liabilities			
Deferred tax liability	-	294,467	294,467
Members' equity			
Accumulated deficit	(3,302,815)	722,802	(2,580,013)

Impact on the balance sheet for 2017

	As Previously Reported	Effect of Correction	As Restated
Assets			
Biological assets	$ 2,706,335	$ (1,639,030)	$ 1,067,305
Inventory	966,622	737,207	1,703,829
Deferred tax asset	-	-	-
Liabilities			
Deferred tax liability	568,330	(189,382)	378,948
Members' equity			
Accumulated deficit	(3,302,815)	120,287	(3,182,528)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impact on the statement of income for 2016

	As Previously Reported	Effect of Correction	As Restated
Cost of goods sold	$ 2,266,954	$ (346,270)	$ 1,920,684
Realized fair value amounts included in inventory sold	-	(339,445)	(339,445)
Unrealized fair value gain on growth of biological assets	530,022	1,086,067	1,616,089
Income tax provision (benefit)	(75,623)	370,090	294,467
Net income (loss) for the year	(2,271,662)	722,803	(1,548,859)

Impact on the statement of income for 2017

	As Previously Reported	Effect of Correction	As Restated
Cost of goods sold	$ 8,259,548	$ (3,082,815)	$ 5,176,733
Realized fair value amounts included in inventory sold	-	(1,774,518)	(1,774,518)
Unrealized fair value gain on growth of biological assets	5,922,153	(3,303,011)	2,619,142
Income tax provision	1,914,815	(570,658)	1,344,157
Net income (loss) for the year	821,541	(1,424,056)	(602,515)

Impact on the statement of cash flows for 2016

	As Previously Reported	Effect of Correction	As Restated
Net income (loss) for the year	$ (2,271,662)	$ 722,803	$ (1,548,859)
Net change in non-cash working capital	(567,370)	(1,092,893)	(1,660,263)
Non-cash change in deferred taxes	75,623	(370,090)	(294,467)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impact on the statement of cash flows for 2017

	As Previously Reported	Effect of Correction	As Restated
Net income (loss) for the year	$ 821,541	$ (1,424,056)	$ (602,515)
Net change in non-cash working capital	(1,479,398)	1,983,528	504,130
Non-cash change in deferred taxes	643,953	(559,472)	84,481

(b) Basis of Measurement

These 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 as described herein.

(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) Cash

Cash include cash deposits in financial institutions plus cash held at retail locations.

(e) Inventories

Inventories for finished goods and packaging and supplies are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out costing method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The Company reviews inventories for obsolete, redundant and slow moving goods and any such inventories identified are written down to net realizable value. At December 31, 2017 and 2016, there were no reserves for inventories required.

(f) Biological Assets

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and impairment losses, if any. Expenditures that materially increase the life of the assets are capitalized. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods:

Land	Not Depreciated
Buildings and Structures	5 to 40 Years
Lighting Equipment	2 Years
Furniture and Equipment	5 - 7 Years
Computer Equipment and Software	3 Years
Security Equipment	3 Years
Leasehold Improvements	Shorter of Estimated Useful Life or Remaining Life of Lease
Manufacturing Equipment	5 - 7 Years
Vehicles	3 Years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. There were no changes or adjustments made to the foregoing for the years ended December 31, 2017 and 2016.

An item of property or equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the Statements of Operations in the year the asset is derecognized.

Construction in progress is not depreciated until it is completed and available for use. During the years ended December 31, 2017 and 2016, the Company capitalized interest of $0 and $38,228, respectively.

(h) Leased Assets

A lease of property and equipment is classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed.

(i) Income Taxes

Income tax expense is recognized in the Statements of Operations based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. The Company elected to be taxed as a C Corporation. For the years ended December 31, 2017 and 2016, Federal income tax expense totaled $1,334,157 and $294,467, respectively. There is no State income tax in Nevada.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Income Taxes (*Continued*)

Deferred tax assets and liabilities and the related deferred income tax expense or recover, if any, are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

As the Company operates in the cannabis industry, it is subject to the limits of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

(j) Revenue Recognition

Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied, which are generally met once the products are shipped to customers:

- The Company has transferred the significant risks and rewards of ownership of the goods to the purchaser;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Accordingly, the Company recognizes revenue when it sells cannabis to customers at its retail location. For the years ended December 31, 2017 and 2016, amounts recorded as revenues are net of allowances, discounts, and rebates totaling $3,387,795 and $675,295, respectively.

(k) Financial Instruments

The Company aggregates its financial instruments into classes based on their nature and characteristics. Management determines the classification when the instruments are initially recognized.

All financial assets except those classified as fair value through profit or loss are reviewed at each reporting date to determine whether there is any indication of impairment. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been affected.

Financial instruments classified as loans and receivables and other financial liabilities are carried at amortized cost using the effective interest method. Transaction costs are included in the amount initially recognized. There were no loan and receivables in these financial statements. Accounts payable and other liabilities, notes payable, and notes payable related parties have been classified as other financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below.

(i) Estimated Useful Lives and Depreciation of Property and Equipment (Note 5)

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

(ii) Biological Assets (Note 4)

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

(m) 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Recent Accounting Pronouncements (*Continued*)

(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.

3. INVENTORIES

The Company's inventories include the following at December 31:

	2017	2016
Raw Material		
Harvested Cannabis	$ 510,588	$ 718,419
Packaging and miscellaneous	40,589	15,877
Total Raw Material	551,177	734,296
Work in Process	870,516	391,273
Finished Goods	282,136	99,082
Total Inventories	$ 1,703,829	$ 1,224,651

4. BIOLOGICAL ASSETS

Biological assets consist of cannabis plants. At December 31, 2017 and 2016, the changes in the carrying value of biological assets are shown below:

Harvest in Process	2017	2016
Beginning balance	$ 558,608	$ -
Production costs capitalized	1,957,703	896,212
Net change in fair value less costs to sell due to biological transformation	2,126,415	1,988,355
Transferred to inventory upon harvest	(3,575,421)	(2,325,959)
Ending balance	$ 1,067,305	$ 558,608

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 costs to sell. This model also considers the progress in the plant life cycle.

The following significant unobservable inputs, all of which are classified as level 3 on the fair value hierarchy, were used by management as part of this model:

- Growing cycle - the average number of weeks in the growing cycle is twelve weeks from propagation to harvest for both 2017 and 2016;
- Stage of growth – represents the weighted average number of days out of the 12 week growing cycle that biological assets have reached as at the measurement date;
- Yield by plant – represents the expected number of grams of finished cannabis inventory which are expected to be obtained from each harvested cannabis plant. The average harvest yield of whole flower used is 215 grams per plant for both 2017 and 2016;
- Survival rate – the estimated survival rate of cannabis plants as they move from one stage of growth to the next (from germination to vegetative to flowering) based on the Company's historical results. As plants mature at each stage, their survival rate increases;
- Selling price – the average selling price of wholesale cannabis as published by the Nevada Department of Taxation for the periods presented. The average selling price of whole flower used is $5.00 per gram (2016 = $4.73);
- Post-harvest costs – calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants after harvest, consisting of the cost of direct and indirect materials and labor related to labelling and packaging. The Company expenses such subsequent expenditures directly to cost of goods sold.

4. BIOLOGICAL ASSETS (*Continued*)

The following table quantifies each unobservable input, and also provides the impact a 10% increase/decrease in each input would have on the reported fair value of biological assets:

	December 31,		10% Change as at December 31,	
	2017	2016	2017	2016
Stage of growth	44.0%	54.0%	$ 106,731	$ 55,861
Yield by plant	215 grams	215 grams	234,565	102,814
Survival rate	78.4%	94.8%	183,943	97,510
Selling price	$5.00	$4.73	106,731	55,861

As at December 31, 2017, the biological assets were on average, 44.0% complete (2016 – 54.0%), and the estimated fair value less costs to sell of dry cannabis was $5.00 per gram (2016 = $4.73).

As of December 31, 2017, it is expected that the Company's biological assets will ultimately yield approximately 368kg of cannabis (2016 - 206kg).

5. PROPERTY AND EQUIPMENT

A reconciliation of the beginning and ending balances of property and equipment is as follows:

	Land	Buildings	Equipment	Leasehold Improvements	Total Capital Assets
Cost					
At December 31, 2015	$ 296,747	$ 1,001,442	$ 419,474	$ 1,908,837	$ 3,626,500
Additions	15,833	568,521	421,345	200,534	1,206,234
Transfers & disposals	-	-	-	-	-
At December 31, 2016	312,581	1,569,963	840,819	2,109,371	4,832,733
Additions	54,095	128,114	139,625	349,985	671,818
Transfers & disposals	-	-	-	-	-
At December 31, 2017	$ 366,675	$ 1,698,076	$ 980,444	$ 2,459,356	$ 5,504,552
Accumulated Depreciation					
At December 31, 2015	$ -	$ 63	$ -	$ 268	$ 331
Additions	-	36,106	199,153	321,608	556,867
Transfers & disposals	-	-	-	-	-
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
Net book value					
At December 31, 2015	$ 296,747	$ 1,001,379	$ 419,474	$ 1,908,569	$ 3,626,169
At December 31, 2016	$ 312,581	$ 1,533,794	$ 641,666	$ 1,787,495	$ 4,275,536
At December 31, 2017	$ 366,675	$ 1,621,726	$ 538,610	$ 1,814,903	$ 4,341,915

Depreciation expense for the years ended December 31, 2017 and 2016, totaled $605,439 and $556,867, respectively, of which $484,075 and $453,858, respectively, is included in cost of goods sold.

6. NOTES PAYABLE

At December 31, notes payable due related parties consisted of the following:

	December 31, 2017	December 31, 2016
Revolving notes payable due members, with deferred interest at 15.0%, compounded monthly, due December 31, 2019	$ 6,526,732	$ 6,174,907

6. NOTES PAYABLE (*Continued*)

At December 31, notes payable consisted of the following:

	December 31, 2017	December 31, 2016
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	56,072	72,319
	$ 940,072	$ 956,319
Less current portion	(14,182)	(13,911)
	$ 925,890	$ 942,408

Stated maturities of debt obligations are as follows:

Year Ending December 31,	
2018	$ 14,182
2019	7,425,191
2020	14,740
2021	12,691
	$ 7,466,804

In March 2014, the Company entered into promissory note agreements with its members 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%. The holders of the notes hold the right to convert any portion or all of the unpaid principal of the notes to member contribution of the Company.

The promissory note with outstanding balances at December 31, 2017 of $884,000 are collateralized by a deed of trust and the related land.

7. GENERAL AND ADMINISTRATIVE

For the years ended December 31, general and administrative expense were comprised of:

	December 31,	
	2017	2016
Salaries and wages	$ 908,404	$ 256,590
Executive compensation	194,542	180,292
Payroll taxes and benefits	183,436	79,821
Office expenses	233,135	117,882
Professional fees	193,686	104,986
All other general and administrative expenses	925,656	407,716
	$ 2,638,859	$ 1,147,287

8. MEMBERS' EQUITY

The operations of the Company are governed by its operating agreement (Agreement). Certain terms and conditions of the Agreement are summarized below:

Management of the Company – The management of the Company is vested in the manager. The initial managers are the members of the Company (the "Manager(s)"). The Manager(s) is responsible for all aspects of the Company's operations, including property acquisitions and development, capital and debt financing and maintenance of financial records, tax and investor filings.

Term – The Company will continue operations until the Manager(s) approves its dissolution, all or substantially all of its assets are disposed of, all members are dissolved or it becomes unlawful for the Company to continue operations.

Capital Accounts – Each member's capital account will adjusted from time to time by the amount of money or value of any property contributed (or deemed contributed by the member of the Company, net of liabilities secured by the property or to which the property is subject); the net profits and any other items of income and gain specially allocated to the member; the amount of money and the value of any property distributed to the member by the Company (net of liabilities secured by the property or to which the property is subject); and the net losses and any other item of deduction and loss specially allocated to the member pursuant to the Agreement.

Management Fees – The Manager(s) shall be reimbursed all reasonable expenses incurred in managing the Company and shall be entitled to reasonable compensation as determined annually by the members. During the years ended December 31, 2017 and 2016, the Manager(s) earned $203,625 and $201,882, respectively, in salary and benefits. A portion of their salary was deferred and at December 31, 2017 and 2016, the Company reported a liability of $241,245 and $101,250, respectively.

Allocation of Net Profits and Net Losses – After giving effect to the special allocations set forth in the Agreement, the net profits or net losses of the Company for each fiscal year will be allocated among the members as follows:

Net Loss – generally allocated to members in accordance with their ownership interests, subject to certain preferences and adjustments.

Net Income – allocated to the members to the extent necessary to reverse prior loss allocations; then to the preferred holders to satisfy certain preferences, and then to the members generally in proportion to their ownership interests.

8. MEMBERS' EQUITY (*Continued*)

Distributions – The Manager(s) can approve operating distributions. Such distributions are to be in accordance with the members' interest.

9. 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 straight-line basis over the terms of the leases with the incentives reported as deferred rent. The Company's net rent expense for the years ended December 31, 2017 and 2016, was approximately $165,612 and $141,939, respectively.

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 $103,662 and $95,688 for the years ended December 31, 2017, and 2016, respectively.

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

Year Ending December 31,		
2018	$	495,679
2019		1,109,885
2020		1,156,466
2021		1,205,289
2022		1,257,983
Thereafter		4,156,667
	$	9,381,969

(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 December 31, 2017, 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 December 31, 2017, 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.

9. COMMITMENTS AND CONTINGENCIES (*Continued*)

(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. However, the Company at that time had not begun operations and has 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 are due June 1, 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, our 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 Vice President of Sales and Marketing and Vice President of Operations. Our Vice President of Sales and Marketing has an annual salary of $120,000 and a commission based bonus structure. Our Vice President of Operations has an annual salary of $200,000.

10. RELATED PARTY TRANSACTIONS

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

(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 members (Note 6). The following table reflects the changes in amounts due under such revolving loans for the years ended December 31:

	Year Ended December 31, 2017	Year Ended December 31, 2016
Balance at beginning of year	$ 6,174,907	$ 3,207,870
Advances	-	2,731,185
Repayments	(410,000)	(500,960)
Transfers	(175,706)	
Accrued interest	937,531	736,812
	$ 6,526,732	$ 6,174,907

On January 1, 2018, the members converted $3,334,304 of the above notes to equity. The remaining balance of the notes may be converted at the member's option through December 31, 2019 (Note 13).

10. RELATED PARTY TRANSACTIONS (*Continued*)

(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 years ended December 31, 2017 and 2016 equaled $103,662 and $95,688, respectively.

(c) Member Compensation

The Company's Managers were paid an aggregate of $203,625 and $201,882 in salary and related employee benefits for the years ended December 31, 2017 and 2016, respectively. The Company's Managers have agreed to defer a portion of their agreed-upon salaries since inception. At December 31, 2017 and 2016, total deferred compensation due such members was $241,245 and $101,250, respectively.

(d) Others

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 members. Amounts paid to such company for rent for the years ended December 31, 2017 and 2016 equaled $24,040 and $24,040 for rent, respectively, and amounts paid for marketing and stationery items equaled $8,769 and $59,553, respectively.

11. INCOME TAXES

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

	Year Ended December 31,	
	2017	2016
Current	$ 1,259,677	$ -
Deferred	84,480	294,467
	$ 1,344,157	$ 294,467

A reconciliation of the Federal statutory income tax rate of 34.0% to the effective tax rate is as follows:

	Year Ended December 31,	
	2017	2016
Income (loss) before income taxes	$ 741,642	$ (1,254,392)
Statutory rate	34.0%	34.0%
Theoretical tax expense (recovery)	$ 252,158	$ (426,493)
Non-deductible expense:		
Political contributions	-	10,676
Section 280E permanent differences	1,326,585	710,284
Change in prospective tax rates	(234,586)	-
	$ 1,344,157	$ 294,467

11. INCOME TAXES *(Continued)*

The components of deferred tax are summarized below. Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

	Year Ended December 31, 2017	Year Ended December 31, 2016
Deferred tax assets		
Non-capital losses carried forward	$ -	$ 171,313
Deferred tax liabilities		
Biological assets	(378,948)	(465,780)
Net deferred tax asset (liability)	$ (378,948)	$ (294,467)

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments consist of cash, accounts payable; notes payable; and notes payable related parties. The carrying values of these financial instruments approximate their fair values at December 31, 2017 and 2016.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the years ended December 31, 2017 and 2016.

The following table summarizes the Company's financial instruments at December 31, 2017:

	Loans and Receivables	Other Financial Liabilities	Total
Financial Assets:			
Cash	$ 451,869	$ -	$ 451,869
Financial Liabilities			
Accounts Payable and Accrued Liabilities	$ -	$ 1,734,148	$ 1,734,148
Current Portion of Notes Payable	$ -	$ 14,182	$ 14,182
Notes Payable, Net of Current Portion	$ -	$ 925,890	$ 925,890
Notes Payable Related Party	$ -	$ 6,526,732	$ 6,526,732

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

The following table summarizes the Company's financial instruments at December 31, 2016:

	Loans and Receivables	Other Financial Liabilities	Total
Financial Assets:			
Cash	$ 20,868	$ -	$ 20,868
Financial Liabilities			
Accounts Payable and Accrued Liabilities	$ -	$ 1,233,983	$ 1,233,983
Current Portion of Notes Payable	$ -	$ 13,911	$ 13,911
Notes Payable, Net of Current Portion	$ -	$ 942,408	$ 942,408
Notes Payable Related Party	$ -	$ 6,174,907	$ 6,174,907

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

(a) Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2017 and 2016 is the carrying amount of cash. The Company does not have significant credit risk with respect to its customers.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

In addition to the commitments outlined in Note 9, the Company has the following contractual obligations:

	<1 Year	1 to 3 Years	3 to 5 Years	Total
Accounts Payable and Accrued Liabilities	$ 1,734,148	$ -	$ -	$ 1,734,148
Notes Payable	$ 14,182	$ 925,890	$ -	$ 940,072
Notes Payable Related Party	$ -	$ 6,526,732		$ 6,526,732

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial debts have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

(ii) 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.

(iii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. See Note 5 for the Company's assessment of certain changes in the fair value assumption used in the calculation of biological asset values.

13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 30, 2019, which is the date these financial statements were issued.

Conversion of Shareholder debt to equity as part of LLC conversion

On March 14, 2018, MMDC completed a plan of conversion from a Nevada state limited liability company to a Nevada state domestic corporation, MM Development Company, Inc., with the approval of the Nevada State Department of Taxation which oversees licensed cannabis operations in Nevada. Prior to such conversion, on January 1, 2018, the Members converted an aggregate of $3,334,304 of their controlled entity debts to equity in MMDC and our Vice President of Operations contributed valuable intellectual property, including genetic strains, cultivation processes, and manufacturing processes, to MMDC in return for a 6% interest in MMDC. The members' equity in MMDC LLC was converted into common voting shares of 25,300,000 amounting to $1,124,661and 49,700,000 non-voting capital stock amounting to $2,209,643. The common stock of MMDC 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.

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 of $3,409,476, into 5,532,940 shares of Class A restricted shares of the Company.

Planet 13 Super Store

On April 23, 2018, MMDC executed a triple-net lease agreement for the premises of the Planet 13 Superstore. The lease commences May 1, 2018 and has a seven-year term with two seven-year renewal options.

On November 1, 2018, the Company transferred its medical and recreational licenses from the Company's Medizin store location, which was closed on October 30, 2018 to the Planet 13 Superstore. The Planet 13 Superstore opened to the public on November 1, 2018.

13. SUBSEQUENT EVENTS *(Continued)*

RTO 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.

On June 11, 2018 the Company closed the RTO transaction, and it issued 5,250,000 common shares to former shareholders of Carpincho Capital Corp. at fair value. The Company recorded Share capital in the amount of $4,040,637 and recorded a share-based payment expense of $4,040,637 associated with the issuance of shares to the former shareholders of Carpincho. On June 11, 2018 the RTO Transaction closed as described above and on June 21, 2018 the common shares of the Resulting Issuer, renamed Planet 13 Holdings Inc., began trading on the Canadian Securities Exchange under the symbol PLTH.

The RTO closing also triggered the closing of a private placement that was being held in escrow pending the closing of the RTO. The Company closed the private placement by issuing 31,458,400 units at a price of CAD$0.80 per unit for gross proceeds of $19,508,445. Each unit was comprised of one common share and one-half of common share purchase warrant. Each whole 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 Company also issued 1,485,645 broker warrants that entitled the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$0.80 per common share. The warrants and broker warrants were estimated to have a fair value of $4,212,768 at the time of the closing of the RTO transaction. Share issuance costs recorded on the private placement were $1,943,556. Total share issuance costs were $2,309,453, of which $365,897 was allocated to the issuance of warrants and $1,943,556 to the issuance of common shares and restricted shares. The broker warrants were measured based on the fair market value of the warrants using a Black Scholes valuation model as the fair market value of the services received cannot be reliably measured.

Equity Transactions

During 2018, the Company 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 625,000 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 incentive options granted to consultants were measured based on the fair market value of the options at the date of granting using a Black Scholes valuation model as the fair market value of the services received cannot be reliably measured.

On July 31, 2018 the Company granted 25,000 incentive stock options to an employee of the Company. These options are exercisable at a price of CAD$0.75 per common share for a period of 5 years from the grant date.

13. SUBSEQUENT EVENTS *(Continued)*

Equity Transactions *(Continued)*

On December 4, 2018, the Company issued 8,735,250 common shares and 4,792,625 common share purchase warrants at a price of CAD$3.00 per unit with each unit consisting of one common share and ½ of a common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of CAD$3.75 for a period of 36 months following the closing. The warrants may be accelerated by the Company in its sole discretion at any time in the event that the volume-weighted average closing price of the common shares on the Canadian Securities Exchange is greater than or equal to CAD$5.00 per share for a period of 20 consecutive trading days by giving notice to the warrant holders. In such a case the warrants will expire at 4:00pm Eastern Time on the earlier of the 30th day after the date on which notice is given and the actual expiry date of the warrants. The Company also issued 524,115 broker warrants that entitle the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$3.00 per common share. The broker warrants were measured based on the fair market value of the warrants using a Black Scholes valuation model as the fair market value of the services received cannot be reliably measured. Total aggregate gross proceeds on the financing were $19,965,769 (CAD$26,392,750) and the Company recorded share issuance costs of $1,722,572, of which $1,275,515 was allocated to the common shares and $447,057 was allocated to the warrants and broker warrants.

During the year ended December 31, 2018, the Company issued 2,580,810 common shares to warrant holders who exercised 2,580,810 warrants resulting in cash proceeds of $2,374,253.

During 2018, the Company 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 and Consultants 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 June 11, 2018. The RSUs vest 1/3 on the grant date and 1/3 on each of the first and second anniversaries of the grant date. 575,000 of the RSUs granted were issued to a consultant of the Company as payment of an outstanding accounts payable in the amount of $346,206. The fair value of the RSUs issued was $442,546. The Company recorded a loss on settlement of the accounts payable of $96,340. The RSUs issued on settlement of the accounts payable amount vest on the same terms as the rest of the RSU grant.

On July 31, 2018, the Company granted a member of Management of the Company 25,000 Restricted Share Units under the RSU plan. The value ascribed to the RSU issued was CAD$0.75 per share, the closing share price of the Company's common shares on July 31, 2018. The RSUs vest 1/3 on the grant date and 1/3 on each of the first and second anniversaries of the grant date.

On November 9, 2018, 295,667 RSUs that were previously granted on June 11, 2018 were cancelled as a result of an employee resignation.

On January 7, 2019 the Company granted 100,000 incentive stock options to employees of the Company. These options are exercisable at a price of CAD$1.50 per common share for a period of five years from the grant date.

The Company issued 1,350,625 common shares on various dates from January 1, 2019 to April 18, 2019 on the exercise of warrants with a strike price of CAD$1.40and realized cash proceeds of CAD$1,890,875 from the exercise.

The Company issued 550,398 common shares on various dates from January 1, 2019 to April 2, 2019 on the exercise of broker warrants with a strike price of CAD$0.80 and realized cash proceeds of CAD$440,318 from the exercise.

The Company issued 1,922,786 common shares on the exercise of RSUs on March 12, 2019. No cash proceeds were realized on the exercise of RSUs.

The Company issued 15,002 common shares on the exercise of options with a strike price of CAD$0.80 and realized cash proceeds of CAD$12,001 from the exercise.

13. SUBSEQUENT EVENTS *(Continued)*

Other Matters

On December 5, 2018 upon notification that MM Development Company, Inc. was not awarded licenses on the December 5, 2018 determination date by the Nevada Department of Taxation, the Nevada state regulatory authority for licensed marijuana activity in Nevada, Company determined that significant irregularities were indicated in the application and review process. Based on this determination, MM Development Company, Inc. filed a complaint on December 10, 2018 against the State of Nevada, Department of Taxation and simultaneously pursued all available administrative remedies. As further discussed in case number A-18-785818-W, Department 18, District Court, Clark County, Nevada, MM Development Company, Inc. has requested a judicial review of the application process and scoring criteria, damages resulting from the DoT failing to properly award licenses, and that the court find in favour of awarding retail dispensary licenses to MM Development Company, Inc. MM Development Company, Inc. was joined by LivFree Wellness, LLC, and shortly after filing, numerous other parties filed cases against the State of Nevada on similar grounds. As of January 4, 2019, over 30 licensed cannabis operators had filed suits against the State of Nevada.