CROP INFRASTRUCTURE CORP.
(Formerly Fortify Resources Inc.)

Condensed Consolidated Interim Financial Statements

For the Nine Months Period Ended November 30, 2018 and November 30, 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Crop Infrastructure Corp. (Formerly Fortify Resources Inc.)

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	November 30, 2018 (Note 2)	February 28, 2018 (Note 2)
		$	$
ASSETS			
Current Assets			
Cash		1,117,892	490,677
Amounts receivable		262,159	6,183
Prepaid		333,333	-
		1,713,384	496,860
Prepaid		500,000	
Loans and advances	5	12,587,994	3,889,447
		14,801,378	4,386,307
LIABILITIES			
Accounts payable		53,797	15,000
SHAREHOLDERS' EQUITY			
Share capital	6	26,933,909	5,039,620
Subscriptions receivable	6	-	-
Subscriptions received	6	14,542	90,619
Contributed surplus		2,876,954	-
Deficit		(15,077,824)	(758,932)
		14,747,581	4,371,307
		14,801,378	4,386,307

Nature and continuance of operations (Note 1)
Commitment (Note 10)
Subsequent event (Note 11)

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on January 24, 2019.

Approved on behalf of the Board by:

"Michael Yorke" , Director

"Christine Mah" , Director

Crop Infrastructure Corp. (Formerly Fortify Resources Inc.)

Condensed Consolidated Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Three Month Ended November 30, 2018	Three Month Ended November 30, 2017	Nine Month Ended November 30, 2018 (Note 2)	Nine Month Ended November 30, 2017 (Note 2)
	$	$	$	$
Expenses				
Advertising and promotion	2,418,783	-	4,547,967	-
Consulting fees	237,264	-	1,196,818	-
Interest and bank charges	644	-	33,968	-
Insurance	-	-	66,500	-
Office and other	75,330	15,689	146,221	15,689
Professional fees	138,948	482,266	2,181,952	482,266
Share-based compensation	2,143,811	-	5,136,330	-
Transfer agent	10,773	2,857	30,943	2,857
Rent	5,000	-	5,000	-
Travel	43,653	-	76,847	-
	5,074,206	500,812	13,422,546	500,812
Loss before other expenses	(5,074,206)	(500,812)	(13,422,546)	(500,812)
Other expenses				
Listing expense (Note 2)	-	-	(896,346)	-
Loss on investment	-	(37)	-	(37)
Net loss and comprehensive loss	(5,074,206)	(500,849)	(14,318,892)	(500,849)
Basic and diluted loss per common share	(0.04)	(0.01)	(0.15)	(0.02)
Weighted average number of common shares outstanding	114,292,449	50,489,659	94,630,012	24,352,667

Crop Infrastructure Corp. (Formerly Fortify Resources Inc.)

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian Dollars

	Number of Common shares	Share capital (Note 2)	Subscriptions received	Contributed surplus	Deficit	Total
		$	$	$	$	$
Balance, December 31, 2016	15,000,000	100	-	-	-	100
Shares issued for cash, net	49,565,200	4,883,620	(100,000)	72,900	-	4,856,520
Loss for the period	-	-	-	-	(500,849)	(500,849)
Balance, November 30, 2017	64,565,200	4,883,720	(100,000)	72,900	(500,849)	4,355,771
Balance, February 28, 2018	65,395,200	5,039,620	90,619	-	(758,932)	4,371,307
Shares issued to DVI shareholders	3,027,191	302,719	-	537,825	-	840,544
Shares issued for cash, net	17,455,592	6,005,197	(90,619)	14,173	-	5,928,751
Finders warrants issued	-	(377,655)	-	377,655	-	-
Stock option exercised	18,972,000	8,156,647	-	(2,825,647)	-	5,331,000
Warrants exercised	15,975,017	4,760,181	-	(613,382)	-	4,146,799
Shares issued for services	9,550,457	3,047,200	-	446,554	-	3,493,754
Share-based compensation	-	-	-	4,939,776	-	4,939,776
Subscription Received	-	-	14,542	-	-	14,542
Loss for the period	-	-	-	-	(14,318,892)	(14,318,892)
Balance, November 30, 2018	130,375,457	26,933,909	14,542	2,876,954	(15,077,824)	14,747,581

(Expressed in Canadian Dollars)

	Nine month period ended November 30, 2018 (Note 2)	Nine month period ended November 30, 2017 (Note 2)
	$	$
Operating activities		
Net loss	(14,318,892)	(500,849)
Items not involving cash:		
Listing expense	896,346	-
Loss on investment	-	37
Share-based compensation	5,136,330	-
Shares issued for services	3,297,200	-
	(4,989,016)	(500,812)
Changes in non-cash working capital balances:		
Amount receivable	(248,378)	(5,109)
Prepaid	(833,333)	-
Due to related party	(20,287)	-
	(6,091,014)	(505,921)
Investing activities		
Cash in Crop upon acquisition	5,683	-
Financing activities		
Shares issued for cash, net	5,928,751	4,856,620
Exercise of stock options	5,331,000	-
Exercise of warrants	4,146,799	-
Loans advances	300,000	-
Loans repayment	(300,000)	-
Loans and advances	(8,708,546)	(2,918,316)
Subscriptions received	14,542	-
	6,712,546	1,938,304
Increase in cash	627,215	1,432,383
Cash, beginning	490,677	-
Cash, ending	1,117,892	1,432,383
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	30,000	-
Income taxes paid	-	-
NON-CASH TRANSACTIONS:		
Shares issued for services (Note 10)		

1. NATURE AND CONTINUANCE OF OPERATIONS

Crop Infrastructure Corp. (formerly Fortify Resources Inc.) ("Crop" or the "Company") was incorporated on August 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 November 30, 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.

These condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred losses since its inception and has an accumulated deficit of $15,077,824 as at November 30, 2018. In addition, the Company has no source of revenue and does not generate cash flows from operating activities. The Company is currently subject to risks and uncertainties common to drug discovery companies, including technological change, potential infringement on intellectual property of and by third parties, new product development, regulatory approval and market acceptance of its products, activities of competitors and its limited operating history. These factors give rise to a material uncertainty which casts significant doubt upon the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. REVERSE MERGER AND LISTING EXPENSE

On March 2, 2018, Crop acquired 100% ownership of DVI by acquiring all of the issued and outstanding shares of DVI from the shareholders of DVI. For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 *Business Combinations* ("IFRS 3") since Crop did not constitute a business. As a result, the acquisition is accounted for in accordance with IFRS 2 *Share-based Payment* whereby DVI is deemed to have issued shares and warrants in exchange for the net assets of Crop together with its listing status at the fair value of the consideration deemed received by Crop's shareholders. The accounting for this transaction resulted in the following:

(i) The condensed consolidated interim financial statements of the combined entities are issued under the legal parent, Crop, but are considered a continuation of the financial statements, assets and operations of the legal subsidiary, DVI.

(ii) Since DVI is deemed to be the continuing entity for accounting purposes, its assets and liabilities are included in the condensed consolidated interim financial statements at their historical carrying values.

(iii) As part of the completion of the acquisition, the former shareholders of Crop retained 3,027,191 common shares of the Company and 1,734,242 warrants exercisable at $0.12.

(iv) Concurrent with the closing of the acquisition of Crop by DVI on March 2, 2018, DVI completed a brokered private placement of 50,395,200 units at $0.10 per unit for gross proceeds of $5,039,520. Each full warrant will entitle the holder to purchase an additional common share at the price of $0.20 per share for a period of 24 months from the closing date of the private placement. Should the Company's share price trade at $0.40 per share or above for 5 consecutive trading days then the Company will have the option to give notice to the warrant holders to accelerate the exercise of the warrants within 10 days or the warrants will expire. In connection with the private placement, DVI has committed to the issuance of 1,293,500 units to certain brokers and finders ("Finders") on the same terms as the private placement upon the closing of the private placement.

The common shares of DVI issued pursuant to the concurrent financing and the Agents' Financing Shares were exchanged for common shares of the Company in connection with the acquisition.

Since the share and share-based consideration allocated to the former shareholders of Crop on closing the acquisition is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or service received in return for the allocation of the shares and warrants, the value in excess of the net identifiable assets or obligations of Crop acquired on closing was expensed in the condensed consolidated interim statement of comprehensive loss as listing expense.

2. REVERSE MERGER AND LISTING EXPENSE (continued)

The share-based compensation in the amount of $840,544 included in the listing cost is comprised of the fair value of shares and warrants of the Company retained by the former shareholders of Crop, which consists of $302,719, representing the fair value of the 3,027,191 common shares deemed issued and $537,825 representing the fair value of the warrants. The fair value of the warrants was based on an application of the Black-Scholes option pricing model, using the following assumptions: a share price of $0.36 per share, an average volatility of 152%, an average annual risk-free interest rate of 1.80%, no dividends or forfeiture, and expected remaining useful lives of 2.16.

The fair value of all the consideration given up and charged to listing expense was comprised of:

	$
Deemed issuance of 3,027,191 common shares	302,719
Deemed granted 537,825 Warrants	537,825
	840,544
Identifiable net assets of Crop assumed:	
Cash	5,683
Other assets	7,599
Liabilities	(69,084)
Net liabilities	(55,802)
Listing expense	896,346

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”) and therefore, do not contain all disclosures required by International Financial Report Standards ("IFRS") for annual financial statements. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company’s most recently prepared audited annual financial statements for the 14 month period ended February 28, 2018.

The policies applied in these condensed consolidated interim financial statements are consistent with the policies disclosed in Note 2 of the audited annual financial statements for the 14 month period ended February 28, 2018.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on January 24, 2019. These condensed consolidated interim financial statements are prepared on historical costs basis, except for financial instruments classified as fair value through profit or loss. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting and presented in Canadian dollars.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation and Consolidation

These condensed consolidated interim financial statements were prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. For the period ended November 30, 2018, the consolidated financial statements include the following entities:

Entity	Country	Relationship	Functional currency
Crop Infrastructure Corp.	Canada	Parent	Canadian dollars
DV Infrastructure Corp.	Canada	Subsidiary	Canadian dollars

All significant inter-company balances and transactions have been eliminated on consolidation.

The condensed consolidation interim financial statements for the period of November 30, 2017 include DV Infrastructure Corp. only.

Significant accounting judgments and 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 as described in Note 2, 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

Cash and cash equivalents

Cash and cash equivalents are comprised of cash in banks, and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of one year or less.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred finance costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be probable. Share issuance costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

Shared-based payments

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it probable that a deferred income tax asset will be recovered, the deferred income tax asset is not recognized. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

(i) Financial assets - Classification
The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

(ii) Fair value hierarchy
The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

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

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of cash, amounts receivable and accounts payable approximate to their fair value because of the short-term nature of the instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

(iii) Financial assets - Measurement
At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iii) Financial assets – Measurement (continued)
Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises.

The Company has classified its cash and loans and advances as FVTPL.

(iv) Financial liabilities
The Company classifies its financial liabilities into the following categories:

- Financial liabilities at FVTPL; and
- Amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of the change in the fair value is presented in profit or loss.

The Company has classified accounts payable as FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iv) Financial liabilities (continued)
Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company has classified its accounts payable as amortized cost.

Impairment

(i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

(ii) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Currency

The functional and presentation currency if the Company is the Canadian dollar.

Investments in Associates

The Company has interests in associates. Associates are entities over which the Company exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies. The Company accounts for associates using the equity method of accounting. Interests in associates accounted for using the equity method are initially recognized at cost. Subsequent to initial recognition, the carrying value of the Company's interest in an associate is adjusted for the Company's share of comprehensive income and distribution of the investee. The carrying value of associates is assessed for impairment at each statement of financial position date.

Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income. The Company has not had other comprehensive income since inception.

Adoption of new pronouncements

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.

Future changes in accounting policies

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC (International Financial Reporting Interpretations Committee) that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future changes in accounting policies (continued)

Standard is effective for annual periods beginning on or after January 1, 2019:

IFRS 16 Leases - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17.

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

4. INVESTMENT IN ASSOCIATES

DVG, LLC

On August 17, 2017, the Company, along with Sentinel Property Management Ltd. ("Sentinel") and Stratto, LLC ("Stratto") entered into a Joint Venture Agreement ("JV Agreement") to form DVG, LLC. ("DVG"), a US company incorporated on July 28, 2017 in Washington USA. According to the JV Agreement Crop has a 30% interest in DVG, and Sentinel has 20% and Stratto has 50%. The primary business in DVG is to complete greenhouse construction, lease land, facilities and agriculture infrastructure to licensed marijuana growers in the State of Washington ("Tenant-Growers").

Under the JV Agreement, the Company will raise money to fund the DVG greenhouse construction costs. In addition, the Company, Sentinel and Stratto have committed to providing combined funding of up to $150,000 annually to DVG in the event that DVG does not have sufficient revenue from operations to funds its operational costs. As of November 30, 2018, DVG had incurred $1,405,905 in construction in progress.

During the period ended November 30, 2018, DVG incurred a net loss of $2,666 and had assets of $1,504,195 and liabilities of $1,584,183 as at November 30, 2018. According to the JV Agreement, the net profit (loss) distribution would be 60% for the Company, 30% for Stratto and 10% for Sentinel. Accordingly, the Company's share of the net loss for the period ended November 30, 2018 is $1,600. As the Company's portion of the loss is greater than the carrying value of investment, the carrying value of the investment has been reduced to Nil and the unrecognized share of the net loss of DVG is $1,563.

(Expressed in Canadian Dollars)

4. INVESTMENT IN ASSOCIATES (continued)

DVG, LLC (continued)
The following table shows the carrying value of the investment in DVG:

	$
Carrying value, December 31, 2016	-
Investment in DVG	37
Loss on investment	(37)
Carrying value, February 28, 2018 and November 30, 2018	-

During the period ended November 30, 2018, the Company advanced $1,806,605 to DVG (see Note 5(a)). The advances will be converted to promissory notes in accordance to the JV Agreement and secured by the assets of DVG. Management is in the process of preparing the promissory notes.

The Company has recorded its interest in DVG as an investment in associate and accordingly reports its interest on an equity basis.

Humboldt Holdings LLC
On May 9, 2018, the Company, along with Sentinel Property Management Ltd. ("Sentinel") and Stratto, LLC ("Stratto") entered into a Joint Venture Agreement ("JV Agreement") to form Humboldt Holdings LLC ("Humboldt"), a US company incorporated on November 13, 2017 in Californian USA. According to the JV Agreement the company has a 30% interest in Humboldt, and Sentinel has 20%, Stratto has 30% and Quantum Flux, LLC has 20%. The primary business in Humboldt is to complete greenhouse construction, lease land, facilities and agriculture infrastructure to licensed marijuana growers in the State of Californian ("Tenant-Growers").

On August 15, 2018, the Company announced it will purchase the additional 19% of Humboldt for total consideration of $1.0 Million CAD by issuing 5,000,000 shares at a deemed price of $0.20 per share; 100% of these shares will be escrowed for 12 months, with 25% becoming free trading every 3 months thereafter. As at November 30, 2018, no common shares has been issued yet.

During the period ended November 30, 2018, Humboldt incurred a net loss of $933, and had assets of $2,515,385 and liabilities of $2,516,403 as at November 30, 2018. According to the JV Agreement, the net profit (loss) distribution would be 60% for the Company, 30% for Stratto and 10% for Sentinel. Accordingly, the Company's share of the net loss for the period ended November 30, 2018 is $560. As of November 30, 2018, Humboldt had incurred $813,164 in construction in progress. As the Company's portion of the loss is greater than the carrying value of investment, the carrying value of the investment has been reduced to Nil and the unrecognized share of the net loss of Humboldt is $532.

The following table shows the carrying value of the investment in Humboldt:

	$
Carrying value, February 28, 2018	-
Investment in Humboldt	28
Loss on investment	(28)
Carrying value, November 30, 2018	-

4. INVESTMENT IN ASSOCIATES (continued)

Humboldt Holdings LLC (continued)
During the period ended, November 30, 2018, the Company advanced $2,437,812 to Humboldt (see Note 5(b)). The advances will be converted to promissory notes in accordance to the JV Agreement and secured by the assets of Humboldt. Management is in the process of preparing the promissory notes.

The Company has recorded its interest in Humboldt as an investment in associate and accordingly reports its interest on an equity basis.

Wheeler Park Properties LLC
On June 4, 2018, the Company, the Company entered into a Membership Purchase Agreement with Wheeler Park Properties LLC ("Wheeler"), a Washington State limited liability company. The Company has agreed to advance up to US$2,500,000 to Wheeler for equipment purchase and retro-fit upgrades of the licensed cannabis greenhouse complex in return for a 30% interest.

During the period ended November 30, 2018, Wheeler incurred a net loss of $1,224, and had assets of $4,969,082 and liabilities of $4,970,995 as at November 30, 2018. Accordingly, the Company's share of the net loss for the period ended November 30, 2018 is $367. As of November 30, 2018, Wheeler had incurred $3,236,694 in construction in progress. As the Company's portion of the loss is greater than the carrying value of investment, the carrying value of the investment has been reduced to Nil.

During the period ended, November 30, 2018, the Company advanced $4,839,765 to Wheeler (see Note 5(c)). The advances will be converted to promissory notes in accordance to the JV Agreement and secured by the assets of Wheeler. Management is in the process of preparing the promissory notes.

The Company has recorded its interest in Wheeler as an investment in associate and accordingly reports its interest on an equity basis.

Elite Ventures LLC
On July 6, 2018, the Company entered into a member interest purchase agreement with Elite Ventures LLC ("Elite"), a US company incorporated on December 13, 2013 in Nevada, USA, to acquire 49% member interest in Nye County Property. The Company is required to pay US$1,300,000 in cash for the member interest. The primary business in Elite is to complete greenhouse construction, lease land, facilities and agriculture infrastructure to licensed marijuana growers in the Washington State ("Tenant-Growers").

During the period ended November 30, 2018, Elite incurred a net loss of $126, and had assets of $2,973,145 and liabilities of $2,973,272 as at November 30, 2018. According to the agreement, the net profit (loss) distribution would be 49% for the Company, 31% for Stratto and 20% Quantum. Accordingly, the Company's share of the net loss for the period ended November 30, 2018 is $62. As of November 30, 2018, Elite had incurred $246,929 in construction in progress. As the Company's portion of the loss is greater than the carrying value of investment, the carrying value of the investment has been reduced to Nil.

4. INVESTMENT IN ASSOCIATES (continued)

Elite Ventures LLC (continued)
During the period ended, November 30, 2018, the Company advanced $3,417,303 to Elite (see Note 5(d)).

Although the Company has 49% interest in the property, it has no control in any of the managerial decisions on the operation. As a result, the Company reports its interest on an equity basis.

Ocean Green Management LLC
On July 5, 2018, the Company entered into an agreement with Ocean Green Management LLC ("Ocean"), a US company incorporated on April 6, 2018 in state of California USA, to partner on multiple applications for cannabis retail locations with the option to purchase the commercial real estate. According to the agreement, Crop has a 30% interest in Ocean. On August 15, 2018, the Company increased the interest in Ocean from 30% to 49%. The primary business in Ocean is to complete licensing of marijuana retailing in the State of California.

During the period ended November 30, 2018, Ocean incurred a net loss of $19,373 and had assets of $2,839 and liabilities of $22,539 as at November 30, 2018. According to the JV Agreement, the net profit (loss) distribution would be 30% for the Company, 45% for Alto and 25% for Northstar. Accordingly, the Company's share of the net loss for the period ended November 30, 2018 is $5,812.

During the period ended November 30, 2018, the Company advanced $21,723 to Ocean (see Note 5(e)). The advances will be converted to promissory notes in accordance to the JV Agreement and secured by the assets of Ocean. Management is in the process of preparing the promissory notes.

Although the Company has 49% interest in the property, it has no control in any of the managerial decisions on the operation. As a result, the Company has recorded its interest in Ocean as an investment in associate and accordingly reports its interest on an equity basis.

XHemplar Italia
On July 11, 2018, the Company entered into an agreement to own 30% of XHemplar Italia ("XHemplar"), an Italian company incorporated in 2018 in Italy. XHemplar is to complete licensing of marijuana retailing in North-Eastern region of Italy. Crop has committed to provide an initial investment of €500,000. As at November 30, 2018, no contribution from Crop has been provided to XHemplar yet.

Hempire Jamaica
On July 31, 2018, the Company, along with Hempire Jamaica, entered into a Joint Venture Agreement ("JV Agreement") to form Hempire Jamaica ("Hempire"), a Jamaican company is in a process of incorporating a company in 2018 in Jamaica. According to the JV Agreement Crop has a 49% interest in Hempire. The primary business in Hempire is to complete licensing of marijuana retailing in Jamaica. As at November 30, 2018, no contribution from Crop has been provided to Hempire yet.

5. LOANS AND ADVANCES

As at November 30, 2018, loans and advances consisted of the following:

a. Advances made to DVG, LLC in the amount of $1,806,905 as described in Note 4.

b. Advances made to Humboldt Holdings LLC (“Humboldt”) in the amount of $2,437,812 in connection with the acquisition of a 49% interest in Humboldt by CROP.

c. Advances made to Wheeler Park Properties LLC (“Wheeler”) in the amount of $4,839,765 in connection with the acquisition of a 30% interest in Wheeler by CROP.

d. Advances made to Elite Ventures LLC (“Elite”) in the amount of $3,417,303 in connection with the acquisition of a 49% interest in Elite by CROP.

e. Advances made to Ocean Green Management LLC (“Ocean”) in the amount of $21,723 in connection with the acquisition of a 49% interest in Ocean by CROP.

The balances are unsecured, non-interest bearing and without fixed repayment terms

6. SHARE CAPITAL

(a) Authorized

Unlimited common shares, without par value.

(b) Issued and outstanding:

On October 17, 2018, the Company announced warrant exercise incentive program (the “Program”). Under the Program, the exercise price of all the warrants reduced to $0.40 if exercise prior to November 2, 2018. One Incentive Warrant will be granted for each warrant exercised. Each Incentive Warrant will be exercisable to acquire one common share at a price of $0.50 for two years. A total of 5,266,675 warrants were exercised under this program and consequently, 5,266,675 common shares and Incentive Warrants were issued. The Company received proceeds of $2,106,670 for the exercise of warrants and incurred $7,800 finders fees for this Program. Contributed surplus of $111,594 was reversed in the exercise of warrants.

On August 2, 2018, the Company closed a non-brokered private placement of 5,366,667 units at $0.30 per share for gross proceeds of $1,610,000. Each unit consists of one common share and a share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at $0.50 per share for a period of 24 months following the issuance date. No value has been allocated to the half warrants.

In August 2018, the Company closed various private placements of 697,500 common shares at $0.10 per share for gross proceeds of $69,750.

6. SHARE CAPITAL (Continued)

(b) Issued and outstanding (continued):

On June 11, 2018, the Company closed a non-brokered private placement of 1,370,000 units at $0.25 per share for gross proceeds of $342,500. Each unit consists of one common share and one-half share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at $0.50 per share for a period of 18 months following the issuance date. No value has been allocated to the half warrants.

On June 8, 2018, the Company accelerated the expiry date of private placement warrants from March 5, 2020 to June 26, 2018. If the warrants exercised prior to June 26, 2018, half Incentive Warrant will be granted for each warrant exercised. Each Incentive Warrant will be exercisable to acquire one common share at a price of $0.75 for 24 months. As a result of the accelerated expiry date, 9,349,100 warrants were exercised and consequently, 4,674,550 common shares and Incentive Warrants were issued. The remaining 15,661,000 warrants were expired without exercised.

On May 2, 2018 the Company closed a non-brokered private placement of 10,021,425 units at $0.40 per share for gross proceeds of $4,008,570. Each unit consists of one common share and one-half share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at $0.55 per share for a period of 18 months following the issuance date. No value has been allocated to the half warrants. The Company paid $11,450 in commissions in conjunction with the financing and has issued 26,250 broker warrants exercisable on the same terms as the warrant issued in the financing. The fair value of broker warrants was $537,825.

During the period ended November 30, 2018, the Company issued 9,550,457 common shares and 5,335,000 warrants for services at a total fair value of $3,243,744.

During the period ended November 30, 2018, 15,975,017 warrants were exercised for gross proceeds of $4,146,799. Contributed surplus in the amount of $613,382 was reversed.

During the period ended November 30, 2018, 18,972,000 options were exercised for gross proceeds of $5,331,000. Contributed surplus in the amount of $3,439,030 was reversed.

As at November 30, 2018, the Company received $14,542 in share subscriptions.

During the 14 month period ended February 28, 2018, the Company issued 50,395,200 units at a price of $0.10 per unit for gross proceeds of $5,039,520. Each unit consists 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 $0.20 per share for a period of 24 months from the closing date of the private placement. Should the Company's share price trade at $0.40 per share or above for 5 consecutive trading days then the Company will have the option to give notice to the warrant holders to accelerate the exercise of the warrants within 10 days or the warrants will expire.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (Continued)

(b) Issued and outstanding (continued):

In connection with the private placement, the Company has committed to the issuance of 1,293,500 units to certain brokers and finders ("Finders") on the same terms as the private placement upon the closing of the private placement. On March 2, 2018, the warrants were issued at a fair value of $377,655. As of June 26, 2018, the broker warrants were cancelled as a result of incentive warrant program.

(c) Stock Options:

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.

A continuity of stock options for the nine months period ended November 30, 2018 is as follows:

	Number of options
Balance, February 28, 2018	-
Granted	29,250,000
Exercised	(18,972,000)
Cancelled	(3,247,000)
Balance, November 30, 2018	7,031,000

During the period ended November 30, 2018, the Company granted 29,250,000 stock options to certain directors, officers and consultants of the Company. The weighted average fair value of the stock options was determined to be $4,939,777 using the Black-Scholes option pricing model, which requires management to make estimates that are subjective and may not be representative of the actual results. Changes in assumptions can materially affect estimates of fair value. The following weighted average assumptions were used for the calculation:

Risk free interest rate	2.01%
Expected life (in years)	1.10 year
Expected volatility	144%
Expected dividend yield	0%
Expected forfeiture rate	0%

All options were vested immediately. During the nine months ended November 30, 2018, 18,972,000 options were exercised for gross proceeds of $5,331,000 and 3,247,000 options were cancelled. Contributed surplus of $2,825,648 was also reversed upon exercised.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (Continued)

(c) Stock Options:

The weighted average life remaining for the options was 0.67 years. Details of common stock options outstanding at November 30, 2018 are as follow:

Outstanding and exercisable	Exercise price	Remaining life (years)	Expiry date
1,106,000	$0.50	0.28	13-Mar-19
2,100,000	$0.25	0.60	08-Jul-19
1,025,000	$0.20	0.64	23-Jul-19
600,000	$0.38	0.78	12-Sep-19
350,000	$0.45	0.81	20-Sep-19
500,000	$0.50	0.87	14-Oct-19
50,000	$0.26	0.92	31-Oct-19
1,300,000	$0.35	0.94	07-Nov-19
7,031,000	$0.34	0.67	

(d) Warrants:

As part of the May 2, 2018 private placement, the Company issued 5,436,588 warrants. Each warrant allows the holder of the unit to acquire one additional Common Share until November 2, 2019 at an exercise price of $0.55. In addition, the Company issued 26,250 agent warrants as part of the share issue costs. The fair value of the agents' warrants was determined to be $14,173 or $0.54 per warrant using the Black-Scholes option pricing model, which requires management to make estimates that are subjective and may not be representative of the actual results. Changes in assumptions can materially affect estimates of fair value.

On June 11, 2018 and August 2, 2018, the Company issued 6,051,667 warrants from the private placements. Each warrant allows the holder of the unit to acquire one additional Common Share at an exercise price of $0.50 for 24 months. No value has been allocated to these warrants.

On August 31, 2018, the Company issued 2,500,000 units for services at $0.40 per unit for gross amount $1,000,000. Each unit consisted of 1 common share and one-half of share purchase warrants. Based on the value of private placement at the same period, the fair value of the warrants was determined to be $250,000. These warrants were exercised on June 2018 under the Incentive Program and Incentive Warrants were issued at fair value of $196,554.

In addition, the Company also issued 25,197,600 warrants and 1,293,500 agents' warrants for the private placement in DVI closed in February 2018. The fair value of the agents' warrants was determined to be $377,655 or $0.29 per warrant. As of June 26, 2018, the brokers' and agents' warrants were cancelled as a result of incentive warrant program.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (Continued)

(d) Warrants (continued):

The following weighted average assumptions were used for the calculation:

Risk free interest rate	2.03%
Expected life (in years)	1.51 years
Expected volatility	168%
Expected dividend yield	0%
Expected forfeiture rate	0%

Information regarding the Company's outstanding warrants is summarized below:

	Number of warrants
Balance, February 28, 2018	-
Issued	55,016,072
Exercised	(15,975,017)
Cancelled	(16,954,500)
Balance, November 30, 2018	22,086,555

The weighted average life remaining for the warrants was 1.54 years. Details of common share purchase warrants outstanding at November 30, 2018 are as follow:

Outstanding and exercisable	Exercise price	Remaining life (years)	Expiry date
3,709,463	$0.55	0.92	November 2, 2019
562,500	$0.12	1.41	April 28, 2020
535,000	$0.50	0.50	June 2, 2019
3,386,250	$0.75	1.56	June 26, 2020
4,541,667	$0.50	1.67	August 2, 2020
5,266,675	$0.40	1.93	November 2, 2020
300,000	$0.50	1.77	September 7, 2020
840,000	$0.75	1.83	September 28, 2020
2,945,000	$0.50	1.49	May 5, 2020
22,086,555	$0.52		

(e) Escrowed Shares

Pursuant to an escrow agreement dated, the 13,967,000 common shares issued pursuant to the Acquisition are subject to escrow restrictions. The escrow shares will be released based on certain performance conditions. At November 30, 2018, there are 10,475,250 common shares remain in escrow (February 28, 2018 – nil common shares). The next escrow share release date will be March 2, 2019 for 2,095,050 shares.

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS

Related Party Transactions and Key Management and Personnel Compensation

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	November 30, 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.

8. CAPITAL DISCLOSURES

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

9. FINANCIAL INSTRUMENTS

As at November 30, 2018, the Company's financial instruments consist of cash, loans and advances and accounts payable.

The Company provides information about financial instruments that are measured at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

Cash is measured using level 1 fair value inputs. The carrying values of the amounts receivable and loan and advances approximate their fair values because of the short-term nature of these instruments.

9. FINANCIAL INSTRUMENTS (continued)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. As described in Notes 4 and 5, the loans and advances will be secured by various assets and properties which mitigates the credit risk. Therefore, the Company believes that the impact of credit risk is not significant.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. At November 30, 2018 and February 28, 2018, the Company is not exposed to significant interest rate risk as it has no interest-bearing debt.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than US dollar. The Company is exposed to currency risk resulting from its investments in associates which are located outside of Canada.

10. COMMITMENT

On August 14th, 2018, the Company signed a Letter of Intent with Naturally Splendid Enterprises for development and manufacturing of various products and beverages.

11. SUBSEQUENT EVENT

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 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.