The Green Organic Dutchman Holdings Ltd.

Unaudited Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2018 and 2017

PREPARED BY MANAGEMENT

The accompanying unaudited interim condensed consolidated financial statements of The Green Organic Dutchman Holdings Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim condensed consolidated financial statements.

The Green Organic Dutchman Holdings Ltd.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(expressed in thousands of Canadian dollars, except common shares outstanding)

	Notes	As at March 31, 2018	As at December 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents		**$ 74,662**	$ 63,736
Restricted cash	10	**55,000**	16,000
Harmonized sales tax receivable		**1,098**	566
Advances to related parties		**257**	447
Prepaid expenses		**272**	266
Notes receivable	9	**267**	267
Other current assets		**279**	184
		$ 131,835	$ 81,466
Non-current assets			
Property, plant and equipment	6	**11,224**	6,965
Intangible asset	8	**5,501**	5,575
Goodwill		**2,007**	2,007
Investment in associate	7	**2,171**	—
Loan receivable	7	**1,001**	—
Other assets		**29**	964
Total assets		**$ 153,768**	$ 96,977
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**$ 4,758**	$ 3,729
Deferred subscription receipts	10	**55,000**	16,000
Total liabilities		**$ 59,758**	$ 19,729
Shareholders' equity			
Share capital	10	**93,623**	72,572
Reserve for warrants	12	**18,522**	13,883
Reserve for share based payments	11	**3,122**	4,413
Reserve for units held in trust	10	**(371)**	—
Deficit		**(20,886)**	(13,620)
Total Shareholders' Equity		**$ 94,010**	$ 77,248
Total Liabilities and Shareholders' Equity		**$ 153,768**	$ 96,977
Total number of common shares outstanding		**159,101,657**	142,594,801
Commitments	14		
Subsequent events	19		

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

The Green Organic Dutchman Holdings Ltd.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(expressed in thousands of Canadian Dollars, except per share amounts)

	Notes	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Unrealized gain on changes in fair value of biological assets	4	$ —	$ 129
Production costs		—	87
Gross profit		$ —	$ 42
Expenses			
Marketing expenses		$ **828**	165
Research and development expenses		**796**	—
General and administrative expenses	18	**5,837**	3,121
Total operating expenses		$ **7,461**	$ 3,286
Loss from operations		**(7,461)**	(3,244)
Interest and other income		**195**	3
Loss before income taxes		**(7,266)**	(3,241)
Income tax recovery		—	850
Net loss and comprehensive loss		$ **(7,266)**	$ (2,391)
Basic and diluted net loss per share		$ **(0.05)**	$ (0.04)
Weighted average number of outstanding common shares		**156,050,989**	80,107,990

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

The Green Organic Dutchman Holdings Ltd.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(expressed in thousands of Canadian Dollars, except number of shares)

	Number of shares	Share capital	Reserve for warrants	Reserve for share based compensation	Reserve for shares held in trust	Accumulated deficit	Total
	#	$	$	$	$	$	$
Balance at January 1, 2017	60,389,400	10,415	—	—	—	(161)	10,254
Private placement of common shares	21,194,172	10,618	—	—	—	—	10,618
Issuance of agent compensation shares	1,404,288	702	—	—	—	—	702
Private placement of units	46,269,907	50,792	12,975	—	—	—	63,767
Broker compensation - Units	526,599	455	207	—	—	—	662
Settlement for services - common shares	11,860,400	980	—	—	—	—	980
Cancellation of settlement for services - common shares	(500,000)	—	—	—	—	—	—
Finders compensation - common shares	669,372	335	—	—	—	—	335
Issuance of agent compensation units	780,663	586	320	—	—	—	906
Issuance of agent compensation options	—	—	381	—	—	—	381
Share based compensation	—	—	—	4,413	—	—	4,413
Share issue costs	—	(2,311)	—	—	—	—	(2,311)
Net loss and comprehensive loss	—	—	—	—	—	(13,459)	(13,459)
Balance at December 31, 2017	**142,594,801**	**72,572**	**13,883**	**4,413**	**-**	**(13,620)**	**77,248**
Private placement of units	**13,867,066**	**18,247**	**4,359**	**—**	**—**	**—**	**22,606**
Finders' compensation - Units	**692,290**	**935**	**208**	**—**	**—**	**—**	**1,142**
Issuance of units held in trust	**267,500**	**369**	**72**	**—**	**(371)**	**—**	**70**
Stock based compensation	**1,662,000**	**2,244**	**—**	**(1,284)**	**—**	**—**	**960**
Exercise of stock options	**18,000**	**16**	**—**	**(7)**	**—**	**—**	**9**
Share issue costs	—	**(760)**	—	—	—	—	**(760)**
Net loss and comprehensive loss	**—**	**—**	**—**	**—**	**—**	**(7,266)**	**(7,266)**
Balance at March 31, 2018	**159,101,657**	**93,623**	**18,522**	**3,122**	**(371)**	**(20,886)**	**94,010**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

The Green Organic Dutchman Holdings Ltd.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(expressed in thousands of Canadian dollars)

	Notes		For the three months ended March 31, 2018		For the three months ended March 31, 2017
OPERATING ACTIVITIES					
Net loss after income taxes		**$**	**(7,266)**	$	(2,391)
Items not affecting cash:					
Share based compensation - finders' units			**1,142**		1,606
Share based compensation - shares and options			**1,030**		1,209
Decrease in reserve for treasury units			**(72)**		—
Depreciation of property, plant and equipment	6		**65**		30
Amortization of intangible assets	8		**74**		72
Income tax recovery			**—**		(850)
Changes in non-cash operating working capital items	13		**1,253**		5,566
Net cash used in operating activities		**$**	**(3,774)**	$	5,242
INVESTING ACTIVITIES					
Deposit on property			**—**		250
Net cash outflow on investment in associate	7		**(2,171)**		—
Additions to property, plant and equipment			**(4,324)**		(2,303)
Net cash used in investing activities		**$**	**(6,495)**	$	(2,053)
FINANCING ACTIVITIES					
Interest received			**54**		—
Proceeds from issuance of shares in private placement, net of share issue costs			**21,918**		26,461
Proceeds from the exercise of stock options			**9**		—
Advances to related party			**190**		—
Loan receivable			**(1,001)**		—
Repayment on related party loan			**—**		(250)
Net cash provided by financing activities		**$**	**21,170**	$	26,211
Net cash inflow		**$**	**10,901**	$	29,400
Net foreign exchange difference			**25**		—
Cash, beginning of period			**63,736**		2,809
Cash and cash equivalents, end of period		**$**	**74,662**	$	32,209

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

1. DESCRIPTION OF BUSINESS

The Green Organic Dutchman Holdings Ltd. ("TGODH" or the "Company") was incorporated on November 16, 2016, under the *Canada Business Corporations Act* ("CBCA"). The Company is a reporting issuer domiciled in Canada whose shares are publicly traded on the Toronto Stock Exchange ("TSX"). The Company's registered office is located at Brookfield Place, Suite 4400, 181 Bay Street, Toronto, Ontario M5J 2T3 and its head office is located at 6205 Airport Road, Building A – Suite 301, Mississauga, ON, L4V 1E3. These interim condensed consolidated financial statements for the three months ended March 31, 2018 and 2017 include The Green Organic Dutchman Holdings Ltd. and its wholly-owned subsidiaries.

The Green Organic Dutchman Limited ("TGOD"), a subsidiary of TGODH, is a research and development focused licensed producer of medical cannabis in Canada. The principal activities of TGOD include growing and possessing medical cannabis as regulated by the Access to Cannabis for Medical Purposes Regulations ("ACMPR"). The Company uses its existing facility as a research and development centre consisting of, among other things, an analytical and microbiology laboratory and an R&D kitchen for product development. TGOD obtained a wholesale license to sell cannabis from Health Canada on August 10, 2017. The Company incorporated The Green Organic Hemp Ltd ("TGOH") under the CBCA for the purpose of exploring opportunities related to industrial hemp cultivation and associated products. The Company also formed a wholly owned subsidiary, Medican, under the Statuts de constitution of Quebec to invest in and develop a property in Valleyfield, Quebec and build a facility "The Quebec Facility". 9371-8633 Quebec Inc. ("QuebecCo"), in which the Company has a 49.99% interest, was incorporated under the *Quebec Business Corporations Act* ("QBCA") on January 10, 2018 for the purpose of investing in the Valleyfield land for the Quebec Facility.

2. BASIS OF PRESENTATION

These interim condensed consolidated financial statements have been prepared by management in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). The same accounting policies and methods of computation were followed in the preparation of these interim condensed consolidated financial statements for the three months ended March 31, 2018 and 2017 prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB, except for the newly issued standards and amendments as discussed below.

These interim condensed consolidated financial statements do not include all of the information required for full annual consolidated financial statements and accordingly should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2017 which are made available on SEDAR at www.sedar.com.

These unaudited interim condensed consolidated financial statements were approved by the Board of Directors and authorized for issue by the Board of Directors on May 14, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of interim condensed consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are consistent with those disclosed in the notes to the annual consolidated financial statements for the year ended December 31, 2017 except for the following changes:

New standards, interpretations and amendments adopted by the Company

IFRS 9 Financial Instruments ("IFRS 9")

In July 2014, the IASB issued IFRS 9 Financial Instruments to replace IAS 39, which introduces a new concept for classification and measurement of financial assets as well as a new impairment model.

Summary of the new requirements

The classification of debt financial assets in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The assessment of the contractual cash flow characteristics addresses the contractual cash flows of a financial asset to test whether they consist of solely payments of both principal and interest on the principal outstanding, often referred to as "SPPI test".

Based on the business model and the SPPI assessment results, debt financial assets are measured at:

- Amortized cost,
- Fair value through other comprehensive income or
- Fair value through profit or loss.

In order to be measured at amortized cost, a debt financial asset has to:

a) be held in a hold to collect business model; and

b) pass the SPPI test.

In order to be measured at fair value through other comprehensive income, a financial asset has to:

a) be held in a hold to collect and sell business model; and

b) pass the SPPI test.

In all other situations, including when an entity choses to irrevocably designate to eliminate an accounting mismatch, a debt financial asset is measured at fair value through profit or loss.

Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss and amortized cost. Financial liabilities held-for-trading are measured at fair value through profit or loss, and all other financial liabilities are measured at amortized cost unless the fair value option is applied.

The treatment of embedded derivatives under the new standard is consistent with IAS 39 but it only applies to financial liabilities and non-derivative host contracts not within the scope of the standard.

All debt financial assets measured at either amortized cost or fair value through other comprehensive income fall under the new expected credit loss model introduced by IFRS 9.

The standard is effective for annual periods beginning on January 1, 2018.

Impact on the Company's financial statements on initial adoption
Based on the new classification and measurement requirements for debt financial assets, the Company's financial assets previously classified as loans and receivables (cash and cash equivalents, restricted cash, harmonized sales tax receivable, note receivable, and advances to related party) are classified as amortized cost financial assets, leading to no change in measurement basis.

The impact resulting from the new expected credit loss model was determined to be immaterial.

Based on the Company's assessment, financial liabilities previously classified as financial liabilities at amortized cost (accounts payable and accrued liabilities and deferred subscription receipts), continue to be measured at amortized cost.

The Company retrospectively adopted the standard on January 1, 2018 and, in line with the transitional provisions of the standard, chose not to restate comparatives. The adoption of IFRS 9 did not require any material adjustments to the consolidated financial statements, hence no adjustment to opening retained earnings was recorded.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. On April 12, 2016, the IASB published final clarifications to IFRS 15 with respect to identifying performance obligations, principal versus agent considerations, and licensing. IFRS 15 became effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard retrospectively on January 1, 2018. To date, the Company has not yet recognized any revenue and therefore the adoption of IFRS 15 did not require any adjustments to the annual consolidated financial statements.

(expressed in thousands of Canadian Dollars except as otherwise indicated)

New and revised IFRS in issue but not yet effective

IFRS 16 Leases ("IFRS 16")

IFRS 16 was issued by the IASB in January 2016 and specifies the requirements to recognized, measure, present and disclose leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company has completed a high-level scoping analysis to determine which agreements contain leases and to determine the expected conversion differences for leases currently accounted for as operating leases under the existing standard. The next assessment phase will involve a detailed analysis and solution development to ensure the Company is ready for the implementation of the standard effective January 1, 2019. The Company is currently assessing the potential impact of IFRS 16.

4. BIOLOGICAL ASSETS

The Company's biological assets consisted of seeds and medical cannabis plants. The continuity of biological assets is as follows:

	March 31, 2018	December 31, 2017
Balance, beginning of the year	**$** —	$ 33
Unrealized gain on changes in fair value of biological assets	—	453
Transfer to inventory upon harvest	—	(364)
Write-down of biological assets	—	(122)
Balance, end of period	**$** —	$ —

The significant assumptions used in determining the fair value of medical cannabis plants are as follows:

- wastage of plants based on their various stages;
- yield by strain of plant;
- percentage of costs incurred to date compared to the total costs to be incurred are used to estimate the fair value of an in-process plant; and
- percentage of costs incurred for each stage of plant growth was estimated.

On average, the grow cycle was 16-19 weeks depending on the strain. All of the plants are to be harvested as agricultural produce (i.e., medical cannabis). During the third quarter of the year ended December 31, 2017, it was decided that the biological assets would be used for research and development activities, therefore the fair value was nil.

At the time of the write-off, the biological assets were, on average, 49.24% complete. The Company estimates the harvest yields for the plants at various stages of growth. It was expected that the Company's biological assets would yield approximately 42g per plant or 78,139g in total. The expected yield represented the most sensitive input that would impact the fair value. A 10% increase or decrease in the expected yield would have resulted in a $28 change in the fair value of the biological assets. Changes in the anticipated yield will be reflected in future changes in the gain or loss on biological assets. The Company's estimates are, by their nature, subject to change.

The valuation of biological assets is level 3 on the fair value hierarchy which are valuation techniques using inputs that are not based on observable market data. There have been no changes between levels during the period.

During the three months ended March 31, 2018, the Company destroyed its remaining biological assets and is updating the existing facility.

(expressed in thousands of Canadian Dollars except as otherwise indicated)

5. INVENTORY

The Company's inventory consisted of raw materials in the form of dry trim and dry bud. The continuity of inventory is as follows:

	March 31, 2018	December 31, 2017
Inventory - Beginning balance	$ —	$ —
Transfer from biological assets upon harvest	—	364
Write-down to net realizable value	—	(364)
Ending inventory	$ —	$ —

During the third quarter of the year-ended December 31, 2017, it was decided that the inventory would be used for research and development activities, therefore the net realizable value was nil.

6. PROPERTY, PLANT AND EQUIPMENT

Cost:	**Land**	**Building**	**Furniture and fixtures**	**Growing equipment**	**Building improvements**	**Computer equipment**	**Automobiles**	**Construction in Progress**	**Total**
Balance, January 1, 2018	**$ 2,621**	**$ 620**	**$ 6**	**$ 363**	**$ 471**	**$ 108**	**$ 66**	**$ 2,960**	**$ 7,215**
Additions	**328**	**—**	**154**	**280**	**40**	**100**	**35**	**3,387**	**4,324**
Balance, March 31, 2018	**$ 2,949**	**$ 620**	**$ 160**	**$ 643**	**$ 511**	**$ 208**	**$ 101**	**$ 6,347**	**$ 11,539**

Accumulated depreciation:	**Land**	**Building**	**Furniture and fixtures**	**Growing equipment**	**Building improvements**	**Computer equipment**	**Automobiles**	**Construction in Progress**	**Total**
Balance, January 1, 2018	**$ —**	**$ 23**	**$ 2**	**$ 52**	**$ 145**	**$ 16**	**$ 12**	**$ —**	**$ 250**
Depreciation	**—**	**5**	**1**	**22**	**20**	**12**	**5**	**—**	**65**
Balance, March 31, 2018	**$ -**	**$ 28**	**$ 3**	**$ 74**	**$ 165**	**$ 28**	**$ 17**	**$ -**	**$ 315**
Net book value, March 31, 2018	**$ 2,949**	**$ 592**	**$ 157**	**$ 569**	**$ 346**	**$ 180**	**$ 84**	**$ 6,347**	**$ 11,224**

(expressed in thousands of Canadian Dollars except as otherwise indicated)

Cost:	**Land**	**Building**	**Furniture and fixtures**	**Growing equipment**	**Building improvements**	**Computer equipment**	**Automobiles**	**Construction in Progress**	**Total**
Balance, January 1, 2017	$ 790	$ -	$ 5	$ 29	$ 404	$ 3	$ —	$ —	$ 1,231
Additions	1,831	620	1	432	67	105	66	2,960	6,082
Disposals	—	—	—	(98)	—	—	—	—	(98)
Balance, December 31, 2017	$ 2,621	$ 620	$ 6	$ 363	$ 471	$ 108	$ 66	$ 2,960	$ 7,215

Accumulated depreciation:	**Land**	**Building**	**Furniture and fixtures**	**Growing equipment**	**Building improvements**	**Computer equipment**	**Automobiles**	**Construction in Progress**	**Total**
Balance, January 1, 2017	$ —	$ —	$ 1	$ 5	$ 101	$ 3	$ —	$ —	$ 110
Depreciation	—	23	1	66	44	13	12	—	159
Disposals	—	—	—	(19)	—	—	—	—	(19)
Balance, December 31, 2017	$ -	$ 23	$ 2	$ 52	$ 145	$ 16	$ 12	$ -	$ 250
Net book value, December 31, 2017	$ 2,621	$ 597	$ 4	$ 311	$ 326	$ 92	$ 54	$ 2,960	$ 6,965

The Company recognized an impairment charge of $80 in research and development expense for the year-ended December 31, 2017 which related to obsolete lighting equipment that was replaced by newer equipment.

7. INVESTMENT IN ASSOCIATE

On January 12, 2018 the Company completed the purchase of 2,001,134 Class A shares of 9371-8633 Quebec Inc. ("QuebecCo") representing a 49.99% interest in the company. The purchase price was $2,001 paid in cash. QuebecCo holds a property located in the City of Salaberry-de-Valleyfield, Quebec. Concurrent with the purchase, the Company:

(i) entered into a shareholders' agreement with the other shareholders of QuebecCo whereby the Company obtained the option to purchase the remaining shares of QuebecCo, being 1,000,569 Class A shares and 1,000,569 Class B shares, the whole subject to obtaining an approval from the *Commission de protection du territoire agricole du Québec* ("CPTAQ"). The Company also granted an option to the other shareholders of QuebecCo to sell their shares of QuebecCo to the Company upon the same occurrence of the event. Under each option the purchase price is equal to $1 per share plus any dividend cumulated or declared but remaining unpaid. The Class B shares bear dividends at a cumulative and preferential rate of 9% of the fair market value of the consideration received by QuebecCo at the time of the issuance of such Class B shares while the dividends on Class A shares are left at the discretion of the directors of QuebecCo.

(ii) granted a loan in the amount of $1,001 (the "Loan") to the vendor of the Class A shares ("Vendor"). The Loan bears no interest and is secured by the Vendor's shares in QuebecCo. Upon the exercise of either the Company's or the Vendor's option under the shareholders' agreement, the Loan will be set-off against the purchase price of the 1,000,569 Class A shares still held by the Vendor in QuebecCo. The loan has been classified as a long-term loan on the Company's statement of financial position. It is a considered a financial asset under IFRS 9 and does not pass the SPPI test. Therefore, it is measured at fair value through profit and loss. See financial instruments (note 15).

(iv) granted the Vendor 30,000 stock options to purchase common shares of the Company exercisable at $1.65 per common share for a period over three years.

(iii) entered into a long-term lease agreement through a wholly owned subsidiary, Medican, with two shareholders of 9371-8633 Quebec Inc., for annual rent of $25 with an option to buy 100% of the property should the CPTAQ grant the exemption to the Company.

The Company is accounting for its investment in QuebecCo using the equity method. As at March 31, 2018, the net assets of QuebecCo were $4,002. The Company paid $2,001 for 49.99% and capitalized the acquisition costs of $170 in accordance with

(expressed in thousands of Canadian Dollars except as otherwise indicated)

IAS 28 Investment in Associates.

8. INTANGIBLE ASSET

A continuity of the intangible asset is as follows:

Cost:		**Health Canada License**
Balance, January 1, 2018	$	5,870
Additions		—
Balance, March 31, 2018	**$**	**5,870**
Accumulated amortization:		**Health Canada License**
Balance, January 1, 2018	$	(295)
Amortization		(74)
Balance, March 31, 2018	**$**	**(369)**
Net book value, March 31, 2018	**$**	**5,501**

Cost:		Health Canada License
Balance, January 1, 2017	$	5,870
Additions		—
Balance, December 31, 2017	$	5,870
Accumulated amortization:		Health Canada License
Balance, January 1, 2017	$	—
Amortization		(295)
Balance, December 31, 2017	$	(295)
Net book value, December 31, 2017	$	5,575

9. NOTE RECEIVABLE

On December 22, 2017, the Company advanced US$200 to an arm's length party (the "Debtor") in the form of a convertible note (the "Note") which matures on June 22, 2018. The Note is unsecured and bears an annual interest of 10%. The principal amount of the Note will automatically convert into shares of the Debtor in the event of a successful business arrangement. As at March 31, 2018, the US dollar amount was revalued in Canadian dollars to $267. See subsequent events.

10. SHARE CAPITAL

Authorized

An unlimited number of common shares.

Deferred Subscription Receipts

As at March 31, 2018, cash received for shares that were not issued amounted to $55,000 (December 31, 2017 - $16,000) and was recorded as restricted cash and deferred subscription receipts as it was payable to the subscribers until the shares are issued. See subsequent events [note 19 (h)].

Transactions

a) On January 16, 2018, the Company completed a brokered and non-brokered private placement financing pursuant to which it issued an Offering Memorandum on November 3, 2017 (the "November Offering"). The offering was completed on January 16, 2018 whereby the Company issued 34,660,695 units at $1.65 per unit for total gross proceeds of $57,190. Each unit consists of 1 (one) common share and ½ (one half) of a common share purchase warrant of the Company. The Company issued 21,197,579 units at $34,976 pursuant to the November 3, 2017 Offering Memorandum, during the year-ended December 31, 2017. Pursuant to the Offering, the Company also issued 631,484 broker warrants ("compensation options"), 83,770 finders' units and 70,000 commission units during the year-ended December 31, 2017. The finder's units and the commission units have the same terms as the units issued under the Offering. For the three months ended March 31, 2018, the Company issued the remaining units from the Offering and additional 692,290 finders' units.

b) On January 8, 2018, the Board of Directors approved the issuance of 162,000 shares to an employee.

c) On January 4, 2018, the Company entered into a subscription agreement (the "Subscription Agreement") with Aurora Cannabis Inc. ("Aurora"), pursuant to which Aurora has acquired subscription receipts totaling 33,333,334 units at $1.65 per unit, for gross proceeds of $55,000. The subscription receipts will automatically convert into units upon the Company completing an initial public offering of its common shares and when the common shares are listed on a national Canadian stock exchange (the "Listing Date"). Each unit consists of 1 (one) common share and ½ (one half) of a common share purchase warrant of the Company. Each whole warrant entitles the holder to purchase 1 (one) common share at the exercise of price $3.00. If the Listing Date does not occur on or before July 31, 2018, the subscription receipts shall be automatically canceled, and the Company shall be required to repay to Aurora the proceeds from the subscription receipts plus an additional amount equal to 7.5% of the subscription proceeds. Pursuant to the Subscription Agreement, the Company also entered into:

(i) a cannabis supply agreement with Aurora's wholly-owned subsidiary Aurora Cannabis Enterprises Inc. providing Aurora with the right to purchase up to 20% of the Company's annual production of organic cannabis;

(ii) a consulting and maintenance services agreement with Aurora's wholly-owned subsidiary Aurora Larssen Projects Inc. ("ALPI") to provide services to the Company on the completion and commissioning of the Company's facilities in Ancaster, Ontario and Valleyfield, Quebec. As at March 31, 2018, ALPI had completed the design phase of the contract and the Company had a balance owing of $450 to ALPI included in accounts payable and accrued liabilities; and

(iii) an investor rights agreement with Aurora (the "Investor Rights Agreement") whereby Aurora has the option to incrementally increase its ownership in the Company to 51% upon TGODH achieving certain operational milestones. The Investor Rights Agreement also provides Aurora with the right to participate in any new equity offerings of TGODH to maintain its pro rata ownership.

See subsequent events [note 19 (h)].

d) On January 2, 2018, the Company authorized 267,500 bonus units issued to a director, an advisor and an officer to be vested over 2.75 years. Each unit consists of one common share and one half of a common share purchase warrant. Each warrant is exercisable into one common share at $3.00 per share. On February 16, 2018, the shares and warrants were issued in trust and are outstanding. A corresponding reserve for shares held in trust charged in the interim condensed consolidated statements of financial position for the value of the units that will be released according the approved vesting schedule.

e) Also on January 2, 2018, the Board of Directors approved bonus shares of 1,500,000 to an officer. The conditions to earn these bonus shares had been satisfied at as December 31, 2017 and $2,025 has been recognized in the reserve for share based compensation and general and administrative expenses as at December 31, 2017. On February 14, 2018, when the shares were officially issued to the officer, the reserve for share based compensation was charged with a corresponding increase in share capital.

e) In May 2017, the Company issued 10,400 common shares as compensation for financial services in connection with raising capital

f) On April 5, 2017, the Company issued 11,500,000 common shares to Technical Administration Overseas S.A. ("TAO") pursuant to a financing services agreement with TAO as compensation for performance of certain financial and advisory services in connection with obtaining financing. Of the 11,500,000 shares, 500,000 shares were issued in error and were cancelled during the year-ended December 31, 2017.

g) On March 24 and April 4, 2017, the Company completed a private placement financing and issued 25,087,496 units, consisting of 23,934,671 private placement units and 1,152,825 finder's units, at $1.15 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of $2.15 per share for a period of 2 years expiring March 24, 2019 and April 4, 2019.

(expressed in thousands of Canadian Dollars except as otherwise indicated)

h) On August 18, 2017, the Company issued 508,927 units for debt settlement, with each unit consisting of one common share and one full warrant at a price of $1.15 per unit. Each warrant is exercisable to acquire one common share at a price of $2.15 per share for a period expiring August 18, 2019.

i) On December 22, 2016, the Company completed a brokered private placement of 26,581,172 common shares at $0.50 per share for gross proceeds of $13,291. Pursuant to the private placement, the Company also issued 2,096,060 agent compensation shares for a total of 28,677,232 shares of which 5,389,400 shares were issued as at December 31, 2016 and 23,287,832 shares were issued in 2017.

j) On November 24, 2016, the Company entered into an employment agreement with the President of TGOD for total compensation of $150 plus a 50% contingent bonus provided certain milestones were achieved. On May 26, 2017, the full amount of the annual compensation and $25 bonus was paid by way of issuance of 350,000 shares.

11. STOCK BASED COMPENSATION

The Company has an Employee Stock Option Plan (the "Original Plan") on February 2, 2017 that is administered by the Board of Directors of the Company which establishes exercise prices, at not less than the market price at the date of grant, and expiry dates, which have been set at three years from issuance. Options under the Plan remain exercisable in increments with 1/3 being exercisable on each of the first, second and third anniversaries from the date of the grant, except as otherwise approved by the Board of Directors.

On January 31, 2018, the Company adopted a "rolling" shares options plan in accordance with provisions of the TSX (the "New Option Plan" or "ESOP") which superseded the Original Plan. There were 9,848,000 issued and outstanding pursuant to the Original Plan, which will remain exercisable until their expiry or cancellation and in accordance with their vesting schedules. Under the New Option Plan, options may be granted for up to 10% of the common shares outstanding for a term not exceeding five years. The exercise price of the options under the New Option Plan is fixed by the Board of Directors of the Company at the time of the grant at the market price of the common shares, subject to all applicable regulatory requirements. As at March 31, 2018, total options outstanding were 15,019,000 with a total number of options available for grant of 15,910,166. For the three months ended March 31, 2018, the Company recorded $1,030 in non-cash share-based compensation expense pursuant to the grant of stock options and shares (three months ended March 31,2017 - $1,209) in addition to the non-cash stock based compensation provided under the financings to finders of $1,142 (three months ended March 31, 2017 - $1,606).

The following is a summary of the changes in the Company's ESOP options:

	March 31, 2018		December 31, 2017	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Outstanding - beginning of year	**9,436,000**	**0.82**	—	$ —
Granted	**5,601,000**	**3.50**	9,770,000	0.75
Exercised	**(18,000)**	**0.50**	—	—
Cancelled	**-**	**-**	(334,000)	0.50
Outstanding, end of period	**15,019,000**	**2.01**	9,436,000	$ 0.82
Exercisable, end of period	**2,414,800**	**0.56**	2,442,800	$ 0.56

(expressed in thousands of Canadian Dollars except as otherwise indicated)

Grant date	**Options Outstanding #**	**Options Exercisable #**	**Exercise Price $**	**Weighted Average remaining contractual life of outstanding options in years**	**Expiry Date**
February 7, 2017	5,648,000	2,185,200	0.50	1.86	February 7, 2020
June 1, 2017	1,435,000	229,600	1.15	2.17	June 1, 2020
October 2, 2017	2,335,000	—	1.15	2.51	October 2, 2020
January 8, 2018	400,000	—	1.65	2.78	January 8, 2021
January 12, 2018	30,000	—	1.65	2.79	January 12, 2021
March 28, 2018	5,171,000	—	3.65	2.99	March 28, 2021
Balance, March 31, 2018	15,019,000	2,414,800		2.41	

In determining the amount of share-based compensation, the Company used the Black-Scholes option pricing model to establish the fair value of options granted during the three months ended March 31, 2018 by applying the following assumptions:

	January 8, 2018	**January 12, 2018**	**March 28, 2018**
Risk-free interest rate	1.83%	1.80%	1.92%
Expected life of options (years)	3	3	3
Expected annualized volatility	88%	89%	87%
Expected dividend yield	Nil	Nil	Nil
Black-Scholes value of each option	$ 0.70	$ 0.71	$ 1.68

Volatility was estimated by using the historical volatility of the Company and other companies that the Company considers comparable that have trading and volatility history. The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the expected life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based upon the Canada government bonds with a remaining term equal to the expected life of the options.

12. RESERVE FOR WARRANTS

The following table reflects the continuity of warrants for the three months ended March 31, 2018:

	Number of warrants	**Amount**
	#	$
Balance, December 31, 2016	—	—
Private placement units	34,423,391	12,528
Finder's units	1,774,304	654
Issuance of agent compensation units	780,663	320
Issuance of agent compensation options	631,484	381
Balance, December 31, 2017	37,609,842	13,883
Units held in trust	133,750	72
Issuance of finders' units	692,290	208
Private placement units	6,462,763	4,359
Balance, March 31, 2018	**44,898,645**	**18,522**

(expressed in thousands of Canadian Dollars except as otherwise indicated)

As at March 31, 2018, the following warrants were outstanding:

Expiry Date	Exercise Price	Number of Warrants
March 24, 2019	$ 2.15	19,890,173
April 4, 2019	2.15	5,980,490
August 18, 2019	2.15	508,927
February 28, 2021	3.00	11,230,252
Balance, December 31, 2017	$ 2.40	37,609,842
October 2, 2020	3.00	133,750
February 28, 2021	3.00	7,155,053
Balance, March 31, 2018	$ 2.50	44,898,645

The estimated fair values of the warrants granted during the three months ended March 31, 2018 were determined using the Black-Scholes option pricing model with the following assumptions:

	Expiring on February 28, 2021	Expiring on October 2, 2020
Risk-free interest rate	1.49%	1.96%
Expected life of warrants (years)	3.3	2.75
Expected annualized volatility	93.22%	88.06%
Expected dividend yield	Nil	Nil
Black-Scholes value of each warrant	$ 0.61	$ 0.56

13. SUPPLEMENTARY CASH FLOW INFORMATION

The changes in non-cash working capital items are as follows:

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Prepaid expenses	**$ (6)**	$ 3
Harmonized sales tax receivable	**(532)**	(67)
Biological Assets	**-**	(98)
Inventory	**-**	(31)
Other current assets	**(149)**	-
Other assets	**935**	-
Accounts payable and accrued liabilities	**1,005**	5,759
Total	**$ 1,253**	$ 5,566

14. COMMITMENTS

Construction agreements

The Company entered into a construction management contract to manage the construction of the facility in Hamilton where the work to be provided is guaranteed not to exceed $22,148. The Company also committed to building its Hamilton greenhouse for approximately $3,131. See subsequent events note 19 (g).

Lease commitments

The Company has entered into lease commitments at multiple locations. The total future minimum annual lease payments are as follows:

(expressed in thousands of Canadian Dollars except as otherwise indicated)

	$
Within one year	155
After one year but not more than five years	622
More than five years	708
	1,485

Revolver loan

On September 1, 2017, the Company executed a revolving credit agreement with a Canadian credit union entitling the Company to borrow to a maximum limit of $5,000, subject to certain reporting requirements. The credit facility is secured by a guaranteed investment certificate ("GIC") and bears a conventional rate of interest. As at March 31, 2018, the Company has not drawn under the revolver loan and is in compliance with the reporting requirements.

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

[a] Fair values

Set out below is a comparison by type of the carrying amounts and fair values of the Company's recognized financial instruments that are recorded in the interim condensed consolidated statements of financial position:

	March 31, 2018		December 31, 2017	
	Carrying Amount ($)	Fair Value ($)	Carrying Amount ($)	Fair Value ($)
Financial Assets				
Amortized Cost				
Cash and cash equivalents	**74,662**	**74,662**	63,736	63,736
Restricted cash	**55,000**	**55,000**	16,000	16,000
Harmonized sales tax receivable	**1,098**	**1,098**	566	566
Note receivable	**267**	**267**	267	267
Advances to related party	**257**	**257**	447	447
	131,284	**131,284**	81,016	81,016
Fair value through profit and loss				
Loan receivable	**1,001**	**1,001**	—	—
	132,285	**132,285**	81,016	81,016
Financial Liabilities				
Amortized Cost				
Accounts payable and accrued liabilities	**4,758**	**4,758**	3,729	3,729
Deferred subscription receipts	**55,000**	**55,000**	16,000	16,000
	59,758	**59,758**	19,729	19,729

The fair values of the financial assets and liabilities are shown at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The assumption for the instruments recorded at amortized costs that the instruments fair values approximate their carrying amounts is largely due to the short-term maturities of these instruments. The fair value of the loan receivable recorded at fair value through profit and loss is level 3 and is based on the established underlying fair values of the assets during the recent transaction involving the investment in QuebecCo whereby it was reasonably concluded to continue to approximate the same fair value as at March 31, 2018 as compared to the initial recognition date.

[b] Fair value hierarchy

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the three months ended March 31, 2018, cash and cash equivalents and restricted cash were measured at Level 1 on the hierarchy. The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

During the three months ended March 31, 2018, there were no transfers of amounts between levels.

[c] Management of risks arising from financial instruments

[i] Market risk

Foreign currency risk

Foreign currency risk arises due to fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates. As at March 31, 2018, the Company had no financial assets and liabilities for which cash flows were denominated in foreign currencies other than cash, note receivable and advances to related parties. The Company does have some suppliers that prefer to contract in foreign currencies. The Company was holding $293 (USD 228) of cash denominated in U.S. dollars as at March 31, 2018 (December 31, 2017 - $361); $267 (USD 200) in a note receivable (December 31, 2017 - $267) and $132 (USD 100) of an advance to a related party in U.S dollars as at March 31, 2018 (December 31, 2016 - $322). The Company has very limited currency risk.

Interest rate risk

The Company's exposure to interest rate risk only relates to any investments of surplus cash. The Company may invest surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments. As at March 31, 2018, the Company had term deposits of $25,000, $15,000, $5,050, $5,000 and $5,000 bearing interest at 1.50%, 1.25%, 1.95%, 2.00% and 2.00%, respectively.

[ii] Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit-related losses in the event of non-performance by the counterparties.

The carrying amount of cash and cash equivalents, prepaid expenses, Harmonized Sales Tax receivable and advance to related party represents the maximum exposure to credit risk and at March 31, 2018. Since the inception of the Company, no losses have been suffered in relation to any of the above-mentioned assets.

At March 31, 2018, the Harmonized sales tax receivable, note receivable and loan receivable accounted for 100% of the amounts receivable and are the only assets subject to credit risk. Given the nature of the parties from which these funds are due, the Company is subject to limited to no credit risk.

[iii] Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements in relation to its current cash balances, maturity schedules and internal budgets.

The Company's total contractual maturities are represented by its accounts payable and accrued liabilities balances which totaled $4,758 as at March 31, 2018 all due to be paid within one year. The Company has sufficient cash and cash equivalents to meet this obligation.

16. SEGMENTED INFORMATION

The Company operates in one segment, the production of medical cannabis. All property, plant and equipment and intangible assets are located in Canada. No revenues were generated during the three months ended March 31, 2018 (three months ended March 31, 2017 - $nil).

17. CAPITAL MANAGEMENT

The Company's objective is to maintain sufficient capital base to maintain investor, creditor and supplier confidence and to sustain future development of the business and provide the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management but rather promotes year over year sustainable profitable growth. The Company currently has not paid any dividends to its shareholders.

As at March 31, 2018, total managed capital was comprised of share capital of $93,623 (December 31, 2017 - $72,666), reserve for warrants of $18,522 (December 31, 2017 –$13,885), reserve for share-based payments of $3,122 (December 31, 2017 – $2,388); partially offset by the reserve for units held in trust of $371 (December 31, 2017 - $nil).

There were no changes in the Company's approach to capital management during the three months ended March 31, 2018.

18. GENERAL AND ADMINISTRATIVE EXPENSES

During the three months ended March 31, 2018, the Company's general and administrative expenses were comprised of $812 of personnel costs, $2,030 in non-cash stock-based compensation, $1,219 in consulting fees, $695 in professional fees, $137 in occupancy costs and $945 in other general and administrative expenses. For the three months ended March 31, 2017, the Company's general and administrative expenditures consisted mainly of $2,815 in non-cash stock-based compensation, depreciation and amortization of $102 and other general and administrative expenses of $205.

19. SUBSEQUENT EVENTS

a) On April 9, 2018, the Company finalized and executed a project management services agreement for the building of the Quebec facility where the fee will consist of a predetermined percentage of the work attributable to the hybrid growing facility build phase of the project, a predetermined percentage of the cost of the work attributable to the innovation centre build phase of the project and a predetermined percentage of the cost of the work attributable to all other phases of the build project, in addition to any hourly-based rates for consulting services.

b) On April 11, 2018, the Company committed to purchasing high voltage distribution transformers for an estimated $1,125.

c) On April 13, 2018, the Company committed to excavation contracts for an estimated $12,317 for the build of the Quebec facility. The scope of the excavation work includes site services, civil works, earth works, foundation excavation and backfill, paving, and road building.

d) On April 19, 2018, the Company executed an agreement for an estimated $5,899 with a supplier to design, supply, assemble and commission a cogeneration plant at its facility near Hamilton, Ontario.

e) On April 20, 2018, the Company filed its Amended and Restated Prospectus with the Ontario Securities Commission pursuant to the terms of an agency agreement on the TSX.

f) On May 2, 2018, the Company successfully completed an initial public offering of 31,510,000 units (the "Units") of the Company at a price of $3.65 per Unit for total gross proceeds of $115,012. Each Unit consists of one common share and one-half of one common share purchase warrant (each whole warrant being a "warrant"). Each warrant is exercisable into one common share at the price of $7.00 per common share for a period of two years from May 2, 2018, subject to an acceleration right whereby the Company may provide written notice to the registered holders of the warrants that the expiry time of the warrants shall be accelerated to a date which is 30 days after the date of such warrant acceleration notice, if, at any time, the volume-weighted average trading price for the common shares is equal to or great than $9.00 for any ten (10) consecutive trading day period. The Company also granted to the agents an overallotment option (the "Overallotment Option") of a maximum of 4,726,500 over-allotment units exercisable at the sole discretion of the agents within thirty days of the completion of the transaction. The common shares as well as the common share purchase warrants it issued pursuant to a warrant indenture dated November 1, 2017 began trading on May 2, 2018 under the symbols "TGOD" and "TGOD.WT", respectively, on the TSX.

g) On May 3, 2018, the Company expanded the greenhouse construction agreement at the Hamilton facility to include additional heating, cooling & CO_2 capabilities. The estimated incremental contract price is $3,128 (1,971 Euros).

h) On May 4, 2018, the treasury direction was issued to convert the remaining deferred subscription receipts into 33,333,334 shares and 16,666,667 warrants.

i) On May 7, 2018, the Company advanced a further $320 (US$250) to the Debtor in the form of a convertible note (the "Second Note") which matures on June 27, 2018. The Second Note is unsecured and bears an annual interest of 10%. The principal amount of the Second Note will automatically convert into shares of the Debtor in the event that the balance is not repaid by the maturity date.

j) On May 9, 2018, the Overallotment Option of 4,726,500 over-allotment units was exercised by the Agents.