

FORM 5

QUARTERLY LISTING STATEMENT

Name of CSE Issuer: **Crop Infrastructure Corp (formerly Fortify Resources Inc.)** (the “Issuer”).

Trading Symbol: **CROP**

This Quarterly Listing Statement must be posted on or before the day on which the Issuer’s unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer’s first, second and third fiscal quarters. This statement is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CSE Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the CSE website at www.thecse.com.

General Instructions

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term “Issuer” includes the CSE Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

All related party transactions have been disclosed in the Issuer's financial statements for the interim period ended August 31, 2019.

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

2. Summary of securities issued and options granted during the period.

All securities issued and options granted by the Issuer have been disclosed in the Issuer's financial statement notes for the interim period ended August 31, 2019.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

3. Summary of securities as at the end of the reporting period.

A summary of securities has been provided in the financial statements for the interim period ended August 31, 2019.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,

- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
 - (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.
4. **List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

Name of Director	Position(s) Held
Micheal Yorke	President, CEO and a Director
Abbey Abdiye	CFO
Twila Jensen	Director
Christine Mah	Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

See Management's Discussion & Analysis attached as Schedule C.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CSE that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CSE Requirements (as defined in CSE Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: October 28, 2019

Michael Yorke
Name of Director or Senior Officer

"Michael Yorke"
Signature
CEO
Official Capacity

<i>Issuer Details</i>		
Name of Issuer: Crop Infrastructure Corp. (formerly Fortify Resources Inc.)	For Quarter Ended August 31, 2019	Date of Report: YY/MM/DD 19/10/28
Issuer Address: 600-535 Howe Street		
City/Province/Postal Code: Vancouver, BC V6C 2Z4	Issuer Fax No.: N/A	Issuer Telephone No. +1. 604-559-8051
Contact Name: Michael Yorke	Contact Position: CEO	Contact Telephone No. +1. 604-559-8051
Contact Email Address: rnpshorsley@gmail.com	Web Site Address:	

Schedule "A"

Financial Statements



**CROP INFRASTRUCTURE CORP.
(Formerly Fortify Resources Inc.)**

Condensed Consolidated Interim Financial Statements

For the Six Months Period Ended August 31, 2019 and 2018

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Notice of no Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of 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 condensed consolidated interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Crop Infrastructure Corp.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	Note	August 31, 2019	February 28, 2019
		\$	\$
ASSETS			
Current Assets			
Cash		26,623	5,661,994
Amounts receivable		229,034	191,043
Prepaid expenses		41,462	487,083
Advances	8	64,785	64,785
		361,904	6,404,905
Amounts due from associates	4	25,663,915	15,282,924
Intangible assets	5	611,112	777,778
Investments		1,000,000	1,000,000
Investments in associates	4	977,661	979,340
		28,614,117	24,444,947
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current Liability			
Accounts payable and accrued liabilities		313,258	120,024
Short-term loans	11	290,000	-
Due to associates	4	1,388,940	-
Convertible debentures	6	4,497,053	3,412,964
		6,489,251	3,532,988
SHAREHOLDERS' EQUITY			
Share capital	7	39,890,749	33,954,197
Subscriptions received		54,042	14,042
Subscriptions receivable		(78,000)	-
Contributed surplus	7	3,484,434	2,987,237
Deficit		(21,226,359)	(16,043,517)
		22,124,866	20,911,959
		28,614,117	24,444,947

Nature and continuance of operations (Note 1)
Commitments (Note 12)
Subsequent events (Note 13)

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on October 25, 2019.

Approved on behalf of the Board by:

"Michael Yorke" , Director

Christine Mah , Director

Crop Infrastructure Corp.
Condensed Consolidated Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Month Ended August 31, 2019	Three Month Ended August 31, 2018	Six Month Ended August 31, 2019 (Note 2)	Six Month Ended August 31, 2018 (Note 2)
	\$	\$	\$	\$
Expenses				
Advertising and promotion	78,884	1,537,064	1,827,501	2,129,184
Amortization	83,333	-	166,666	-
Consulting fees	305,743	343,896	363,491	959,554
General and administration	140,602	114,390	198,946	170,716
Interest and accretion on convertible debentures	232,499	-	429,599	-
Professional fees	100,140	1,180,089	220,950	2,043,004
Share-based compensation	897,051	1,753,691	1,981,118	2,992,519
Transfer agent	12,750	10,627	20,845	20,170
Travel	-	23,256	15,558	33,193
	1,851,002	4,963,013	5,224,674	8,348,340
Loss before other expenses	(1,851,002)	(4,963,013)	(5,224,674)	(8,348,340)
Other expenses				
Share of loss from investment in associate	(474)	-	(2,154)	-
Listing expense (Note 2)	-	-	-	(465,284)
	(474)	-	(2,154)	(465,284)
Loss before income taxes	(1,851,476)	(4,963,013)	(5,226,828)	(8,813,624)
Income tax recovery	98,761	-	98,761	-
Net loss and comprehensive loss	(1,752,715)	(4,963,013)	(5,128,067)	(8,813,624)
Basic and diluted loss per common share	(0.01)	(0.05)	(0.03)	(0.11)
Weighted average number of common shares outstanding	168,133,081	96,347,604	163,069,479	83,075,391

Crop Infrastructure Corp.
Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Common shares (Note 2)	Share capital (Note 2)	Subscriptions received	Subscriptions receivable	Contributed surplus	Deficit	Total
		\$	\$	\$	\$	\$	\$
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)	(30,000)	14,173	-	5,898,751
Finders warrants issued	-	(377,655)	-	-	377,655	-	-
Stock option exercised	10,047,000	3,733,127	-	-	(1,333,627)	-	2,399,500
Warrants exercised	10,520,842	2,330,663	-	-	(305,234)	-	2,025,429
Shares issued for services	4,225,457	1,073,700	-	-	250,000	-	1,323,700
Share-based compensation	-	-	-	-	2,992,519	-	2,992,519
Subscription Received	-	-	4,542	-	-	-	4,542
Loss for the period	-	-	-	-	-	(8,813,624)	(8,813,624)
Balance, August 31, 2018	110,671,282	18,107,371	(25,458)	(30,000)	2,533,311	(9,572,556)	11,042,668
Balance, February 28, 2019	154,158,731	33,954,197	14,042	-	2,987,237	(16,043,517)	20,911,959
Exercise of stock options	14,504,000	5,325,711	40,000	(78,000)	(1,483,921)	-	3,803,790
Shares issued for services	2,036,138	610,841	-	-	-	-	610,841
Share-based compensation	-	-	-	-	1,981,118	-	1,981,118
Comprehensive loss	-	-	-	-	-	(5,128,067)	(5,128,067)
Balance, August 31, 2019	170,698,865	39,890,749	54,042	(78,000)	3,484,434	(21,226,359)	22,124,866

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the Six month period ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

	Six month period ended August 31, 2019	Six month period ended August 31, 2018
	\$	\$
Operating activities		
Net loss	(5,128,067)	(8,813,624)
Items not involving cash:		
Amortization expense	166,666	-
Deferred income tax recovery	(98,761)	-
Interest and accretion expense	199,873	-
Listing expense	-	465,284
Share of loss from investment in associate	2,154	-
Shares issued for services	610,841	1,554,912
Stock-based compensation	1,981,118	2,992,519
Changes in non-cash working capital balances:		
Amounts receivable	(35,491)	(30,801)
Prepaid expenses	445,621	(916,667)
Due to related party	-	(9,987)
Accounts payable and accrued liabilities	193,234	(20,287)
	(1,662,812)	(4,778,651)
Investing activities		
Cash in Crop Upon acquisition	-	5,683
Amounts due from associates	(8,992,051)	-
	(8,992,051)	5,683
Financing activities		
Exercise of stock options	3,803,790	2,223,800
Exercise of warrants	-	1,990,429
Shares issued for cash, net of issuance costs	-	5,878,239
Proceeds from convertible debt, net	925,702	-
Loans advance	290,000	300,000
Loan repayment	-	(300,000)
Loans and advances	-	(5,097,492)
Subscriptions received	-	4,542
	5,019,492	4,999,518
Increase (Decrease) in cash	(5,635,371)	226,500
Cash, beginning	5,661,994	490,677
Cash, ending	26,623	717,227
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	-	30,000
Income taxes paid	-	-
NON-CASH TRANSACTIONS (See Note 8)		

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the Six month period ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Crop Infrastructure Corp. ("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 February 28, 2018 condensed consolidated interim financial statements, and the comparative figures 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". The Company is listed on the Canadian Securities Exchange ("CSE").

The Company 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 \$21,226,359 as at August 31, 2019. In addition, the Company has no sources of revenue and does not generate cash flows from operating activities. The Company is currently subject to risks and uncertainties common to entities operating in the cannabis industry, including legal and regulatory challenges, 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 condensed consolidated interim financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the Six month period ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

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) 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 Finders' common 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 consolidated statement of comprehensive loss as listing expense.

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the Six month period ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

2. REVERSE MERGER AND LISTING EXPENSE (continued)

The share-based compensation in the amount of \$409,482 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 \$106,763 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 \$0.10 per share, an average volatility of 130%, an average annual risk-free interest rate of 1.75%, 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	106,763
	<hr/> 409,482
Identifiable net assets of Crop assumed:	
Cash	5,683
Other assets	7,599
Liabilities	(69,084)
Net liabilities	<hr/> (55,802)
Listing expense	<hr/> 465,284

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 year ended February 28, 2019.

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 year ended February 28, 2019.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on October 25, 2019.

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 August 31, 2019, the condensed consolidated interim financial statements include the following entities:

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the Six month period ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation and Consolidation (continued)

Entity	Country	Relationship	Functional currency
Crop Infrastructure Corp.	Canada	Parent	Canadian dollar
DV Infrastructure Corp.	Canada	Subsidiary	Canadian dollar
Xhemplar S.R.L. ⁽¹⁾	Italy	Subsidiary	Euro
Jamaica Crop Corp Limited ⁽¹⁾	Jamaica	Subsidiary	Jamaican dollar

(1) The Company acquired and sold its interest in these entities during the year ended February 29, 2019.

Subsidiaries are entities that the Company controls directly. Control is defined as the exposure, or rights, or variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights and the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital, however where power over an investee exists through owning less than 50% of the voting shares or currently exercisable potential voting rights, evidence of control is deemed to be present. All inter-company balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated upon consolidation. Where necessary, adjustments are made to the results of the subsidiaries and entities to bring their accounting policies in line with those used by the Company. All significant inter-company balances and transactions have been eliminated on consolidation.

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, discount rate applied to estimate the fair value of liability portion of convertible debentures, 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 condensed consolidated interim financial statements include the following:

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

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the Six month period ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 year 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.

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the Six month period ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

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 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.

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the Six month period ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

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 Consolidated Statement of Comprehensive Loss in the period in which it arises.

The Company has classified its cash, advances, amounts due from associates and investments as FVTPL.

(iv) Financial liabilities

The Company classifies its financial liabilities into the following categories:

- 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.

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, short-term loans, due to associates and convertible debentures as amortized cost.

Crop Infrastructure Corp.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets consist of distribution rights acquired by the Company. Acquired intangible assets are recorded at cost less accumulated amortization and impairment. Intangible assets with indefinite lives are not amortized but are reviewed annually for impairment. Any impairment of intangible assets is recognized in the statement of operation and comprehensive loss but increases in intangible asset values are not recognized. As at August 31, 2019, the Company does not have any indefinite lived intangible assets.

Estimated useful lives of intangible assets are shorter of the economic life and the period the right is legally enforceable. The assets' useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

At each financial position reporting date, the carrying amounts of the Company's long-lived assets, including property and equipment and intangible assets, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the Cash Generating Unit ("CGU") to which the asset belongs.

Impairment

(i) Non-financial assets

The carrying amounts of the Company's non-financial 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.

An impairment loss is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount. The recoverable amount of an asset or a CGU 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.

Crop Infrastructure Corp.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

(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).

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 IFRS 16 Leases for the period ended August 31, 2019. The mandatory adoption of the accounting standards and interpretations had no significant impact on the Company's condensed consolidated interim financial statements for the current year or prior year presented.

Crop Infrastructure Corp.

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4. INVESTMENTS IN ASSOCIATES

The carrying value of investments in and amounts due from associates consist of:

	Note	% interest	Investments in Associates				Amounts due from Associates		
			Balance, February 28, 2019	Additions	Share of net loss	Balance, August 31, 2019	Balance, February 28, 2018	Additions	Balance, August 31, 2019
			\$	\$	\$	\$	\$	\$	\$
DVG LLC	(a)	30%	-	-	-	-	1,830,758	-	1,830,756
Elite Ventures LLC	(b)	49%	-	-	-	-	5,207,919	8,431,265	13,639,184
Humboldt Holdings LLC	(c)	49%	960,915	-	(939)	959,976	2,565,751	708,817	3,274,568
Ocean Green Management LLC	(d)	30%	18,425	-	(1,215)	17,210	62,501	10,741	73,242
Wheeler Park Properties LLC	(e)	30%	-	-	-	-	5,615,995	891,943	6,507,938
Oklahoma Venture Group LLC	(f)	49%	-	-	-	-	-	338,225	338,225
			979,340	-	(2,154)	977,186	15,282,924	10,380,991	25,663,915

The following is a summary of aggregate financial information for the Company's associates:

	DVG	Elite	Humboldt	Ocean	Wheeler	Oklahoma	August 31, 2019 Total
	\$	\$	\$	\$	\$	\$	\$
Statement of financial position							
Cash and cash equivalents	743	19,400	(7,911)	66	(20,569)	4,095	(4,176)
Non-current assets	1,955,773	17,315,866	3,546,221	56,683	4,647,357	394,112	27,916,012
Current liabilities	2,238,790	14,390,429	3,906,919	74,761	7,060,972	398,385	28,070,256
Non-current liabilities	-	5,395,244	-	-	-	-	5,395,244
Statement of loss and comprehensive loss							
General and administration expenses	(300)	(4,633)	(1,566)	(4,050)	(1,532)	(178)	(12,258)
Net loss and comprehensive loss	(300)	(4,633)	(1,566)	(4,050)	(1,532)	(178)	(12,258)

Crop Infrastructure Corp.

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4. INVESTMENTS IN ASSOCIATES (continued)

(a) DVG LLC

On August 17, 2017, the Company, along with Sentinel Property Management Ltd. ("Sentinel") and Stratto, LLC ("Stratto") entered into an Agreement ("Agreement") to form DVG LLC. ("DVG"), a US company incorporated on July 28, 2017 in Washington USA. According to the 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 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 fund its operational costs.

As the carrying value of investment has been reduced to \$nil, no loss has been recognized. The unrecognized share of the net loss of DVG for the period ended August 31, 2019 is \$180.

According to the Agreement, the net profit (loss) distribution will be 60% for the Company, 30% for Stratto and 10% for Sentinel until the advances made by the Company have been repaid. The Company has made advances to DVG which will be converted to promissory notes in accordance with the Agreement and secured by the assets of DVG. Management is in the process of preparing the promissory notes. The advances are non-interest bearing and have no fixed terms of repayment.

(b) 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 in exchange for a commitment to provide advances to Elite. The primary business of Elite is to complete greenhouse construction, lease land, facilities and agriculture infrastructure to licensed marijuana growers in Washington State.

As the carrying value of investment is \$nil, no loss has been recognized during the period ended August 31, 2019. The unrecognized share of the net loss of Elite for the period ended August 31, 2019 is \$2,270.

The Company has made advances to Elite to fund its operations. The advances are secured by the assets of Elite, are non-interest bearing and have no fixed terms of repayment.

Elite has entered into a sublease lease agreement for a 791 acre property whereby its annual payments are \$447,706. The lease term expires on August 21, 2020. In connection with the same lease agreement, the Company has pledged a security deposit of \$160,000 USD in the Company's common shares to the underlying lessor. Elite and the underlying lessee are currently negotiating an extension of the sublease agreement.

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

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4. INVESTMENTS IN ASSOCIATES (continued)

(c) Humboldt Holdings LLC

On May 9, 2018, the Company, along with Sentinel Property Management Ltd. ("Sentinel") and Stratto, LLC ("Stratto") entered into an Agreement ("Agreement") to form Humboldt Holdings LLC ("Humboldt"), a US company incorporated on November 13, 2017 in Californian USA. According to the 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 California. The Company further purchased an additional 19% of Humboldt for total consideration of \$1,000,000 by issuing 5,000,000 common shares.

According to the Agreement, the net profit (loss) distribution would be 60% for the Company, 30% for Stratto and 10% for Sentinel until the advances are repaid in full. Accordingly, the Company's share of the net loss for the period ended August 31, 2019 is \$939.

The Company has made advances to Humboldt which will be converted to promissory notes in accordance with the Agreement and secured by the assets of Humboldt. Management is in the process of preparing the promissory notes. The advances are non-interest bearing and have no fixed terms of repayment.

(d) Ocean Green Management LLC

On July 5, 2018, the Company entered into an agreement ("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. The primary business in Ocean is to complete licensing of marijuana retailing in the State of California.

The Company's share of the net loss of Ocean for the period ended August 31, 2019 is \$1,215.

The Company has made advances to Ocean to fund its operations. The advances are secured by the assets of Ocean, are non-interest bearing and have no fixed terms of repayment.

Crop Infrastructure Corp.

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4. INVESTMENTS IN ASSOCIATES (continued)

(e) Wheeler Park Properties LLC

On June 4, 2018, the Company, the Company entered into a Membership Purchase Agreement (“Agreement”) with Wheeler Park Properties LLC (“Wheeler”), a Washington State limited liability company in exchange for a commitment 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.

According to the Agreement, the net profit (loss) distribution will be 60% for the Company until the advances made by the Company have been repaid. As the carrying value of investment is \$nil, no loss has been recognized during the period ended August 31, 2019. The unrecognized share of the net loss of Wheeler is \$459.

The Company has made advances to Wheeler which will be converted to promissory notes in accordance with the Agreement and secured by the assets of Wheeler. Management is in the process of preparing the promissory notes. The advances are non-interest bearing and have no fixed terms of repayment.

(f) Oklahoma Venture Group LLC

On February 8, 2019, the Company, the Company entered into a Membership Purchase Agreement (“Agreement”) with Oklahoma Venture Group LLC (“Oklahoma”), a Oklahoma State limited liability company in exchange for a commitment to advance up to US\$2,500,000 to Oklahoma for equipment purchase and retro-fit upgrades of the licensed cannabis greenhouse complex in return for a 49% interest.

As the carrying value of investment is \$nil, no loss has been recognized during the period ended August 31, 2019. The unrecognized share of the net loss of Oklahoma is \$107.

The Company has made advances to Oklahoma which will be converted to promissory notes in accordance with the Agreement and secured by the assets of Oklahoma. Management is in the process of preparing the promissory notes. The advances are non-interest bearing and have no fixed terms of repayment.

Crop Infrastructure Corp.

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5. INTANGIBLE ASSETS

The Company's intangible assets are comprised of distributions rights as follows:

	Distribution rights
	\$
Balance, February 28, 2019 and August 31, 2019	1,000,000
Amortization:	
Balance, February 28, 2019	(222,222)
Additions	(166,666)
Balance, August 31, 2019	(388,888)
Balance, February 28, 2018 and August 31, 2018	-
Balance, August 31, 2019	611,112

During the year ended February 28, 2019, the Company issued 2,500,000 common shares and 1,250,000 share purchase warrants in exchange for license and distribution rights in Italy for certain products for a period of three years. The share purchase warrants are exercisable for a period of 18 months for a price of \$0.55 per common share of the Company. The fair value of the common shares and share purchase warrants was determined to be \$650,000 and \$350,000, respectively.

During the year ended February 28, 2019, the 1,250,000 warrants were exercised as part of a warrant incentive program and the Company issued an additional 1,250,000 share purchase warrants exercisable for a period of two years for a price of \$0.50 per common share of the Company. The Company recorded share-based compensation expense of \$274,726 upon the issuance of the new warrants, which was calculated using the Black-Scholes Option Pricing model and the following weighted average assumptions: share price - \$0.39; exercise price - \$0.50 expected life - 2 years; volatility - 120%; dividends - Nil%; and risk-free rate - 2.33%.

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

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6. CONVERTIBLE DEBENTURES

On June 10, 2019, the Company issued secured convertible debenture units for gross proceeds of \$1,250,000 under the following terms:

- A term of one year;
- An interest rate of 10% per annum; and
- Convertible into common shares of the Company at \$0.30 per common share, until June 10, 2020, subject to adjustment in certain events.

The convertible debentures were raised at an original issue discount of 20% in the amount of \$26,7797. As part of the convertible debenture units, the Company also issued 4,666,667 share purchase warrants to the holders exercisable at a price of \$0.50 per common share for a period of three years. No value has been allocated to these warrants. The Company also incurred cash debt issuance costs of \$54,000.

On February 26, 2019, the Company issued secured convertible debenture units for gross proceeds of \$4,000,000 under the following terms:

- A term of two years;
- An interest rate of 10% per annum, payable monthly; and
- Convertible into common shares of the Company at \$0.30 per common share, until February 26, 2021, subject to adjustment in certain events.

As part of the convertible debenture units, the Company also issued 13,333,333 share purchase warrants to the holders exercisable at a price of \$0.50 per common share for a period of three years. No value has been allocated to these warrants. The Company also incurred cash debt issuance costs of \$207,045.

The convertible debentures are secured against the assets of the Company and its interest in associates and subsidiaries pursuant to the terms of a general security agreement of the Company issued in favor of the holders.

For accounting purposes, the convertible debentures are separated into their liability and equity components using the residual method. The fair value of the liability component at the time of issue was determined based on an estimated rate of 17% for both convertible debentures without the conversion feature. The fair value of the equity component was determined as the difference between the face value of the convertible debentures and the fair value of the liability component. After initial recognition the liability component is carried on an amortized cost basis and will be accreted to its face value over the term to maturity of the convertible debenture at an effective interest rate of approximately 47.46% and 19.07% respectively.

Crop Infrastructure Corp.**Notes to Condensed Consolidated Interim Financial Statements**

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6. CONVERTIBLE DEBENTURES (continued)

The following table summarizes accounting for the convertible debentures and the amounts recognized in the liability and equity during the period:

	June 10, 2019	February 26, 2019	Total
	\$	\$	\$
Principal amount	1,250,000	4,000,000	5,250,000
Equity portion	59,236	415,078	474,314
Transaction costs	(15,250)	(21,485)	(36,735)
Deferred income tax liability	(98,761)	(162,172)	(260,933)
Allocation to contributed surplus (deficit)	(54,775)	231,421	176,646
Liability portion	1,190,764	3,584,922	4,775,686
Transaction costs	(306,548)	(185,560)	(492,108)
Accretion expense	68,190	145,285	213,475
Carrying value, August 31, 2019	952,406	3,544,647	4,497,053
Effective interest rate	47%	19%	

The changes of carrying values of the convertible debentures are as follow:

		\$	\$
Carrying value, February 28, 2018	-	-	-
Addition	-	3,399,362	3,399,362
Accretion expense	-	13,602	13,602
Carrying value, February 28, 2019	-	3,412,964	3,412,964
Addition	884,216	-	884,216
Accretion expense	68,190	131,683	199,873
Carrying value, August 31, 2019	952,406	3,614,647	4,497,053

During the period ended August 31, 2019, the Company incurred interest expense of \$229,726, which remains unpaid and has been included within accrued liabilities on the consolidated statement of financial position.

Crop Infrastructure Corp.

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7. SHARE CAPITAL

(a) Authorized

Unlimited common shares, without par value.

(b) Issued and outstanding

During the period ended August 31, 2019, the Company issued 2,036,138 common shares for services at a fair value of \$610,841.

During the period ended August 31, 2019, the Company issued 14,504,000 common shares for gross proceeds of \$3,756,790 pursuant to the exercise of stock options. Contributed surplus in the amount of \$1,483,921 was reversed.

As at August 31, 2019, the Company had received \$54,042 in share subscriptions (August 31, 2018 - \$4,542).

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.

On January 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 Incentive Warrants were issued. The remaining 15,661,000 warrants were expired without exercised.

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.

During the period ended August 31, 2018, the Company issued 4,325,457 common shares and 1,319,625 warrants for services at a total fair value of \$2,316,925.

During the period ended August 31, 2018, the Company issued 20,567,842 common shares for gross proceeds of \$4,424,929 pursuant to the exercise of stock options and warrants. Contributed surplus in the amount of \$1,638,861 was reversed.

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.

Crop Infrastructure Corp.

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7. SHARE CAPITAL (continued)

(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 period ended August 31, 2019 is as follows:

	Number of options
Balance, February 28, 2019	6,681,000
Granted	21,150,000
Exercised	(14,504,000)
Expired	(1,711,000)
Balance, outstanding and exercisable, August 31, 2019	11,616,000

	Number of options
Balance, February 28, 2018	-
Granted	19,100,000
Exercised	(10,047,000)
Cancelled	(3,247,000)
Balance, August 31, 2018	5,806,000

The fair value of the stock options was determined to be \$1,981,118 (2018 - \$2,992,519) 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:

	2019	2018
Risk free interest rate	1.68%	1.61%
Expected life (in years)	1	1
Expected volatility	130%	198%
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%

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7. SHARE CAPITAL (continued)(c) Stock options (continued)

All options were vested immediately. The weighted average life remaining for the options was 0.76 years. Details of common stock options outstanding at August 31, 2019 are as follow:

Outstanding and exercisable	Exercise price	Remaining life (years)	Expiry date
	\$		
150,000	\$0.45	0.05	20-Sep-19
200,000	\$0.45	0.06	21-Sep-19
500,000	\$0.45	0.12	14-Oct-19
50,000	\$0.26	0.17	31-Oct-19
350,000	\$0.35	0.19	07-Nov-19
100,000	\$0.30	0.58	01-Apr-20
420,000	\$0.30	0.64	23-Apr-20
1,000,000	\$0.50	1.48	21-Feb-21
700,000	\$0.30	0.44	26-Feb-20
700,000	\$0.30	0.53	13-Mar-20
1,801,000	\$0.26	0.75	20-May-20
1,225,000	\$0.22	0.78	12-Jun-20
910,000	\$0.24	0.76	04-Jun-20
160,000	\$0.21	0.80	19-Jun-20
1,350,000	\$0.20	0.86	09-Jul-20
2,000,000	\$0.13	0.98	21-Aug-20
11,616,000		0.61	

Crop Infrastructure Corp.**Notes to Condensed Consolidated Interim Financial Statements**

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7. SHARE CAPITAL (continued)**(e) Warrants**

A continuity of share purchase warrants for the period ended August 31, 2019 is as follows:

	Number of warrants
Balance, February 28, 2019	45,707,369
Issued	4,166,667
Expired	(535,000)
Balance, August 31, 2019	49,339,036
	Number of warrants
Balance, February 28, 2018	-
Issued	45,664,397
Exercised	(10,520,842)
Cancelled	(16,954,500)
Balance, August 31, 2018	18,189,055

The weighted average life remaining for the warrants was 1.56 years. Details of common share purchase warrants outstanding at August 31, 2019 are as follow:

Outstanding and exercisable	Exercise price	Remaining life (years)	Expiry date
	\$		
4,166,667	0.50	2.76	June 4, 2022
3,709,463	0.55	0.17	November 2, 2019
562,500	0.12	0.66	April 28, 2020
3,386,250	0.75	0.81	June 26, 2020
4,541,667	0.50	0.92	August 2, 2020
5,266,675	0.50	1.18	November 2, 2020
300,000	0.50	1.02	September 7, 2020
840,000	0.75	1.08	September 28, 2020
2,945,000	0.50	0.74	May 26, 2020
13,333,333	0.50	2.48	February 21, 2022
10,287,481	0.50	1.44	February 5, 2021
45,172,369	0.51	1.45	

(f) Escrowed shares

Pursuant to an escrow agreement, 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 August 31, 2019 8,380,200 common shares remain in escrow (August 31, 2018 – 12,570,300).

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the Six month period ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

8. RELATED PARTY TRANSACTIONS AND BALANCES

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:

	Period ended August 31, 2019	Period ended August 31 , 2018
	\$	\$
Consulting fees paid to officers and directors	30,000	181,044
Professional fees paid to officers	103,382	257,504
Share-based compensation	-	1,238,828
	133,382	1,677,376

As at August 31, 2019, the Company has advanced \$64,785 (February 28, 2019 - \$64,785) to a company under common control. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

9. CAPITAL DISCLOSURES

The Company's objective 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.

10. FINANCIAL INSTRUMENTS

As at August 31, 2019, the Company's financial instruments consist of cash, advances, amounts due from associates, investments, accounts payable loans payable, due to associates and convertible debentures.

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.

Investments are measured using level 2 fair value inputs.

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the Six month period ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

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10. 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, the amounts due from associates 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.

The following table summarizes the maturities of the Company's financial liabilities as at August 31, 2019 based on the undiscounted contractual cash flows:

	Carrying Amount	Contractual Cash Flows	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
	\$	\$	\$	\$	\$	\$
Accounts payable	313,258	196,354	196,354	-	-	-
Loans payable	290,000	290,000	290,000	-	-	-
Due to associates	1,388,940	1,388,940	1,388,940	-	-	-
Convertible debentures	4,497,053	5,250,000	1,250,000	4,000,000	-	-
Total	3,673,595	5,736,354	196,354	4,000,000	-	-

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. At August 31, 2019 and February 28, 2018, the Company is not exposed to significant interest rate risk as it has no variable 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.

11. LOAN PAYABLE

As at August 31, 2019, the loan payable in the amount of \$290,000 is non-interest bearing and unsecured.

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the Six month period ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

12. COMMITMENTS AND CONTINGENCIES

- On August 14, 2018, the Company signed a Letter of Intent with Naturally Splendid Enterprises for development and manufacturing of various products and beverages.
- As described in Note 4, the Company has committed to providing advances to its associates.
- Subsequent to period end, a lawsuit was filed against the Company by a former contractor and trades person. Since it presently is not possible to determine the outcome of this matter, no provision has been made in the financial statements. The resolution could have a significant effect on the Company's earnings in the year that a determination is made; however, in management's opinion, the final resolution of all legal matters will not have a material adverse effect on the Company's financial position.

13. SUBSEQUENT EVENTS

- On September 25, 2019, the Company announced it has completed September site visits in Nevada with its consultants and joint venture partners at the hemp and THC farms where weeds have caused major losses. After drone reconnaissance, and sample plant counts were completed, it was established that eight of 10 of the company's hemp pivots have been severely affected by invasive weeds.
- On October 10, 2019, the Company announced major management actions to remedy recent operational failures from its investments and implement improved reporting protocols throughout its structure, including its investments.

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the Six month period ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

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Schedule "C"

CROP INFRASTRUCTURE CORP.

(Formerly Fortify Resources Inc.)

("CROP" or the "Company")

Quarterly Report

For Period Ended August 31, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

1.1 Date of Report: October 25, 2019

The following management's discussion and analysis ("MD&A") has been prepared as of October 25, 2019 and should be read in conjunction with the condensed consolidated interim financial statements and accompanying notes for the period ended August 31, 2019, 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'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

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

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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 August 31, 2018 condensed consolidated interim financial statements, and the comparative figures 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".

1.3 Overall Performance

Announcements and Highlights during the period ended August 31, 2019:

- On March 7th, 2019, the Company announced it has entered into an agreement with MYM Nutraceuticals Inc., (CSE: MYM) (OTCBB: MYMMF) ("MYM") to partner with CROP's subsidiary, Elite Ventures Group LLC., on 120 acres of CBD-rich hemp in Nevada, USA.
- On March 12th, 2019, the Company announced that its Washington State tenant Wheeler Park ("The Park") has established a bulk cannabis customer relationship and its first 150 lbs of flower has been delivered at \$400 per pound of its smaller flower and trim grown through the previous soil method.
- On March 20th, 2019, the Company announced updates on its Esmeralda County THC and Nye County CBD projects.
- On March 22nd, 2019, the Company announced that its Humboldt Holdings tenant Hemptire has acquired a 25% interest in a licensed distribution company, with onsite non-volatile commercial cannabis manufacturing in California in return for purchasing additional required extraction equipment for the facility. As with all CROP tenant licences the company's subsidiary, in this case Humboldt Holdings, will have the right to acquire the licence interest should federal law change in favour of cannabis-THC.
- On April 3rd, 2019, the Company announced that it has been advised by its tenant brand sales team that the Hemptire and Evolution brands are now available in 40 retail locations, mostly along the coastal cities of Washington.
- On April 11th, 2019, the Company announced that its Emerald Heights retail brand has started two additional retail applications in California.
- On April 17th, 2019, the Company announced that it has identified multiple Tenants for a roll out strategy to enter Oklahoma to target the Medical Cannabis market focusing on Cultivation, Extraction and Retail infrastructure. CROP will own 49% of the newly incorporated company.
- On April 23rd, 2019 the Company announced that it has completed the construction of its 57,600 square foot nursery in Nye County, Nevada.

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the Six month period ended August 31, 2019 and 2018

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- On May 2, 2019, the Company announced that its first Oklahoma farm's tenant, Hempire Oklahoma has been issued Medical Cannabis Cultivation and processing licenses at its 1 acre location in Purcell, Oklahoma where the company will focus on high grade flower and extraction. This is a separate location to the company's 20-acre property that is currently being readied for tenant planting for the 2019 season.
- On May 6th, 2019, the Company announced it has completed the purchase of the suite of Recreational Cannabis licenses and the 1,012-acre property in its Elite Ventures Group 49% interest holding.
- On May 8th, 2019, the Company announced that its investment holding World Farms Corp. has signed an LOI with Graphite Energy Corp (CSE: GRE) to go public via reverse takeover on the Canadian Securities Exchange. CROP currently owns 10,000,000 shares in World Farms Corp who also announced a \$0.30 private placement in connection with the RTO.
- On May 30, 2019, the Company announced that Elite Ventures Group, LLC ("Elite"), a Nevada limited liability company in which CROP holds a 49% membership interest, in partnership with its licensee The Hempire Company, LLC ("Hempire" and, together with Elite, "Elite & Hempire"), has entered into a supply agreement (the "Supply Agreement") with Bioscience Enterprises, Inc. ("Bioscience"), a California based cannabidiol ("CBD") isolate distribution company, to supply Bioscience with an aggregate of USD\$89,500,000 in CBD isolate, with deliveries required to commence in November, 2019 and ending in March 2020, upon completion of the Supply Agreement's initial five-month term (the "Initial Term").
- The Company and Stratto, LLC formed Oklahoma Ventures Group, LLC, pursuant to an agreement whereby the Company owns 49% of Oklahoma Ventures Group, LLC and will provide advances to fund its operations.
- The Company issued 2,036,138 common shares in exchange for services and outstanding liabilities to various vendors.
- The Company issued 14,504,000 common shares for the exercise of stock options.
- The Company granted a total of 21,150,000 stock options to various consultants exercisable at a price range from \$0.13 to \$0.30 per common share for a period of one year from the date of grant.
- On June 5, 2019, the Company announced that its Park Project tenant is now at the 'self-sustaining' point as it launches its Tiff CBD cartridge line.
- On June 10, 2019, the Company announced that it intends to conduct a non-brokered private placement offering (the "Offering") of senior secured convertible debentures (the "Debentures") at an original issue discount of 20% with aggregate face value of up to \$1,250,000 (the "Principal Amount"), for gross aggregate proceeds of up to \$1,000,000.
- On June 14, 2019, the Company announced that the Company completed its previously announced non-brokered private placement offering (the "Offering") of senior secured convertible debentures (the "Debentures") at an original issue discount of 20%, with aggregate face value of up to \$1,250,000 (the "Principal Amount"), for gross aggregate proceeds of up to \$1,000,000.

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the Six month period ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

- On June 21, 2019, the Company announced that its Emerald Heights retail brand has secured a provisional licence for a retail, delivery, and smoking lounge in Cathedral City, California, to vertically integrate its California brands.
- On June 25, 2019, the Company announced today that its 30% owned DVG, LLC partner has acquired additional facilities for a tenanted outdoor cannabis farm in Grant County, Washington.
- On July 10, 2019, the Company announced that Hempire has increased its ownership of Flip Distro to 51% for \$100,000 in capital expenditures and product marketing at the distribution company.
- On July 24, the Company announced that its first batch of THC distillate cartridges derived from the 2018 harvest have passed heavy metal and pesticide testing consistent with the excellent initial test results after the 2018 harvest.
- On August 1, 2019, the Company announces that Elite Ventures Group LLC (“Elite”), a limited liability company organized and existing under the laws of the State of Nevada in which the Company holds a 49% membership interest, has entered into two commercial real estate purchase agreement (the “Property Purchase Agreement”) with Trinity Global Investments LLC (“Trinity Global”) dated July 15, 2019, pursuant to which Trinity Global has agreed to purchase certain real property located in Tonopah, Nevada (together, the “Nevada Property”) owned by Elite.
- On August 8, 2019, the Company announced that its tenanted California farm received and executed its first order from its 2018 harvest totaling \$41,625 in whole flower. CROP’s tenanted Washington facility sold \$83,749 in newly harvested flower, both in the first week of August.
- On August 21, 2019, the Company announced a warrant exercise incentive program (the “Program”) intended to encourage the exercise of up to 31,811,536 outstanding common share purchase warrants.
- 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

Period ended August 31, 2019 and 2018

During the period ended August 31, 2019, the Company incurred net loss of \$5,128,067 (August 31, 2018 \$8,813,624). The net loss includes share-based compensation of \$1,981,118 (August 31, 2018 - \$2,992,519). As at August 31, 2019, the Company had a negative working capital of \$4,738,407 (February 28, 2019- \$2,871,917) and an accumulated deficit of \$21,226,359

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the Six month period ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

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(February 28, 2019- \$16,043,517).

On February 25, 2019, the Company sold its interest in two subsidiaries in exchange for 10,000,000 common shares of a private corporation. The fair value of the common shares received was determined to be \$1,000,000.

During the period, the Company incurred professional fees in the amount of \$220,950 compared to \$2,043,004 during the prior year due to decreased third party consulting services and operational activities of the Company. The balance in prior year professional fees consisted mainly of RTO, more corporate activities and operational activities of the Company.

During the period, the consulting fees decreased to \$363,491 from \$959,554 due to decrease in consulting services in connection with the RTO, and proposed business operation expansion.

Advertising and promotion decreased to \$1,827,501 compared to \$2,129,184 in prior year mainly due to less marketing and promotional efforts and actively promoting its business and market awareness during the period.

During the period, the Company incurred general and administration expenses of \$198,946 compared to \$170,716 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 \$429,599 in interest and accretion on convertible debentures during the period compared to \$nil in the prior year due to no convertible debentures in prior year.

During the period ended August 31, 2019, the Company incurred travel expense in the amount of \$15,558 primarily attributable to site visit expenses compared to \$33,193 in prior year as less travel was required at that stage of the Company's development.

The Company incurred transfer agent fees in the amount of \$20,845 mainly due to exercise of stock options and shares in the period.

The Company recorded \$166,666 amortization expense on its intangible assets on distribution rights in Italy for a period of three years, which was acquired in February 2019.

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	Basic and
	\$	the Period	Diluted Loss

Crop Infrastructure Corp.

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For the Six month period ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

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		\$	Per Share \$
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)
February 28, 2019	–	(1,110,011)	(0.01)
May 31, 2019	–	(3,375,352)	(0.02)
August 31, 2019	–	(1,851,476)	(0.01)

1.5 Liquidity and Capital Resources

As at August 31, 2019, the Company has total assets of \$28,614,117 and a negative working capital of \$4,738,407.

At August 31, 2019, the Company had cash of \$26,623 (February 28, 2019- \$5,661,994) and a negative working capital of \$4,738,407 (February 28, 2019- \$2,871,917). As of August 31, 2019, the Company advanced DVG LLC \$1,830,756 and Humboldt \$3,274,568 to commence operations. Also, the Company advances to Wheeler Park Properties LLC \$6,507,938, Elite Ventures LLC \$13,639,184, Ocean Green Management LLC \$73,242, Oklahoma Venture Group LLC \$338,225 as part of the JV Agreements. The advances secured by the assets of the Company they were advanced to. The advances are non-interest bearing and have no fixed terms of repayment.

Cash utilized in operating activities during the period ended August 31, 2019, was \$1,662,812 (August 31, 2018 – \$4,778,651).

At August 31, 2019, share capital was \$39,890,749 comprising 170,698,865 issued and outstanding common shares.

As at August 31, 2019, the principal amount of \$290,000 in the form of an interest-free loan is unsecured and due on demand.

At present, the Company's operations generate minimal cash inflows and its financial success after August 31, 2019 is dependent on management's ability to continue to obtain sufficient funding to sustain operations through the development.

Crop Infrastructure Corp.

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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 August 31, 2019, the Company had 170,698,865 common shares issued and outstanding, of which 8,380,200 common shares remain in escrow.

1.7 Share Purchase Warrants

As at August 31, 2019, the Company had 45,339,036 share purchase warrants issued and outstanding. The warrants are exercisable ranging from \$0.12 to \$0.75 and expire between November 2, 2019 and June 4, 2022. The weighted average life remaining for the warrants was 1.45 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 August 31, 2019 and the date of this report, there are 11,616,000 stock options outstanding. The options are exercisable ranging from \$0.13 to \$0.50 and expire between September 20, 2019 and February 21, 2021. The weighted average life remaining for the options was 0.76 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.

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the Six month period ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

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Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

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:

	Period ended August 31, 2019	Period ended August 31, 2018
	\$	\$
Consulting fees paid to officers and directors	30,000	181,044
Professional fees paid to officers	103,382	257,504
Share-based compensation	1,981,118	1,238,828
	2,114,500	1,677,376

As at August 31, 2019, the Company has advanced \$64,785 (February 28, 2019 - \$64,785) to a company under common control. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

1.11 Subsequent Events

- On September 25, 2019, the Company announced it has completed September site visits in Nevada with its consultants and joint venture partners at the hemp and THC farms where weeds have caused major losses. After drone reconnaissance, and sample plant counts were completed, it was established that eight of 10 of the company's hemp pivots have been severely affected by invasive weeds.
- On October 10, 2019, the Company announced major management actions to remedy recent operational failures from its investments and implement improved reporting protocols throughout its structure, including its investments.

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

Crop Infrastructure Corp.

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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 condensed consolidated interim 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 Company adopted IFRS 16 Leases for the period ended August 31, 2019. The mandatory adoption of the accounting standards and interpretations had no significant impact on the Company's condensed consolidated interim financial statements for the current year or prior year presented.

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

Crop Infrastructure Corp.

Notes to Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

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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 and outstanding:

Balance, August 31, 2019	170,698,865
Balance, October 25, 2019	171,691,364

As of this reporting date, there were 8,380,000 common shares held in escrow.

1.16 Commitments and Contingencies

- On August 14, 2018, the Company signed a Letter of Intent with Naturally Splendid Enterprises for development and manufacturing of various products and beverages.
- As described in Note 4 of the condensed consolidated interim financial statements for the period ended August 31, 2019, the Company has committed to providing advances to its associates.
- Subsequent to period end, a lawsuit was filed against the Company by a former contractor and trades person. Since it presently is not possible to determine the outcome of this matter, no provision has been made in the financial statements. The resolution could have a significant effect on the Company's earnings in the year that a determination is made; however, in management's opinion, the final resolution of all legal matters will not have a material adverse effect on the Company's financial position.

Crop Infrastructure Corp.

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(Expressed in Canadian Dollars)

(Unaudited)

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 August 31, 2019 of \$5,128,067 and has a deficit of \$21,226,359. 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.