CROP INFRASTRUCTURE CORP.

(Formerly Fortify Resources Inc.)

(“CROP” or the “Company”)
Quarterly Report
For Quarter Ended November 30, 2018

MANAGEMENT’S DISCUSSION AND ANALYSIS

1.1 Date of Report: January 24, 2019

The following management’s discussion and analysis (“MD&A”) has been prepared as of January 24, 2019 and should be read in conjunction with the condensed interim consolidated financial statements and accompanying notes for the period ended November 30, 2018, which are prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A includes certain statements that may be deemed “forward-looking statements”. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "project", "predict", "potential", "could", "might", "should" and other similar expressions. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Nature of Business

Crop Infrastructure Corp. (formerly Fortify Resources Inc.) (“Crop” or the “Company”) was incorporated on May 31, 2011, under the British Columbia Business Corporations Act. The Company changed its name from Fortify Resources Inc. to Crop Infrastructure Corp. on March 5, 2018. The Company’s head office is located at Suite 600, 535 Howe Street, Vancouver, V6C 2Z4.

On March 2, 2018, the Company completed a transaction pursuant to a business combination agreement dated November 3, 2017 with DV Infrastructure Corp. (“DVI”). The Company acquired all of the issued and outstanding common shares of DVI. The transaction resulted in a reverse takeover of the Company by the shareholders of the DVI. The Company intends to continue on with the business of DVI, with DVI as the Company’s wholly-owned operating subsidiary. The historical operations, assets and liabilities of DVI are included in the November 30, 2018 condensed consolidated interim financial statements, and the comparative figures as at February 28, 2018 and for the nine months period ended August 31, 2017 are those of DVI, which is deemed to be the continuing entity for financial reporting purposes.

Concurrent with the closing of the acquisition, the Company changed its name from Fortify Resources Inc. to Crop Infrastructure Corp., and effected a change in directors, management and business. The new listing symbol also changed to “CROP”.

DV Infrastructure Corp. (the “Company or DVI”) was incorporated on November 27, 2015 under the under the BC Business Corporations Act. The head office, registered and records office of the Company is located at 2331 Rogerson Drive, Coquitlam, BC, V3J 6Y1 Canada.

DVI is engaged in the business of investing, constructing, owning and leasing mega greenhouse projects to licensed cannabis producers through its investments.

1.3 Overall Performance

Announcements and Highlights during the period ended November 30, 2018:

For the first two periods:

- The Company entered into an agreement with Humboldt Holdings LLC ("Humboldt"), a limited liability company incorporated under the laws of the State of California, whereby CROP has agreed to advance up to US$2,000,000 for a 49% interest in Humboldt. As of November 30, 2018, the Company had advanced $2,437,812 to Humboldt.

- The Company entered into an agreement with Wheeler Park Properties LLC ("Wheeler"), a limited liability company incorporated under the laws of the State of Washington, whereby the Company has agreed to advance up to US$2,500,000 for a 30% interest in Wheeler. As at November 30, 2018, the Company had advanced $4,839,765 to Wheeler.

- The Company accelerated the expiry date of the warrants initially exercisable at $0.20 per share from March 5, 2020 to June 26, 2018. In connection with the acceleration of the warrants, the Company offered a warrant exercise incentive program. Under the incentive program, each warrant holder that exercises their warrant on or before June 26, 2018 will receive an additional one-half of one transferable share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share exercisable at $0.75 per common share for 2 years. As a result of the accelerated expiry date, 9,349,100 warrants were exercised and consequently, 4,674,550 Incentive Warrants were issued. The remaining 15,661,000 warrants were expired without exercised.

- The Company entered into a definitive licensing agreement for US distribution rights and for the exclusive Italian rights to The Yield Growth Corp.'s proprietary cosmetic and therapeutic products that are formulated for infusion with cannabis. Under the terms of the agreement, the Company is required to pay $1,000,000 by issuing 2,500,000 units at $0.40 per unit. Each unit will consist of one common share and one-half share purchase warrant. Each full warrant will entitle the holder to purchase an additional common share at the price of $0.55 per share for a period of 18 months.

- The Company entered into a member interest purchase agreement with Elite Ventures LLC ("Elite"), of Nevada, to acquire a 49% membership interest in a Nye County agricultural property. The company has agreed to pay US$1,300,000 in cash for the member interest. As at November 30, 2018, the Company had advanced $3,417,303 to Elite.

- The Company entered into a joint venture agreement which Crop owns 30% under the name of Xhempler to develop a 532,000 square foot project in North-Eastern region of Italy. Crop has committed to provide an initial investment of €500,000.

- The Company entered into an agreement with Ocean Green Management LLC ("Ocean") of California, to partner on multiple applications for Cannabis Retail locations with the option to purchase the commercial real estate. The Company has agreed to finance the purchase of real estate on the grant of a license. The dispensaries will operate under the brand: Emerald Height. As of November 30, 2018, the Company had advanced $21,723 to Ocean.

- The Company has entered into a joint venture agreement whereby the company has a 49% interest in a zero-cost lease of a 217,000 sq. foot property ideally situated for future Cannabis production and extraction. The Five acres of prime agricultural and has been secured in the Westmoreland Parish, some of the most fertile land in Jamaica.

- The Company has closed the previously announced non-brokered private placement for gross proceeds of $1,610,000. (See news release dated July31,2018) by issuance of an aggregate of 5,366,667 units. Each $0.30 unit consists of one common share ("Common Shares") of CROP and one common share purchase warrant ("Warrant") where each whole Warrant entitles the holder to purchase one additional common share ("Warrant Share") at an exercise price of $0.50 per Warrant Share for a period of twenty-four months following the date of issuance.

- The Company has signed a Letter of Intent ("LOI") with Naturally Splendid Enterprises Ltd. ("Naturally Splendid," "NSE" or "the Company") (FRANKFURT:50N) (TSX-V:NSP) (OTC:NSPDF) for the development and manufacturing of The HempireCo. "Hempire" and Tiffany "TiffCBD", branded Hemp Seed, Hemp Protein Powder and Hemp Oil product lines to be owned by CROP. Naturally Splendid and CROP are currently testing a variety of existing as well as unique flavors and formulations created by NSP specifically for the Hempire and TiffCBD Brands, some of which will have products enhanced with NSP's HempOmega™.

- The Company has leased an additional 750 acres of contiguous agricultural farmland bringing the total Nevada acreage to 1,065 acres with 240 acres under pivot.

- The Company announced the appointment of Greg Douglas to the Executive Advisory Board who will have a special focus on CROP's Jamaica operations.

- The Company announced that its tenant has now commenced commercial production at Wheeler Park. The facility is designed for perpetual harvest of cannabis at 'The Park', its state-of-the-art facility in Washington State. Crop's licensed tenant grower has now advised the Company that it expects its first harvest of cannabis within weeks and it will be at full scale production in September 2018. The perpetual harvest system utilizes cannabis strains with a 55-60 dayflower cycle. Every other day the tenant grower removes three trays of flowered plants from the finishing end and harvests the plants, while simultaneously loading three new trays with plants to begin the flowering process.

- The Company announced it will launch its first line of Hemp oil infused cosmetic and therapeutic products under the brand "URBAN JUVE", pursuant to its previously announced License Agreement with The Yield Growth Corp.'s subsidiary, Urban Juve Provisions Inc. (formerly Juve Wellness Inc.). The License Agreement gives CROP exclusive rights in Italy to the URBAN JUVE products, as well as non-exclusive distribution rights in the United States.

For the quarter ended November 30, 2018:

- The Company completed the member interest purchase agreement with Elite Ventures LLC, of Nevada, to acquire a 49%-member interest in the Nye County agricultural property. The company paid $1,350,000 USD in cash.

- The Company has signed a 3-year lease agreement for 800 additional acres of turn key pivot-irrigated agricultural property. The lease cost will be US$550 per acre in 2019 and $700 USD per acre 2020 forward, paid quarterly commencing in March 2019. The property is in close proximity to Crop's existing 1,065 acre Hemp CBD Farm in Nye County Nevada.

- The Company's 49% owned subsidiary Elite Ventures signed an agreement with The Hempire LLC of Nevada (the "Tenant") to purchase a 100% interest in an 1,000 acre Esmeralda County agricultural cannabis project tenanted with a suite of cannabis licenses including medical cultivation, medical production and with adult use recreational cultivation & production conditional licenses as well as an option to acquire a retail dispensary application assigned to a strategic location on highway 95 on route to Las Vegas. Crop has agreed to loan up to US$4,250,000 over a period of the 6 months to acquire 100% of the initial 10 acres of real estate and associated infrastructure with the additional 1,000 acres being paid for at a cost of $4,500,000 over a 20-year amortization period at 6% interest with a 3-year balloon payment. The Company will receive preferential payback on the project at a rate of 60% of the net profits.

- The Company' entered into a lease agreement for 87,120 square foot greenhouse facility in Italy through its 30% owned joint venture with XHemplar.

- The Company announced today that its tenant has signed a toll processing deal whereby it will provide its dried hemp-CBD biomass to a processor who will then provide 50% of the finished product as ISO certified CBD isolate to CROP's tenanted farm. The CBD isolate will be sold under the company's brands Hempire, Tiff CBD, infused in to the company's Canna Drink and sold under white label.

- The Company's 49% owned Humboldt Holdings, LLC announced its California tenant harvested its 30,000 square feet of production area as well as the tenant had entered in to a distribution for the cannabis which will be sold under the company's Hempire brand for estimated gross revenue of approximately $1,600 per pound of flower.

- The Company announced a warrant exercise incentive program (the "Program") designed to encourage the early exercise of the Company's 17,439,055 outstanding common share purchase warrants. Pursuant to the Program, the Company is offering an inducement to each eligible holder of the Warrants (collectively, the "Warrant Holders") that exercises the Warrants at a reduced exercise price of $0.40 per common share, and an additional common share purchase warrant (each an "Incentive Warrant") for each Warrant exercised, with each Incentive Warrant entitling the Warrant Holder to purchase one additional common share of the Company until 5:00 p.m. (Vancouver time) on such date as is two years from the date of issuance of the Incentive Warrant at a price of $0.50 per common share. 5,266,675 warrants were exercised under this Program.

- The Company's 49% owned Elite Ventures announced that its 1,865 acre Nevada hemp-CBD farm has commenced harvest on the 240 acres planted in July and August of this year.

- The company's tenant The Hempire, LLC at its 49-per-cent-owned Nevada CBD (cannabidiol) farm, signed a three-year, 500,000-pound-per-year (1.5 million pounds total) supply agreement with deliveries starting August, 2019.

  The CBD flower is to be delivered in shipments of 50,000 dry pounds on a bimonthly basis with payment to be made of $36 (U.S.) per pound to $57 (U.S.) per pound plus the cost of delivery depending on the CBD content indicated by the certificate of analysis. If market conditions change adversely in favour of, or against, the company, the contract stipulates that prices will not fluctuate more than 25 per cent over, or below, the range of $36 to $57 per pound.

- Management continued to actively focus on capital raising to support the company's business, marketing initiatives and general working capital.

1.4 Results of Operations

Nine months ended November 30, 2018 and 2017

During the nine months ended November 30, 2018, the Company incurred net loss of $14, 318,892 (November 30, 2018 - $500,849). The net loss includes listing expense of $896,346 and share-based compensation of $5,136,330. As at November 30, 2018 the Company had a positive working capital of $1,659,587 (February 28, 2018- $481,860) and an accumulated deficit of $15,077,824 (February 28, 2018- $758,932)

During the period, the Company incurred professional fees in the amount of $2,181,952 compared to $482,266 during the prior year due to increased third party consulting services and operational activities of the Company. The professional fees include all fees and related expenses. The increase is mainly to due to RTO, more corporate activities and operational activities of the Company. In addition, the first six months in 2017 was inactive with no operations. During the period ended November 30, 2018, the company incurred legal costs of $222,126 which is due to the RTO transaction.

Consulting fees increased to $1,196,818 due to increase consulting services in connection with the RTO, and proposed business operation expansion.

Advertising and promotion increased to $4,547,967 mainly due to more marketing and promotional efforts and actively promoting its business and market awareness during the quarter.

The Company incurred office and miscellaneous expenses of $146,221 compared to $15,689 during the prior year due to the start up of the business and commencement of operational activities. The Company has no payroll and engages consultants on as needed basis.

The Company incurred $33,968 in interest and bank charges during the period compared to the prior year due to interest fees for the loans, bank fees and transfer charges.

SUMMARY OF QUARTERLY RESULTS

The following is selected financial information as prepared in Canadian dollars under International Financial Reporting Standards derived from the Company's most recently completed fiscal quarters:

	Revenue $	Net Loss for the Period $	Basic and Diluted Loss Per Share $
February 28, 2017	–	–	–
May 31, 2017	–	–	–
August 31, 2017	–	–	–
November 30, 2017	–	(500,849)	(0.01)
February 28, 2018	–	(258,120)	(0.00)
May 31, 2018	–	(4,281,672)	(0.24)

August 31, 2018	–	(4,963,013)	(0.05)
November 30, 2018	–	(5,074,206)	(0.04)

1.5 Liquidity and Capital Resources

As at November 30, 2018, the Company has total assets of $14,801,378 and a positive working capital of $1,659,587.

At November 30, 2018, the Company had cash of $1,117,892 (February 28, 2018- $490,677) and a positive working capital of $1,659,587 (February 28, 2018- $481,860). As of November 30, 2018, the Company advanced DVG LLC $1,806,605 and Humboldt $2,437,812 to commence operations. Also, the Company advances to Wheeler Park Properties LLC $4,839,765, Elite Ventures LLC $3,417,303, Ocean Green Management LLC $21,723, as part of the JV Agreements. The advances were non-interesting, bearing, unsecured and no formal terms of repayments.

Cash utilized in operating activities during the nine months ended November 30, 2018, was $6,091,014 (nine months ended November 30, 2017 – $505,921).

At November 30, 2018, share capital was $26,933,909 comprising 130,375,457 issued and outstanding common shares.

At present, the Company's operations generate minimal cash inflows and its financial success after November 30, 2018 is dependent on management's ability to continue to obtain sufficient funding to sustain operations through the development.

The Company may not be able to generate sufficient cash flows from its operations in the foreseeable future to support its working capital needs. As a result, the Company will have to rely on funding through future equity issuances and through short term borrowing in order to finance ongoing operations and the construction. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

1.6 Share Capital

As at November 30, 2018, the Company had 130,375,457 common shares issued and outstanding, of which 10,475,250 common shares remain in escrow.

1.7 Share Purchase Warrants

As at November 30, 2018, the Company had 22,086,555 share purchase warrants issued and outstanding. The warrants are exercisable ranging from $0.12 to $0.75 and expire between June 2, 2019 and November 2, 2020. The weighted average life remaining for the warrants was 1.54 years.

1.8 Stock Options

Stock Option Plan

On March 22, 2012, the Company approved a Stock Option Plan (the "Plan") authorizing the issuance of a maximum of 10% of the Company's outstanding common shares on each grant date, inclusive of all shares reserved for issuance pursuant to previously granted stock options. Stock options to purchase common shares of the Company under the Plan may be granted by the Board of Directors to a director, officer, employee or consultant of the Company. The stock options are subject to vesting limitations, exercise price, and exercise periods, to a maximum term of 5 years, as determined by the Board of Directors.

As at November 30, 2018 and the date of this report, there are 7,031,000 stock options outstanding. The options are exercisable ranging from $0.25 to $0.50 and expire between March 13, 2019 and November 7, 2019. The weighted average life remaining for the options was 0.67 years.

1.9 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed. The Company is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company's financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

1.10 Transactions with Related Parties

Key management personnel receive compensation in the form of short-term employee benefits, share-based payments, and post-employment benefits. Key management personnel include the Chief Executive Officer, Chief Financial Officer, and directors of the Company. The remuneration of key management is as follows:

	Nine months period ended November 30, 2018	August 31, 2017
	$	$
Consulting fees paid to officers and directors	181,044	-
Professional fees paid to officers	282,504	-
	463,548	-

During the period ended November 30, 2018, the Company granted 1,400,000 stock options to directors and officers for share-based compensation of $315,338.

1.11 Subsequent Events

On December 4, 2018, the Company has leased an additional 250 acres in Nevada taking the company's 2019 state holdings to 2,115 acres with 1,350 acres already under pivot irrigation.

On December 6, 2018, the Company announced it is beginning Phase 1 development covering 1,729,000 square feet (40 acres) of outdoor cannabis and 60,000 square feet of greenhouse at its 1,000-acre cannabis farm in Nevada.

On December 12, 2018, the Company announced that CROP CEO, Michael Yorke, says the US Farm Bill, so pivotal to the future of the hemp-CBD and cannabis industry, has advanced to within a hair's breadth of becoming law.

On December 13, 2018, the Company announced its large Italian CBD greenhouse facility has been upgraded and is ready for the start of the 2019 growing season.

On January 3, 2019, the Company announced its 49% owned subsidiary Elite Ventures has graded and cleared the 40 acres with construction to begin on the security wall next week.

On January 7, 2019, the Company announced its 49% owned subsidiary Elite Ventures is nearing completion of a 1,600 square foot genetics, tissue culturing and micropropagation laboratory at the company's Nevada Farms. The objective of the team and the lab will be to provide 10,000,000 plant starts for the company's 2,115 acres of CBD farms. By propagating in the lab, the company will save approximately $3.0 Million in seed and planting costs for the 2019 season.

On January 23, 2019, the Company announced a non-brokered private placement offering to raise up to CDN$2,000,000 by the issuance of up to 6,666,667 units (each, a "Unit") at a price of $0.30 per Unit. Each Unit will consist of one common share of the Company (each a "Common Share") and one Common Share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to purchase one additional Common Share at an exercise price of $0.50 for a period of 24 months following the closing of the Offering. Completion of the Offering is subject to regulatory approval.

1.12 Critical Accounting Estimates

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The determination of listing expense, valuation of shares and warrants deemed issued in connection with the reversed acquisition, and the assumptions and models used for estimating fair value for share-based payment transactions constituted significant areas of estimates.

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

- the determination of whether or not an investment is considered a joint arrangement or an investment in associates
- the collectability of loans and advances
- the determination of deferred income tax assets and liabilities
- the evaluation of the Company's ability to continue as a going concern

1.13 Changes in Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements of the Company as at February 28, 2018. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the 14 months ended February 28, 2018.

The Company adopted the following standards for the period ended November 30, 2018:

- IFRS 9 Financial Instruments
- IFRS 15 - Revenue from Contracts with Customers
- IFRS 2 Share-based Payment

The mandatory adoption of the above revised accounting standards and interpretations on March 1, 2018 had no significant impact on the Company's condensed consolidated interim financial statements for the current period or prior year presented.

Accounting standards issued but not yet applied

The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements.

Effective for annual periods beginning on or after January 1, 2019:

- IFRS 16 - Leases specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The extent of the impact of adoption has not yet been determined.

The Company is currently evaluating the impact of the new standards on the Company's condensed consolidated interim financial statements.

1.14 Financial Instruments and Other Instruments

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge any obligations. The Company's cash and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness and the loans and advances will be secured by the assets of DVG which mitigates the credit risk

Fair value

The carrying value of cash approximated the fair value because of the relatively short-term nature of these instruments.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Financial assets and liabilities 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.

The fair value of loan and advances and accounts payable approximate fair value due to the short term nature of the financial instruments. Cash is classified as fair value through profit or loss and is measured using level 1 inputs of the fair value hierarchy.

1.15 Other MD&A Requirements

Disclosure of Outstanding Share Data

a. Authorized:

Unlimited common shares with no par value

b. Common Shares Issued:

Balance, November 30, 2018	130,375,457
Balance, January 24, 2019	132,985,453

As of this reporting date, there were 10,475,250 common shares held in escrow.

Risk Factors

The Company is focused on more select market introduction and development. The failure to generate future sales in the Company's main products could have a significant and adverse affect on the Company.

The Company success will depend in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse affect on the Company. The Company does not anticipate having key person insurance in effect for management. The contributions of these individuals to the immediate operations of the Company are of central importance. In addition, there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

The Company has incurred a net loss for the period ended November 30, 2018 of $14,318,892 and has a deficit of $15,077,824. Management is continuing efforts to attract additional equity and capital investors and implement cost control measures to maintain adequate levels of working capital. Nevertheless, there can be no assurance provided with respect to the successful outcome of these ongoing actions. If the Company is unable to obtain additional financing on reasonable terms, the Company may be required to curtail or reduce its operations to continue as a going concern.

In addition, the Company's limited working capital could affect the Company's ability to seize upon opportunities requiring investment, or to reinvest in its products in a timely manner.