MAPLE LEAF GREEN WORLD INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars, unless otherwise stated)

Notice to Reader of the Unaudited Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2019 and 2018

The unaudited condensed consolidated interim financial statements of Maple Leaf Green World Inc. (the "Company") for the three months ended March 31, 2019 and 2018 ("Financial Statements") have been prepared by management and have not been reviewed by the Company's independent auditor. The Financial Statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2018 which are available on the SEDAR website at www.sedar.com.

MAPLE LEAF GREEN WORLD INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

[Expressed in Canadian dollars except share data]

	Notes	Three months ended March 31, 2019	2018
Operating expenses			
Share-based compensation	9	**-**	5,829,947
Personnel costs		**82,478**	54,938
Professional fees		**26,563**	74,642
Consulting fees		**125,532**	74,264
Office		**53,706**	66,116
Advertising and promotion		**8,902**	35,628
Rent		**9,602**	17,417
Repairs and maintenance		**300**	2,628
Regulatory and transfer agent		**13,481**	55,755
Travel		**5,969**	9,492
Research and development		**517**	3,869
Foreign exchange expense		**7,855**	(5,191)
Gain on recovery of bad debt		**-**	(13,912)
Depreciation and amortization	5&6	**23,396**	4,516
		358,301	6,210,109
Loss before other items		**(358,301)**	(6,210,109)
Interest income		**-**	362
Finance expense	7 & 8	**(44,613)**	(32,859)
Net finance expense		**(44,613)**	(32,497)
Other items			
Other income		**-**	2,670
Loss on disposal of assets	6	**(3,503)**	-
Loss for the period		**$ (406,417)**	**$ (6,239,936)**
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustment, net of tax of $nil		**4,449**	83,375
Total comprehensive loss		**$ (401,968)**	$ (6,156,561)
Loss per share attributable to the equity holders of the Company			
Loss per share - basic and diluted		**$ (0.00)**	$ (0.05)
Weighted average number of shares outstanding - basic and diluted		**159,218,302**	136,254,168

MAPLE LEAF GREEN WORLD INC.

Condensed Consolidated Interim Statements of Financial Position

[Expressed in Canadian dollars]

	Notes		March 31, 2019		December 31, 2018
ASSETS			**Unaudited**		Audited
Current assets					
Cash and cash equivilants		$	**109,704**	$	574,242
Other receivables			**58,406**		141,646
Prepaids			**17,633**		29,528
			185,743		745,416
Deposits	4		**1,102,500**		1,102,500
Long term prepaids			**15,659**		15,659
Right-of-use assets	5		**246,488**		-
Property, plant and equipment	6		**11,594,529**		11,459,771
Total assets		$	**13,144,918**	$	13,323,346
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		$	**4,389,140**	$	4,452,200
Current portion of right-of-use liability	5		**72,914**		-
Current portion of finance leases	8		**142,806**		142,806
Current portion of notes payable	7		**979,622**		815,606
Other payables			**23,038**		6,852
			5,607,520		5,417,464
Right-of-use liability	5		**176,725**		-
Finance Leases	8		**552,087**		552,087
Notes Payable	7		**-**		143,241
Total liabilities			**6,336,332**		6,112,792
Equity					
Share capital	9		**23,218,131**		23,218,131
Other reserves	9		**12,672,697**		12,672,697
Accumulated other comprehensive income			**222,365**		217,916
Deficit			**(29,304,607)**		(28,898,190)
			6,808,586		7,210,554
Total liabilities and equity		$	**13,144,918**	$	13,323,346

Going Concern Note 2

APPROVED ON BEHALF OF THE BOARD

(signed) Raymond Lai
Director

(signed) Terence Lam
Director

MAPLE LEAF GREEN WORLD INC.
Condensed Consolidated Interim Statements of Changes in Equity (Deficit)
[Expressed in Canadian dollars]

		Share capital		Other Reserves					
	Note	**Number of common shares**	**Amounts**	**Share-based payments reserve**	**Warrant reserve**	**Total - other reserves**	**Accumulated other comprehensive income**	**Deficit**	**Total equity**
At December 31, 2018		**159,218,302**	**23,218,131**	**12,050,864**	**621,833**	**12,672,697**	**217,916**	**(28,898,190)**	**7,210,554**
Other comprehensive income		**-**	**-**	**-**	**-**	**-**	**4,449**	**-**	**4,449**
Loss for the period		**-**	**-**	**-**	**-**	**-**	**-**	**(406,417)**	**(406,417)**
At March 31, 2019		**159,218,302**	**$ 23,218,131**	**$ 12,050,864**	**$ 621,833**	**$ 12,672,697**	**$ 222,365**	**$ (29,304,607)**	**$ 6,808,586**

		Share capital		Other Reserves					
		Number of common shares	Amounts	Share-based payments reserve	Warrant reserve	Total - other reserves	Accumulated other comprehensive income	Deficit	Total equity
At December 31, 2017		147,073,331	19,361,733	5,351,464	145,000	5,496,464	(25,217)	(17,616,279)	7,216,701
Other comprehensive income		-	-	-	-	-	243,133	-	243,133
Loss for the period		-	-	-	-	-	-	(11,281,911)	(11,281,911)
Options granted	**9**	-	-	6,768,883	-	6,768,883	-	-	6,768,883
Options granted for land lease	**9**	-	-	69,768	-	69,768	-	-	69,768
Shares issued upon option exercised	**9**	1,100,000	263,251	(139,251)	-	(139,251)	-	-	124,000
Shares issued upon warrant exercised	**9**	6,021,272	1,285,581	-	(145,000)	(145,000)	-	-	1,140,581
Shares issuance expense	**9**	-	(249,771)	-	-	-	-	-	(249,771)
Private placement	**9**	5,023,699	2,557,337	-	456,882	456,882	-	-	3,014,219
At December 31, 2018		**159,218,302**	**$ 23,218,131**	**$ 12,050,864**	**$ 621,833**	**$ 12,672,697**	**$ 217,916**	**$ (28,898,190)**	**$ 7,210,554**

MAPLE LEAF GREEN WORLD INC.

Condensed Consolidated Interim Statements of Cash Flows

[Expressed in Canadian dollars]

	Notes		Three months ended March 31, 2019		2018
OPERATING ACTIVITIES					
Loss for the period		**$**	**(406,417)**	$	(6,239,936)
Items not affecting cash:					
Depreciation and amortization	5&6		**5,217**		4,516
Disposal of assets			**3,503**		-
Share based compensation	9		**-**		5,829,947
Cash flows used in operations before non-cash working capital			**(397,697)**		(405,473)
Changes in non-cash working capital					
GST receivable					
Other receivables			**83,240**		(61,385)
Prepaids			**11,893**		(13,540)
Other payables			**16,186**		-
Accounts payable and accrued liabilities			**100,956**		407,888
			212,276		332,963
Cash flows from (used in) operating activities			**(185,420)**		(72,510)
INVESTING ACTIVITY					
Change in right-of-use asset	5		**3,151**		(29,132)
Deposits	4		**-**		(962,673)
Additions to property, plant and equipment	6		**(173,903)**		(2,160,532)
Cash flows used in investing activity			**(170,752)**		(3,152,337)
FINANCING ACTIVITIES					
Proceeds from option exercised	9		**-**		94,000
Proceeds from warrant exercised	9		**-**		613,579
Cash flows from financing activities			**-**		707,579
Foreign exchange effect on cash			**(108,366)**		15,191
Net decrease in cash			**(464,538)**		(2,502,077)
Cash, beginning of period			**574,242**		3,411,778
Cash, end of period		**$**	**109,704**	$	909,701

1. NATURE OF OPERATIONS

Maple Leaf Green World Inc. ("Maple Leaf" or the "Company") is incorporated in Alberta, Canada, with common shares listed on the Aequitas NEO Exchange under the ticker symbol MGW. The corporate office is located at 500, 1716 – 16 Ave NW, Calgary, Alberta, T2M 0L7. In October 2012, Maple Leaf changed its name to Maple Leaf Green World Inc. from Maple Leaf Reforestation Inc.

In order to develop its medical marijuana/cannabis business in the United States of America ("USA"), the Company incorporated a wholly-owned subsidiary, Golden State Green World LLC ("Golden State"), in California, USA in 2015. In March 2018, the Company incorporated another wholly owned subsidiary, SSGW LLC ("SSGW"), in Nevada, USA.

Maple Leaf and its subsidiaries focus on the cannabis industry in North America. The Company operates or funds three cannabis projects, in British Columbia, California, and Nevada. To date, the Company has not yet generated material revenue to cover expenditures, and therefore it has incurred losses since inception.

These unaudited condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on May 15, 2019.

2. GOING CONCERN

These unaudited condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will 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. As of March 31, 2019, The Company had an accumulated deficit of $29,304,607, a negative working capital of $5,421,777 and incurred losses of $406,417 for the period then ended. As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Management has forecasted the expected expenditure levels and contracted commitments will exceed the Company's net cash inflows and working capital during the fiscal 2019 unless further financing is obtained. Additional sources of funding will be required during fiscal 2019 to carry on operations and/or to realize on investment opportunities. The Company's future operations are dependent upon its ability to secure additional funds, obtain standard cultivation and processing licenses and generate product sales. While the Company is striving to achieve these plans, there is no assurance that these and other strategies will be achieved, or such sources of funds will be available or obtained on favorable terms or obtained at all. Historically, the Company has obtained funding via the issuance of shares and warrants. If the Company cannot secure additional financing on terms that would be acceptable to it or otherwise generate product sales, the Company will have to consider additional strategic alternatives which may include, among other strategies, cost curtailments and delays of product launch, as well as seeking to license and/or divest assets or a merger, sale or liquidation of the Company. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern.

These unaudited condensed consolidated interim financial statements do not reflect adjustments to the carrying values of assets and liabilities that may be required should the Company be unable to continue as a going concern. Such adjustments will be material.

3. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34") of the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual consolidated financial statements prepared in accordance with IFRS as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2018. These unaudited condensed consolidated interim financial statements follow the same significant accounting policies set out in note 4 to the audited consolidated financial statements for the year ended December 31, 2018 except for the adoption of IFRS 16.

(b) Basis of consolidation and comparative figures and functional currency

These unaudited condensed consolidated interim financial statements for the three months ended March 31, 2019 include the accounts of Maple Leaf and its wholly owned subsidiaries, Golden State and SSGW. All significant intercompany balances and transactions have been eliminated upon consolidation.

(c) Basis of measurement

These unaudited condensed consolidated interim financial statements have been prepared on a historical basis, except for financial instruments recorded at fair value and share-based payments. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All financial information in these unaudited condensed consolidated interim financial statements is presented in Canadian dollars ("CAD"), except as otherwise stated. The functional currency of the Company's USA subsidiaries is the USA dollar ("USD").

(d) Changes to significant accounting policies

IFRS 16 – Leases ("IFRS 16")

Adoption

The Corporation adopted IFRS 16 effective January 1, 2019, and the standard was applied using the modified retrospective method. The modified retrospective method does not require restatement of prior period financial information as it recognizes the cumulative effect, if any, as an adjustment to opening retained earnings and applies the standard prospectively. Accordingly, comparative information in the Corporation's unaudited condensed consolidated interim financial statements are not restated and continues to be reported under IAS 17.

Transition

On adoption of IFRS 16, the Corporation has recognized right-of-use ("ROU") assets and a corresponding lease liability in relation to all lease arrangements, excluding commitments in relation to arrangements not containing leases (service agreements), measured at the present value of the remaining lease payments as at December 31, 2018. ROU assets and a lease liability of $264,671 were recorded as of January 1, 2019, with no impact on the Corporation's deficit. When measuring the lease liability, the Corporation discounts lease payments using the interest rate implicit in the lease, or the Corporation's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The weighted-average incremental borrowing rate applied on adoption was 12%.

There was no impact to lessor accounting from the adoption of IFRS 16.

Significant accounting policy:

The Corporation assesses new contracts at inception to determine whether it contains a lease. This assessment involves the exercise of judgement about whether the asset is specified for the Corporation, whether the Corporation obtains substantially all the economic benefits from use of that asset, and whether the Corporation has the right to direct the use of the asset. Leases are recognized as a ROU asset with a corresponding liability at the date of which the leased asset is available for use by the Corporation. Each lease payment is allocated between the lease liability and finance expense. The finance expense is charged to the statement of comprehensive income over the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each reporting period. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments, less any lease incentives receivable, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee or if there is a change in the assessment of whether the Corporation will exercise a purchase, extension or termination option that is within the control of the Corporation. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Corporation's incremental borrowing rate. ROU assets are measured at cost comprising of the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date, any initial direct costs and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. The Corporation applies a single discount rate to portfolios of leases with similar characteristics. A lease modification will be accounted for as a separate lease if the modification increases the scope of the lease and if the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. For a modification that is not a separate lease or where the increase in consideration is not commensurate, at the effective date of the lease modification, the Corporation will remeasure the lease liability using the Corporation's incremental borrowing rate, when the rate implicit to the lease is not readily available, with a corresponding adjustment to the ROU asset. A modification that decreases the scope of the lease will be accounted for by decreasing the carrying amount of the ROU asset, and recognizing a gain or loss in net income and comprehensive income that reflects the proportionate decrease in scope.

Finance expense comprises interest expense on notes payable and interest on lease liabilities.

(e) Significant accounting judgements, estimates and assumptions

Lease Term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

(f) Accounting pronouncements not yet adopted

IFRS 3 – Business Combinations ("IFRS 3"), has been amended to revise the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create outputs. The amendment to IFRS 3 is effective for the years beginning on or after January 1, 2020. The Corporation is currently assessing the impact of this amendment.

IAS 1 – Presentation of financial statements ("IAS 1") and IAS 8 – Accounting policies, changes in accounting estimates and errors ("IAS 8"), have been amended to (i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; (ii) clarify the explanation of the definition of material; and iii) incorporate guidance in IAS 1 regarding immaterial information. The amendments to IAS 1 and IAS 8 are effective for the years beginning on or after January 1, 2020. The Corporation is currently assessing the impact of this amendment.

(expressed in Canadian dollars, unless otherwise stated)

4. DEPOSITS

The Company has reclassed the following deposits to long term due to the nature of the deposits and that it is not more likely than not that these items will be realized within a year.

(i) On May 24, 2017, the Company announced it engaged an independent contractor as the procurement, engineering, and construction manager for its cannabis cultivation facilities at Telkwa, British Columbia (the "BC Facility") and Henderson, Nevada. In June of 2017, Maple Leaf provided a deposit of $1,102,500 for this work so that it could contract with construction partners and move the projects forward. In January of 2018, a dispute arose between the contractor and Maple Leaf which is currently in litigation. Management feels that the deposit amounts are collectible and therefore no allowance has been provided against this balance.

(ii) On January 23, 2018, the Company completed the purchase of all of the ownership interests in BioNeva and all of the ownership interest in the Nevada Medical Marijuana Registration Certificate C115. On December 31, 2018, Permit 115 expired as the cultivation facility had not been completed. The Company appealed this decision but in March 2019 was informed that the appeal had been denied. For this reason, the deposit on BioNeva has been impaired for the full amount of $682,100 ($500,000 USD).

(iii) On August 17, 2017, the Company entered into an agreement with an engineering firm to construct its cannabis cultivation facility in Henderson, Nevada. Maple Leaf provided deposits of $900,000 USD. On June 20, 2018, the Company terminated the contract with the engineering firm. After review by the new architect and project manager it was determined that work claimed by the previous engineering firm could not be utilized, therefore, the assets under construction and deposit have been impaired to $Nil. The Company has engaged counsel who has recommended arbitration with the engineering firm as per the terms of the contract. Management believes they had just cause to terminate the contract and will use all due diligence to recover the funds distributed.

5. RIGHT OF USE ASSETS

Right of use assets consist of the following:

Cost		**Office**
As at January 1, 2019	$	264,671
Accumulated Depreciation		
As at January 1, 2019	$	-
Additions		18,183
As at March 31, 2019	**$**	**18,183**
Net book Value		
As at January 1, 2019	$	264,671
As at March 31, 2019	$	246,488

(expressed in Canadian dollars, unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Cost	Furniture, equipment and software	Project development costs	Greenhouse and land improvement	Land on finance lease	Land	Total
As at December 31, 2017	$ 33,690	$ 951,790	$ 139,940	$ 874,726	$ 1,251,451	$ 3,251,597
Additions	48,360	8,931,020	-	69,768	-	9,049,147
Disposals	-	(955,668)	-	-	-	(955,668)
Foreign translation impact	1,032	58,689	12,237	-	109,433	181,392
As at December 31, 2018	$ 83,082	$ 8,985,830	$ 152,177	$ 944,494	$ 1,360,884	$ 11,526,467
Additions	-	173,903	-	-	-	173,903
Disposals and impairment	(4,121)	-	-	-	-	(4,121)
Foreign translation impact	(316)	-	(3,113)	-	(27,830)	(31,259)
As at March 31, 2019	**$ 78,645**	**$ 9,159,733**	**$ 149,064**	**$ 944,494**	**$ 1,333,054**	**$ 11,664,990**

Accumulated depreciation	Furniture, equipment and software	Project development costs	Greenhouse and land improvement	Land on finance lease	Land	Total
As at December 31, 2017	**$ 25,983**	**$ -**	**$ 17,493**	**$ -**	**$ -**	**$ 43,476**
Depreciation and amortization	**5,992**	**-**	**14,454**	**-**	**-**	**20,445**
Disposal	**-**	**-**	**-**	**-**	**-**	**-**
Foreign translation impact	**481**	**-**	**2,293**	**-**	**-**	**2,775**
As at December 31, 2018	**$ 32,456**	**$ -**	**$ 34,240**	**$ -**	**$ -**	**$ 66,696**
Depreciation and amortization	**1,509**	**-**	**3,708**	**-**	**-**	**5,217**
Disposal	**(633)**	**-**	**-**	**-**	**-**	**(633)**
Foreign translation impact	**(137)**	**-**	**(682)**	**-**	**-**	**(819)**
As at March 31, 2019	**$ 33,195**	**$ -**	**$ 37,266**	**$ -**	**$ -**	**$ 70,461**

Net book value	Furniture, equipment and software	Project development costs	Greenhouse and land improvement	Land on finance lease	Land	Total
As at December 31, 2018	$ 50,626	$ 8,985,830	$ 117,937	$ 944,494	$ 1,360,884	$ 11,459,771
As at March 31, 2019	**$ 45,450**	**$ 9,159,733**	**$ 111,798**	**$ 944,494**	**$ 1,333,054**	**$ 11,594,529**

(expressed in Canadian dollars, unless otherwise stated)

7. NOTES PAYABLE

A summary of the notes payable is as follows:

	Golden State Green World Note Payable	SSGW Note Payable	Maple Leaf Green World Note Payable	Total Notes Payable
Balance, December 31, 2017	$ 131,723	$ -	$ -	$ 131,723
Add Note payable	-	847,210	30,000	877,210
Less financing cost	-	(61,604)	-	(61,604)
Interest incurred	8,163	-	1,055	9,218
Interest paid	(8,163)	-	(1,055)	(9,218)
Foreign exchange effect	11,518	-	-	11,518
Balance, December 31, 2018	**$ 143,241**	**$ 785,606**	**$ 30,000**	**$ 958,847**
Interest incurred	**2,094**	**38,678**	**895**	**41,667**
Interest paid	**(2,094)**	**-**	**-**	**(2,094)**
Foreign exchange effect	**(2,929)**	**(15,869)**	**-**	**(18,798)**
Current portion	**(140,312)**	**(808,415)**	**(30,895)**	**(979,622)**
Long Term Balance March 31, 2019	**$ -**	**$ -**	**$ -**	**$ -**

In 2015, the Company's wholly owned subsidiary, Golden State, entered into an agreement to purchase approximately 20 acres of land in southern California for an aggregate purchase price of US$120,000. The Company paid US$15,000 in cash and issued a promissory note in the amount of US$105,000 secured by a Deed of Trust to arm's length third parties. The note bears interest at the rate of 6% per annum and matures on March 1, 2020. As at March 31, 2019, the carrying value of the note payable is $140,312 (US$105,000) (2018 - $143,241 (US$105,000)), and interest of $2,094 (US$1,575) (2018 - $8,163 (US$6,300)) on the note payable had been paid.

On December 17, 2018, the Company's wholly owned subsidiary, SSGW, signed a secured Promissory Note in the amount of $847,210 ($621,031 USD) before financing costs, with a Utah limited liability company. The note bears interest at 12% per annum and matures on December 17, 2019. The note is secured by a Deed of Trust on the Company's Nevada property. As at March 31, 2019, the carrying value of the note payable is $808,415 (US$575,873) (2018 - $785,606 (US$575,873), and interest of $38,678 (2018 - $Nil) on the note payable had been accrued.

On September 17, 2018, the Company issued a promissory note in the amount of $30,000 to an arm's length individual. The note bears interest at the rate of 12% per annum and matures on December 31, 2018. As at March 31, 2019, the carrying value of the note payable is $30,000 (December 31, 2018 - $30,000), and interest of $895 (2018 - $1,055) on the note payable had been accrued. Subsequent to March 31, 2019, the note was paid in full with interest.

8. OBLIGATIONS UNDER FINANCE LEASES

The Company has the following commitments relating to its obligations under finance leases:

	March 31, 2019	December 31, 2018
Current	$ 142,806	$ 142,806
Non-current	552,087	552,087
Present value	**$ 694,893**	**$ 694,893**

During the quarter the Company came to an agreement with the lessor to settle $60,000 in outstanding lease payments by issuing 387,096 shares of the Company's common stock at a deemed price of $0.155. The shares were issued May 10, 2019. In addition, the Company and the lessor agreed to reduce the lease payments for October 1, 2018 to September 30, 2019 to $60,000 from $240,000. The $60,000 had already been recorded to accounts payable in 2018, therefore no allocation was made for the land lease in Q1 2019.

(expressed in Canadian dollars, unless otherwise stated)

9. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

	Number of common shares		Amount
Balance, December 31, 2017	147,073,331		19,361,733
Shares issued upon warrant exercised	6,021,272		1,285,581
Shares issued upon option exercised	1,100,000		263,251
Private placement	5,023,699		2,557,337
Share issuance costs	-		(249,771)
Balance, December 31, 2018	159,218,302	$	23,218,131
Shares issued upon option exercised	-		-
Shares issued upon warrant exercised	-		-
Shares issued	-		-
Share issuance costs	-		-
Balance, March 31, 2019	159,218,302	$	23,218,131

(b) Private placements

On October 30, 2018, the Company closed the private placement approved on June 12, 2018. The Company received subscriptions in three separate tranches and raised gross proceeds of $3,014,219 by issuance of 5,023,699 units ("Units") at a price of $0.60 per Unit. Each Unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable into one common share of the Company at a price of $0.90 per share for two years. Share issuance costs were $249,771, including finder's fees of $176,050, were recorded in connection with this private placement.

(c) Stock options

There were no options granted or exercised during the period. A total of $Nil (2018 - $5,829,947) share-based compensation expenses have been recorded in the condensed consolidated interim statement of comprehensive loss.

In February 2018, the Company granted 7,200,000 options to employees, directors and consultants at $0.60. In April 2018, the Company granted 600,000 options to an employee and a director at $0.70. A total of $6,768,883 (2018 - $85,324) share-based compensation expenses have been recorded in the consolidated statement of comprehensive loss.

There were 1,100,000 options exercised in 2018 for gross proceeds of $124,000, $139,251 was transferred from contributed surplus to share capital on exercise of these options.

(expressed in Canadian dollars, unless otherwise stated)

The following is a summary of option transactions:

	Number of options		Weighted average exercise price per option
Balance, December 31, 2017	7,420,000	$	0.16
Options granted	7,800,000		0.61
Options forfeited	(300,000)		0.60
Options cancelled	(1,700,000)		0.41
Options exercised	(1,100,000)		0.11
Balance, December 31, 2018	12,120,000	$	0.41
Options cancelled	(300,000)		0.60
Balance, March 31, 2019	11,820,000	$	0.40

As of March 31, 2019, the following stock options were outstanding:

Expiry Date		Exercise Price	Number of options outstanding	Number of options exercisable	Weighted average years to expiry
April 23, 2023	$	0.70	600,000	600,000	4.07
January 31, 2023	$	0.60	4,450,000	4,450,000	3.84
January 31, 2021	$	0.60	1,450,000	1,050,000	1.84
April 10, 2021	$	0.10	4,700,000	4,700,000	2.03
September 27, 2021	$	0.24	100,000	100,000	2.50
November 6, 2019	$	0.80	20,000	20,000	0.60
September 5, 2019	$	0.55	500,000	500,000	0.43
	$	**0.40**	**11,820,000**	**11,420,000**	**2.73**

(expressed in Canadian dollars, unless otherwise stated)

(d) Warrants

The following is a summary of warrant transactions:

Number of warrants outstanding as at January 1, 2019	Issued	Exercised	Expired	Number of warrants outstanding as at March 31, 2019		Exercise price per warrant	Expiry date
12,794,798	-	-	-	12,794,798	$	0.850	May 4, 2020
400,000	-	-	-	400,000	$	0.600	June 15, 2020
4,093,699	-	-	-	4,093,699	$	0.900	June 15, 2020
797,000	-	-	-	797,000	$	0.900	August 13, 2020
133,000	-	-	-	133,000	$	0.900	October 29, 2020
18,218,497	-	-	-	18,218,497			

Number of warrants outstanding as at January 1, 2018	Issued	Exercised	Expired	Number of warrants outstanding as at December 31, 2018		Exercise price per warrant	Expiry date
1,150,000	-	(1,150,000)	-	-	$	0.100	April 8, 2018
-	-		-	-	$	0.150	September 2, 2016
13,216,070	-	(421,272)	-	12,794,798	$	0.850	May 4, 2020
	400,000	-	-	400,000	$	0.600	June 15, 2020
	4,093,699	-	-	4,093,699	$	0.900	June 15, 2020
	797,000	-	-	797,000	$	0.900	August 13, 2020
	133,000	-	-	133,000	$	0.900	October 29, 2020
18,816,070	5,423,699	(6,021,272)	-	18,218,497			

During the period, a total of Nil warrants were exercised for gross proceeds of $Nil (2018 – 2,291,272 warrants, $613,579). $Nil (2018 - $46,100) was transferred from warrant reserve to share capital on exercise of these warrants.

(i) On May 30, 2018, the Company entered into an agreement with Emerging Equities Inc. ("EEI") whereby EEI was engaged as strategic financial advisor and facilitator for the Company (the "Agreement"). Pursuant to the Agreement, EEI will evaluate various funding alternatives for the Company including potential private placements and debt funding by candidates introduced by EEI to the Company. In consideration of EEI providing strategic financial advisor and facilitator services to the Company, the Company issued to EEI 400,000 common share purchase warrants on September 15, 2018, each warrant entitling EEI to acquire one common share of the Company at an exercise price of $0.60 with a maturity date of September 15, 2020. The warrants are subject to a four-month hold. A total of $164,951 (2018 - $Nil) share-based compensation expenses was recorded to warrant reserve.

(ii) On June 1, 2018, the Company announced a non-brokered private placement (the "Offering"), which was approved by the Aequitis NEO Exchange on June 12, 2018. Each Unit is comprised of one common share in the capital of the Company (each, a "Common Share") and one Common Share purchase warrant (each, a "Warrant"). Each whole Warrant entitles the holder to acquire one Common Share at an exercise price of $0.90. The securities are subject to a four-month hold. The Company received subscriptions in three separate tranches:

a. The first tranche closed June 15, 2018. A total of 4,093,699 units were issued, the warrants have a maturity date of June 15, 2020;
b. The second tranche closed August 13, 2018. A total of 797,000 units were issued, the warrants have a maturity date of August 13, 2020; and,
c. The third and final tranche closed October 29, 2018. A total of 133,000 units were issued, the warrants have an expiry date of October 29, 2020.

A total of $456,882 (2018 - $Nil) was recorded to warrant reserve.

(expressed in Canadian dollars, unless otherwise stated)

The Black Scholes valuation method was used to fair value the warrants issued with the following parameters:

		March 31, 2019	**December 31, 2018**
Weighted average risk-free interest rate		NA	2.06%
Weighted average expected life of options (years)		NA	2.00
Weighted average volatility		NA	115%
Dividend		NA	-
Estimated forfeiture rate		NA	-
Weighted average share price at the date of estimate	$	NA	0.44

10. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and are measured at the fair value of consideration paid.

The Company has identified its directors and executive staff as key management personnel. Compensation to key management, including fees paid to companies controlled by directors and executive staff for their services provided, is as follows:

	Three months ended March			
		2019		2018
Management remuneration	**$**	**30,000**	$	30,000
Consulting fee		**15,000**		15,000
Land lease		-		60,000
Stock based compensation		-		2,263,630
Total	**$**	**45,000**	$	2,368,630

As at March 31, 2019, an amount of $694,893 (December 31, 2018 - $694,893) for a finance lease for land in Telkwa, BC is due to an entity, partially owned by a Director of the Company. The lease is for a term of 5 years at $20,000 per month. The Company has the option to purchase the land after October 2018 for a minimum of $500,000.

On January 11, 2019, the Company announced that it has exercised the option to acquire the approximately 37 acres of leased land containing its cannabis cultivation facility in Telkwa, British Columbia from Woodmere Nursery Ltd. for a fixed price of $500,000 (the "Property"). The Company has also retained a consultant to apply to B.C. Agricultural Land Commission for the subdivision of the original parcel of land owned by Woodmere Nursery Ltd. Upon completion of the subdivision process, the Property will be transferred to the name of the Company. As of the date of this report, the subdivision of the land has not been completed.

During the quarter the Company came to an agreement with the lessor to settle $60,000 in outstanding lease payments by issuing 387,096 shares of the Company's common stock at a deemed price of $0.155. The shares were issued May 10, 2019. In addition, the Company and the lessor agreed to reduce the lease payments for October 1, 2018 to September 30, 2019 to $60,000 from $240,000. The $60,000 had already been recorded to accounts payable in 2018, therefore no allocation was made for the land lease in Q1 2019.

Amounts are non-interest bearing and are due on demand. The Company did not pay any long-term or termination benefits to its key management.

(expressed in Canadian dollars, unless otherwise stated)

11. CAPITAL MANAGEMENT

The Company's objectives of capital management are to provide returns for shareholders and to comply with externally imposed capital requirements, if any, to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis and continue to develop and expand its projects. As at December 31, 2018 and 2018, the Company has no externally imposed capital requirements.

The capital of the Company consists of notes payable and the items included in equity The Board of Directors does not establish a quantitative return on capital criteria for management but promotes year- over-year sustainable earnings growth targets. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. There have been no changes in the way the Company manages its capital during the year ended December 31, 2018.

12. FAIR VALUE MEASUREMENTS AND FINANCIAL INSTRUMENTS

The Company manages its exposure to key financial risk in accordance with the Company`s financial risk management framework. The objective of the framework is to protect the Company`s future financial security. The main risks that could adversely affect the Company`s financial assets, liabilities or future cash flows are liquidity risk, credit risk and market risk, which comprise foreign exchange rate risk, interest rate risk and other price risk. The Company’s Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework and reviews the Company’s policies on an ongoing basis. Currently, the Company does not apply any form of hedge accounting.

(a) Carrying value

Carrying value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect estimates. Management assessed that the fair values of cash and cash equivalents, other receivables, accounts payable and accrued liabilities, and interest payable approximate their carrying amounts largely due to the short-term maturities of these instruments, and the fair value of the notes payable approximates its carrying value, as the interest rate is a market rate for similar instrument offered to the Company.

The following table provides the quantitative disclosures of fair value measurement hierarchy of the Company’s financial assets and liabilities.

	March 31, 2019			December 31, 2018		
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (level 3)
Assets and liabilities measured at fair value						
Cash	**$ 109,704**	**$ -**	**$ -**	$ 574,242	$ -	$ -
Other receivables	**58,406**	**-**	**-**	133,776	-	-
Notes payable	**-**	**979,622**	**-**	-	143,241	-

There was no transfer between fair value levels during the periods ended March 31, 2019 and December 31, 2018.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk primarily associated to other receivables and cash and cash equivalents. The carrying value of the financial assets represents the maximum credit exposure. The Company undertakes credit evaluations on counterparties as necessary and has monitoring processes intended to mitigate credit risks. Other receivables at March 31, 2019 contains an employee receivable which is short-term in nature and is secured by the individual's bonus and salary.

(expressed in Canadian dollars, unless otherwise stated)

(c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As at March 31, 2019, the Company has negative working capital of $5,421,777 (December 31, 2018 – $4,672,048).

Based on the contractual obligations of the Company as at March 31, 2019, cash outflows of those obligations are estimated and summarized as follows:

	Payment Due by Year			
	2019	**2020**	**2021 and beyond**	**Total**
Accounts payable and accrued liabilities	$ 4,389,140	$ -	$ -	$ 4,389,140
Notes payable	979,622	-	-	979,622
Right-to-use obligations	54,686	82,376	185,938	323,000
Finance land lease obligations	60,000	240,000	420,000	720,000
	$ 5,483,448	**$ 322,376**	**$ 605,938**	**$ 6,411,762**

(d) Market risk

The significant market risks to which the Company is exposed are interest rate risk and currency risk.

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

As the notes payable bear fixed coupon rates of 6 - 12% per annum, the Company does not have interest rate risk at year-end.

(ii) Currency risk

The Company is exposed foreign currency risk when the Company undertakes transactions and holds assets or liabilities denominated in foreign currencies other than its functional currency.

The Company currently does not manage currency risk through hedging or other currency management tools. As at March 31, 2019, the Company's exposure to currency risk is summarized as follows:

Expressed in Canadian dollar equivalents		**March 31, 2019**		December 31, 2018
Financial assets denominated in US dollars				
Cash	**$**	**79,924**	$	376,503
	$	**79,924**	$	376,503
Financial liabilities denominated in US dollars				
Accounts payable	**$**	**225,670**	$	406,614
Notes payable		**808,415**		928,847
	$	**1,034,085**	$	1,335,461

As at March 31, 2019, with other variables unchanged, a 10% change in the USD against the CAD would have increased (decreased) comprehensive loss by $95,416(December 31, 2018 – $98,729).

(iii) Other price risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

(e) Legal claim contingency

The Company is subject to a variety of claims and suits that arise from time to time in the ordinary course of business. Although management currently believes that resolving claims against the Company, individually or in aggregate, will not have a material adverse impact on the Company's financial position, results of operations, and cash flows. These matters are subject to inherent uncertainties and management's view of these matters may change in the future.

13. SEGMENT INFORMATION

Operating segments are components of the Company where separate financial information is available that is evaluated and determined regularly by management. As at December 31, 2018, the Company has one reportable segment, being eco-agriculture and two geographical segments, being Canada and United States. Segment information is summarized as follows:

	March 31, 2019			December 31, 2018		
	Canada	**US**	**Consolidated**	Canada	US	Consolidated
Current assets	**$ 124,152**	**$ 61,591**	**$ 185,743**	$ 595,984	$ 149,432	$ 745,416
Other long term assets	**1,396,950**	**-**	**1,396,950**	1,118,159	-	1,118,159
Property, plant and equipment	**10,147,285**	**1,447,244**	**11,594,529**	9,974,041	1,485,730	11,459,771
Total assets	**$ 11,668,387**	**$ 1,508,835**	**$ 13,177,222**	$ 11,688,185	$ 1,635,162	$ 13,323,347
Current liabilities	**$ 4,649,047**	**$ 808,415**	**$ 5,457,462**	$ 4,631,858	$ 785,606	$ 5,417,464
Long term liabilities	**552,087**	**140,312**	**925,366**	552,087	143,241	695,328
Total liabilities	**$ 5,201,134**	**$ 948,727**	**$ 6,382,828**	$ 5,183,945	$ 928,847	$ 6,112,792

	March 31, 2019			December 31, 2018		
	Canada	**US**	**Consolidated**	Canada	US	Consolidated
Operating expenses	**279,359**	**78,942**	**358,301**	8,523,465	505,159	9,028,624
Net loss	**$ (279,359)**	**$ (78,942)**	**$ (358,301)**	$ (8,523,465)	$ (505,159)	$ (9,028,624)

14. SUBSEQUENT EVENTS

Subsequent to March 31, 2019:

On May 10, 2019, the Company issued 387,096 shares of the Company's common stock at a deemed price of $0.155 per share to settle an outstanding lease payment with Woodmere Nursery Ltd. in the amount of $60,000.

On May 07, 2019, the Company announced that it intends to complete a non-brokered private placement of minimum of up to 2,000,000 common shares ("Shares") at a price of $0.13 per Share for aggregate gross proceeds of up to approximately $260,000 (the "Private Placement"). The Company intends to use the proceeds from the Private Placement for corporate development and general working capital purposes. Closing of the Private Placement is expected to occur on or before May 15, 2019 (the "Closing Date") but is at the discretion of the Company. The Company did a partial closing for $188,500 in subscription funds on May 10, 2019 and may accept over-allotment of Shares as allowed under the policies of the Neo Stock Exchange. Pricing was determined by the board based on the 20% discount to the closing price for the Common Shares on the date prior to announcement of the Private Placement and in compliance with regulatory policies. All securities issued under the Private Placement will be subject to a hold period expiring four months and one day from the Closing Date. The Private Placement is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory approvals, including the approval of the Neo Stock Exchange.

On April 23, 2019 the Company announced it has executed a listing agreement with Cornerstone Company, Nevada U.S.A. ("Cornerstone"), whereby Cornerstone has agreed to act as the Company's listing agent in its proposed sale of 3.89 acres of land in Henderson, Nevada (the "Real Estate Sale") for an asking price of US$1,895,000, as recommended by Cornerstone. The Real Estate Sale is subject to applicable approvals, including regulatory, corporate and stock exchange approvals.

On April 23, 2019, the Company issued 100,000 shares upon the exercise of 10,000 options at $0.10.

On April 9, 2019, the Company announced its decision to extend the expiry dates and reprice an aggregate of 17,818,497 common share purchase warrants (comprising of 12,794,798 warrants in May 2017 private placement offering ("May 2107 Warrants") and 5,023,699 warrants in 2018 private placement offering ("2018 Warrants) and collectively called the "Warrants"). Pursuant to the policies of Neo Exchange Inc. the extension and repricing of Warrants are material to the company and require disinterested shareholder approval. The independent board of directors have approved the extension of May 2017 Warrants from May 4, 2019 to August 31, 2019. The Company plans to seek approval from shareholders of changes to Warrants in its upcoming 2019 annual general and special meeting. Upon approval by disinterested shareholders, Neo Stock Exchange will provide its final approval.