



Global Hemp Group Inc.

Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended June 30, 2019

Unaudited

Expressed in Canadian Dollars

NOTICE TO READER

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the accompanying condensed consolidated interim financial statements.

GLOBAL HEMP GROUP INC.
Consolidated Statements of Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	Note	June 30, 2019	September 30, 2018
		\$	\$
Assets			
Current assets			
Cash	4	342,534	964,609
Biological assets	6	889	94,579
Sales taxes receivable		40,164	44,572
Prepaid and deposits		1,665	–
		385,252	1,103,760
Equipment	7	332,451	377,156
Incorporation costs		642	642
Investment in Associates	8	1,253,645	809,925
TOTAL ASSETS		\$ 1,971,990	\$ 2,291,483
Liabilities and shareholders' deficiency			
Current liabilities			
Accounts payable and accrued liabilities	5	235,975	308,218
Note payable	12	28,451	26,799
Due to related parties	9	-	7,512
Total liabilities		264,426	342,529
Shareholders' deficiency			
Share capital	10	6,640,817	6,409,271
Reserve		4,724,007	1,704,649
Deficit		(9,789,099)	(6,391,688)
Total equity attributable to shareholders		1,575,725	1,722,232
Non-controlling interest		131,839	226,722
		1,707,564	1,948,954
Total liabilities and shareholders' equity		1,971,990	2,291,483

The accompanying notes are an integrated part to the consolidated financial statements

Nature of operations and going concern (Note 1)

Events after the reporting period (Note 14)

Approved and authorized for issuance by the Board of Directors on August 29, 2019

"Curt Huber"
Director

"Charles Larsen"
Director

GLOBAL HEMP GROUP INC.

Consolidated statements of changes in deficiency

(Unaudited - Expressed in Canadian dollars except for number of shares)

	Note	Three months ended June 30,		Nine months ended June 30,	
		2019	2018	2019	2018
		\$	\$	\$	\$
Gross Revenue		–	–	1,381	–
Cost of Goods Sold		449	–	449	–
Gross Profit		(449)	–	932	–
Expenses					
Advertising and promotion		313	2,129	59,912	2,155
Insurance		4,887	–	11,470	–
Interest & Bank Charges		943	1,080	3,146	2,391
Consulting		5,000	28,303	47,000	94,267
Office and administration		1,128	(1,426)	3,931	1,401
Rent		7,150	–	25,600	–
Professional fees		13,768	4,787	23,347	27,397
Repair and maintenance		–	–	4,512	–
Research & Development		–	(2,404)	–	3,887
Share based compensation	9	–	–	3,042,000	–
Shareholder communication		9,470	13,597	15,837	44,259
Travel		724	(7,367)	12,021	5,937
Trust and filing fees		3,478	7,879	19,173	17,125
Utilities		–	(1,160)	–	–
(Loss) before other items:		(47,310)	(45,418)	(3,267,017)	(198,819)
Exchange gain (loss)		(16,083)	8,739	3,286	33,125
Write-off of biological assets		(309,000)	–	(309,000)	–
Interest income		476	2,901	2,977	4,679
Share of profit (loss) of Investment in Associates	8	31,620	(121,913)	(8,755)	(121,913)
Comprehensive Loss		(340,297)	(155,691)	(3,578,509)	(282,928)
Total comprehensive loss attributable to:					
Shareholders of the Company		(178,782)	(155,691)	(3,397,411)	(282,928)
Non-controlling interest		(161,515)	–	(181,098)	–
Loss per share, basic and diluted		(0.00)	(0.00)	(0.02)	(0.00)
Weighted average number of outstanding shares		187,097,016	182,303,517	186,422,014	169,615,509

The accompanying notes are an integrated part to the condensed interim consolidated financial statements

GLOBAL HEMP GROUP INC.

Consolidated statements of changes in deficiency

(Unaudited - Expressed in Canadian dollars except for number of shares)

	Note	Share Capital		Reserve		Shareholders' equity (deficiency)	Non-controlling Interest
		Number	Amount	Share-based payment reserve	Deficit		
			\$	\$	\$	\$	\$
Balance, September 30, 2017		152,643,844	3,423,935	1,862,956	(5,880,704)	(593,813)	–
Shares issuance on private placement net of share issuance costs		12,500,000	1,498,636	–	–	1,498,636	–
Shares issuance for investment in associates		2,100,000	351,093	–	–	351,093	–
Share issuance on exercise of options		2,000,000	155,000	–	–	155,000	–
Reallocation of fair value of options exercised		–	83,400	(83,400)	–	–	–
Shares issuance on exercise of warrants		13,982,750	884,138	–	–	884,138	–
Net loss		–	–	–	(282,928)	(282,928)	–
Balance, June 30, 2018		183,226,594	6,396,202	1,779,556	(6,163,632)	2,012,126	–
Balance, September 30, 2018		183,949,719	6,409,271	1,704,649	(6,391,688)	1,722,232	226,722
Shares issuance for farmers' contract	10	308,631	36,264	–	–	36,264	–
Shares issuance in escrow pool	10	2,300,000	–	–	–	–	–
Reallocation of fair value of options exercised		–	22,642	(22,642)	–	–	–
Share issuance on exercise of options		1,200,000	120,000	–	–	120,000	–
Shares issuance on exercise of warrants		–	–	–	–	–	–
Shares for debt		438,666	52,640	–	–	52,640	–
Share-based compensation	9	–	–	3,042,000	–	3,042,000	–
Non-controlling interest contributions to subsidiary	12	–	–	–	–	–	86,215
Net loss		–	–	–	(3,397,411)	(3,397,411)	(181,098)
Balance, June 30, 2019		188,197,016	6,640,817	4,724,007	(9,789,099)	1,575,725	131,839

The accompanying notes are an integrated part to the condensed interim consolidated financial statements

GLOBAL HEMP GROUP INC.
Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Nine months ended June 30,	
	2019	2018
Cash (used in) provided by:	\$	\$
Operating activities		
Loss for the period	(3,578,509)	(282,928)
Non-cash items		
Share based compensation	3,054,000	–
Fair value adjustment for biological assets	309,000	–
Share of (loss) of Investment in Associates	8,755	121,913
Unrealized foreign exchange loss	(3,286)	(33,125)
Interest accrual	1,652	1,526
Changes in non-cash operating working capital		
Biological assets	(153,074)	–
Prepaid expenses	(1,665)	–
Sales taxes receivable	4,408	(17,391)
Accounts payable and accrued liabilities	(31,603)	(15,938)
Due to related parties	(7,512)	(377,718)
Cash used in operating activities	(397,834)	(603,661)
Financing activities		
Proceeds from common shares issuance	120,000	2,537,774
Contributions from non-controlling interest	86,215	–
Cash provided by financing activities	206,215	2,537,774
Investing activities		
Investment in Associates	(409,475)	(644,300)
Loan advances	–	(26,264)
Acquisition of equipment	(24,267)	–
Cash used in investing activities	(433,742)	(670,564)
Effect of foreign exchange	3,286	33,125
Change in cash	(622,075)	1,296,674
Cash, beginning of the year	964,609	40,455
Cash, end of the period	342,534	1,337,129

The accompanying notes are an integrated part to the condensed interim consolidated financial statements

GLOBAL HEMP GROUP INC.
Notes to the Consolidated Financial Statements
Three and Nine Months Ended June 30, 2019
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Global Hemp Group (the “Company”) was incorporated on October 30, 2009 in British Columbia. The Company is focused on a multi-phased strategy to build a strong presence in the industrial hemp industry in both Canada and the United States.

The Company’s office is located at #106 – 1169 Mt. Seymour Road, North Vancouver, BC, V7H 2Y4. The Company’s common shares are traded on Canadian Securities Exchange under the symbol “GHG”, on Börse Frankfurt under the symbol “GHG”, and on the USA OTC Markets under the symbol “GBHPF”.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company’s continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with debt and or private placements of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements for three and nine months ended June 30, 2019, together with the comparative figures herein have been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the audited annual financial statements of the Company for the most recent year ended September 30, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These condensed consolidated interim financial statements have been prepared on an accrual basis and are based on historical costs, except for financial instruments measured at their fair value. These condensed consolidated interim financial statements are presented in Canadian dollars, unless otherwise noted.

Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of

GLOBAL HEMP GROUP INC.
Notes to the Consolidated Financial Statements
Three and Nine Months Ended June 30, 2019
(Expressed in Canadian Dollars)

future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and the fair value of inventory.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Investment in associates

An associate is an entity over which the Company has significant influence, and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity but can also arise where the Company holds less than 20% if it has the power to be actively involved and influential in policy decision affecting the entity.

An investment in associate is accounted for using the equity method. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Company's share of net assets of the associate, less any impairment losses. Losses in an associate in excess of the Company's interest in that associate are recognized only to the extent that the Company has incurred a legal or constructive obligation to make payments on behalf of the associate. Unrealized profits or losses on transactions between the Company and an associate are eliminated to the extent of the Company's interest therein.

At the end of each reporting period, the Company assesses whether there is any evidence that an investment in associate is impaired. This assessment is generally made with reference to the status of license applications, operating results achieved, and an assessment of the likely results to be achieved from future business operations of the associate. When there is evidence that an investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount.

If the recoverable amount of an investment in associate is less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss, being the excess of carrying amount over the recoverable amount, is recognized in the period of impairment.

When an impairment loss reverses in a subsequent period, the carrying amount of the investment in associate is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized in net earnings in the period the reversal occurs.

The Company accounts for its investments in Covered Bridge Acres Ltd. ("CBA Oregon"), 41389 Farms Ltd. ("Scio, Oregon Project"), and Cash Crop Media Today, LLC ("CCT") as investments with significant influence

GLOBAL HEMP GROUP INC.
Notes to the Consolidated Financial Statements
Three and Nine Months Ended June 30, 2019
(Expressed in Canadian Dollars)

due to its ownership proportion and significant influence on the Board of Directors for each company.

Biological assets

The Company's biological assets consist of hemp plants, dried biomass, and hemp seed for propagation and are valued using the cost approach. Production costs are capitalized to biological assets and include all direct and indirect costs relating to biological transformation. The Company measures and adjusts the biological assets to cost, up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Unrealized gains or losses arising from the changes in fair value less cost to sell during the period are included in the results of operations for the related period.

New Accounting standards issued but not yet applied

At the date of the approval of the consolidated financial statements, a number of standards and interpretations were in issue but not yet effective. The Company considers that these new standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. CASH AND CASH EQUIVALENTS

	June 30, 2019	September 30, 2018
	\$	\$
Bank demand deposits	42,534	61,855
Short-term investments	300,000	902,754
	342,534	964,609

Short-term investments consist of a Guaranteed Investment Certificate ("GIC") bearing interest at prime rate less 2.6% per annum, maturing on February 13, 2020.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2019	September 30, 2018
	\$	\$
Trade payables	234,475	296,218
Accrued liabilities	1,500	12,000
	235,975	308,218

6. BIOLOGICAL ASSETS

The Company's biological assets consist of hemp seed for propagation.

GLOBAL HEMP GROUP INC.
Notes to the Consolidated Financial Statements
Three and Nine Months Ended June 30, 2019
(Expressed in Canadian Dollars)

7. EQUIPMENT

	Farming equipment
Cost:	\$
Balance, September 30, 2018	381,930
Cost adjustments	(43,000)
Additions	24,267
Balance, June 30, 2019	363,197
Amortization:	
Balance, September 30, 2018	4,774
Charge for the period	25,972
Balance, June 30, 2019	30,746
Net book value:	
At June 30, 2018	–
At June 30, 2019	332,451

8. INVESTMENT IN ASSOCIATES

	Covered Bridge Acres Ltd.	41389 Farms Ltd	Cash Crop Today LLC	Total
Balance as at October 1, 2017 & June 30, 2018	213,746	261,530	77,862	553,138
Balance as at October 1, 2018	341,545	468,380	–	809,925
Contributions - Cash	421,182	31,292	–	452,474
Share of profit or (loss) of the associate for the period	8,233	(16,987)	–	(8,754)
Balance as at June 30, 2019	770,960	482,685	–	1,253,645

a) Covered Bridge Acres Ltd. (“CBA”)

On May 8, 2018, the Company and Marijuana Company of America (“MCOA”) entered into a joint venture agreement for the development of the hemp project in Oregon. CBA, the project’s operating company, was incorporated under the laws of Oregon State on April 19, 2018. The Company holds 50% of the economic interest of CBA and the other 50% is held by MCOA.

GLOBAL HEMP GROUP INC.
Notes to the Consolidated Financial Statements
Three and Nine Months Ended June 30, 2019
(Expressed in Canadian Dollars)

b) 41389 Farms Ltd.

On March 23, 2018, the 41389 Farms Ltd. was incorporated as an Oregon Corporation. The Company holds 50% of the shares and the other 50% is held by MCOA.

On April 30, 2018, 41389 Farms Ltd. acquired agricultural property for hemp production in Scio, Oregon (“Scio Property”) for USD\$1,100,000 (CAD\$1,428,802).

c) Cash Crop Today Media LLC (“CCT”)

On May 31, 2018, the Company has acquired a 50% equity interest in CCT.

The Company paid a total of USD\$120,239 for its 50% interest in CCT, comprised of USD\$60,000 (CAD\$77,862) in cash and the issuance of 600,000 common shares of GHG (the “Shares”), valued at USD\$60,239 (CAD\$78,000).

As at September 30, 2018 & June 30, 2019, this investment was fully impaired.

Loan receivable from CCT

On April 9, 2018, CCT issued an unsecured promissory note of USD\$7,000 to the Company with an interest rate of 4% due on April 8, 2019. As at September 30, 2018, the outstanding principal balance is USD\$7,000 (CAD\$9,062).

On June 7, 2018, CCT issued an unsecured promissory note of USD\$13,000 to the Company with interest rate of 4% due on June 6, 2019. As at September 30, 2018, the outstanding principal balance is USD\$13,000 (CAD\$16,829).

These notes receivable have been fully allowed for as at September 30, 2018 & June 30, 2019.

9. RELATED PARTY TRANSACTIONS

Key Management Compensation:

	Nature of transactions	Nine months ended June 30,	
		2019	2018
		\$	\$
Directors	Consulting fees	35,000	83,558
Directors	Share-based compensation	3,042,000	-

During the nine months ended June 30, 2019, the President and Chief Executive Officer (“CEO”) of the Company charged \$10,000 consulting fee to the Company.

During the nine months ended June 30, 2019, 6,000,000 share purchase warrants¹ were granted to the President and CEO of the Company with an exercise price of \$0.12/warrant and expiry date on December 10, 2023 as compensation for the CEO’s service. Share-based compensation of \$1,014,000 were recognized during the period.

GLOBAL HEMP GROUP INC.
Notes to the Consolidated Financial Statements
Three and Nine Months Ended June 30, 2019
(Expressed in Canadian Dollars)

During the nine months ended June 30, 2019, the Chief Financial Officer (“CFO) of the Company charged \$15,000 consulting fee to the Company.

During the nine months ended June 30, 2019, 6,000,000 share purchase warrants¹ were granted to the CFO of the Company with an exercise price of \$0.12/warrant and expiry date on December 10, 2023 as compensation for the CFO’s service. Share-based compensation of \$1,014,000 were recognized during the period.

During the nine months ended June 30, 2019, the CFO exercised 1,100,000 share purchase options at \$0.10 per share for \$110,000.

As at June 30, 2019, \$NIL (September 30, 2018-\$7,512) was owing to the CFO of the Company.

During the nine months ended June 30, 2019, a director of the Company charged \$10,000 consulting fee to the Company.

During the nine months ended June 30, 2019, 6,000,000 share purchase warrants¹ were granted to a director of the Company with an exercise price of \$0.12/warrant and expiry date on December 10, 2023 as compensation for the Director’s service. Share-based compensation of \$1,014,000 were recognized during the period.

During the nine months ended June 30, 2019, a director of the Company exercised 100,000 share purchase options at \$0.10 per share for \$10,000.

¹ The warrants will vest 40.0% on issuance, 30% on December 15, 2019, and 30% on December 15, 2020. Securities issued in connection with this transaction are subject to a four-month-and-one-day hold period.

10. CAPITAL STOCK

Authorized

Unlimited number of common shares and Class B preferred shares without par value.

Issued and outstanding

All share and per share information has been retroactively restated in these consolidated financial statements to reflect the one to five share split completed on February 16, 2014.

On November 15, 2018, 308,631 units were issued consisting of one common share and one half warrant for total 154,315 warrants. Each warrant entitles a holder to purchase one common share with an exercise price of \$0.13 and expire on November 7, 2019.

On November 29, 2018, 2,200,000 units were issued consisting of one common share and one warrant. Each warrant entitles a holder to purchase one common share with an exercise price of \$0.36 and expires on July 31, 2021. On March 19, 2019, 1,000,000 units of these 2,200,000 units were cancelled due to the termination of a participant in the escrow pool, and will subsequently reissued. On June 24, 2019, 1,100,000 units were issued consisting of one common share and one warrant. Each warrant entitles a holder to purchase one common share with an exercise price of \$0.36 and expires on July 31, 2021. The units issued are held in an escrow pool for the employees and advisors of CBA Oregon. As at June 30, 2019, the performance milestones required for the release of shares issued into the escrow pool had not been reached. As a result, no value has been recognized for these issued and outstanding shares held in an escrow pool yet.

On January 14, 2019, 1,200,000 share purchase options were exercised at \$0.10 per share for \$120,000.

GLOBAL HEMP GROUP INC.
Notes to the Consolidated Financial Statements
Three and Nine Months Ended June 30, 2019
(Expressed in Canadian Dollars)

On February 7, 2019, 338,666 shares @ \$0.12 together with 169,333 share purchase warrants with exercise price at \$0.13 per share were issued in exchange for settlement of certain debt.

On February 7, 2019, 100,000 shares @ \$0.12 were issued in exchange for settlement of certain debt.

Warrants

A continuity of the Company's warrants is as follows:

	Warrants	Weighted average exercise price	Weighted average number years to expiry
Balance, September 30, 2018	14,864,330	\$0.14	3.58
Granted	21,623,648	\$0.14	4.57
Cancelled	(1,000,000)	\$0.36	2.09
Balance, June 30, 2019	35,487,978	\$0.13	3.80

As at June 30, 2019, the Company had the following warrants outstanding:

Date Issued	Expiry Date	Exercise Price	Number of Warrants Outstanding
August 7, 2014	July 31, 2019	\$0.10	968,105
February 28, 2017	February 28, 2022	\$0.05	1,519,350
March 7, 2018	March 1, 2023	\$0.15	12,376,875
November 15, 2018	November 7, 2019	\$0.13	154,315
November 29, 2018	July 31, 2021	\$0.36	1,200,000
December 12, 2018	December 10, 2023	\$0.12	18,000,000
February 6, 2019	February 6, 2021	\$0.13	169,333
June 24, 2019	July 31, 2021	\$0.36	1,100,000
			35,487,978

Stock options

On September 21, 2017, the Company granted 8,750,000 stock options to directors and consultants. Each option entitles the holder to purchase one common share of the Company at \$0.05 per share. The stock options fully vested on the grant date. Out of 8,750,000 stock options granted, 250,000 stock options expire on September 20, 2019 and 8,400,000 stock options expire on September 20, 2021. The fair value of these options was determined to be \$365,106 using the Black-Scholes option pricing model with the following weighted average assumptions: expected life of 3.92 years, volatility of 183%, dividend yield of 0%, and risk-free rate of 1.72%

On September 24, 2018, the Company granted 5,300,000 stock options to directors and consultants. Each option entitles the holder to purchase one common share of the Company at \$0.16 per share. The stock options fully vested on the grant date. The expiry date of these options is September 20, 2023. The fair value of these options was determined to be \$922,200 using the Black-Scholes option pricing model with the following weighted

GLOBAL HEMP GROUP INC.
Notes to the Consolidated Financial Statements
Three and Nine Months Ended June 30, 2019
(Expressed in Canadian Dollars)

average assumptions: expected life of 5 years, volatility of 128%, dividend yield of 0%, and risk-free rate of 2.34%.

A continuity of the Company's options is as follows:

	Options	Weighted average exercise price	Weighted average number years to expiry
Balance, September 30, 2018	18,350,000	\$0.10	2.72
Exercised	(1,200,000)	\$0.10	
Expired	(4,350,000)	\$0.10	
Balance, June 30, 2019	12,800,000	\$0.09	3.60

As at June 30, 2019, the Company had the following options outstanding:

Date Issued	Expiry Date	Exercise Price	Number of Options Outstanding	Number of options Exercisable
September 20, 2017	September 20, 2021	\$0.05	7,600,000	7,600,000
September 20, 2017	September 20, 2019	\$0.05	150,000	150,000
September 24, 2018	September 20, 2023	\$0.16	5,050,000	5,050,000
			12,800,000	12,800,000

Share based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Foreign currency translation reserve

The foreign currency translation reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

Basic and diluted loss per share

Diluted loss per share does not include the effect of 34,387,978 warrants and 13,050,000 options as the effect would be anti-dilutive.

11. FINANCIAL INSTRUMENTS

Classification of financial instruments

Financial assets included in the statements of financial position are as follows:

	June 30, 2019	September 30, 2018
Loans and receivables:	\$	\$
Cash	342,534	964,609

GLOBAL HEMP GROUP INC.
Notes to the Consolidated Financial Statements
Three and Nine Months Ended June 30, 2019
(Expressed in Canadian Dollars)

Financial liabilities included in the statements of financial position are as follows:

	June 30, 2019	September 30, 2018
	\$	\$
Non-derivative financial liabilities:		
Trade payables	234,475	296,218
Due to related parties	-	7,512
Note payable	28,451	26,799
	262,926	330,529

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount due to its short-term nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value 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 that are not based on observable market data.

Financial instrument classified as Level 1 includes cash only.

12. NOTE PAYABLE

On December 1, 2014, the Company converted \$18,355 of its accounts payable owing to a company ("Lender"), controlled by the relative of a former director, into a promissory note. This promissory note is payable on demand and bears interest of 12% per annum. The promissory note is secured by a general and continuing collateral security in favor of the Lender. As of June 30, 2019, the Company has a balance payable of \$28,451 (September 30, 2018 - \$26,799). For the nine months ended June 30, 2019, the Company recorded \$1,652 (Nine months ended June 30, 2018 - \$1,652) of interest on the note payable.

13. NON-CONTROLLING INTEREST

The non-controlling interest consists of 50% ownership of 703551 N.B Ltd., which was incorporated on July 5, 2018.

The following is the summarized statement of financial position of 703551 N.B. Ltd, as at June 30, 2019 and September 30, 2018:

GLOBAL HEMP GROUP INC.
Notes to the Consolidated Financial Statements
Three and Nine Months Ended June 30, 2019
(Expressed in Canadian Dollars)

	June 30, 2019	September 30, 2018
Current:		\$
Assets	31,720	116,347
Liabilities	480	41,487
Total current net assets	31,240	74,860
Non-current		
Assets	333,093	377,798
Total non-current net assets	333,093	377,798
Total net contributions by partners	364,333	452,658

The following is the summarized comprehensive loss of 703551 N.B. Ltd, for the current nine months period ended June 30, 2019 and the period since incorporation to September 30, 2018.

	October 1, 2018 to June 30, 2019	July 5, 2018 to September 30, 2018
Expenses	362,196	35,573
	(362,196)	(35,573)

New Brunswick Joint Venture Agreement

On August 31, 2017, the Company entered into a joint venture agreement with MCOA, a corporation listed in the United States' OTCQB, to form a Joint Venture Operation (the "Joint Operation") to participate in the development of the Company's industrial hemp project in the province of New Brunswick, Canada (the "Project").

On July 5, 2018, the 703551 NB Ltd. (the "New Brunswick JV") was incorporated and 50% is owned by the Company and 50% owned by MCOA. The Company controls the New Brunswick JV by way of its ownership and ability to appointment of management of the New Brunswick JV operations. Due to this control, the New Brunswick JV is consolidated.

Per the agreement, initial contributions of cash to the New Brunswick JV are \$282,763 by each the Company and MCOA. As at June 30, 2019, the company has paid \$431,417 towards this commitment which is \$148,654 in excess of the committed amount.