CROP INFRASTRUCTURE CORP.
(Formerly Fortify Resources Inc.)

Condensed Consolidated Interim Financial Statements

For the Six Months Period Ended August 31, 2018 and August 31, 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Crop Infrastructure Corp. (Formerly Fortify Resources Inc.)

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

	Note	August 31, 2018 (Note 2)	February 28, 2018 (Note 2)
		$	$
ASSETS			
Current Assets			
Cash		717,227	490,677
Amounts receivable		54,570	6,183
Prepaid		333,333	-
		1,105,130	496,860
Prepaid		583,334	-
Investment in associates	4	-	-
Loans and advances	5	8,976,939	3,889,447
		10,665,403	4,386,307
LIABILITIES			
Accounts payable		53,797	15,000
SHAREHOLDERS' EQUITY			
Share capital	6	18,107,371	5,039,620
Subscriptions receivable	6	(30,000)	-
Subscriptions received	6	4,542	90,619
Contributed surplus		2,533,311	-
Deficit		(10,003,618)	(758,932)
		10,611,606	4,371,307
		10,665,403	4,386,307

Nature and continuance of operations (Note 1)
Commitment (Note 10)
Subsequent events (Note 11)
These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on October 29, 2018.

Approved on behalf of the Board by:

"Michael Yorke" , Director

"Christine Mah" , Director

Crop Infrastructure Corp. (Formerly Fortify Resources Inc.)

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

	Three Month Ended August 31, 2018	Three Month Ended August 31, 2017	Six Month Ended August 31, 2018 (Note 2)	Six Month Ended August 31, 2017 (Note 2)
	$	$	$	$
Expenses				
Advertising and promotion	1,537,064	-	2,129,184	-
Consulting fees	343,896	-	959,554	-
Interest and bank charges	2,162	-	33,324	-
Insurance	66,500	-	66,500	
Legal	187,618	-	222,126	-
Office and other	45,728	-	70,892	-
Professional fees	992,471	-	1,820,878	-
Share-based compensation	1,753,691	-	2,992,519	-
Transfer agent	10,627	-	20,170	-
Travel	23,256	-	33,193	-
	4,963,013	-	8,348,340	-
Loss before other expenses	(4,963,013)	-	(8,348,340)	-
Other expenses				
Listing expense (Note 2)	-	-	(896,346)	-
Net loss and comprehensive loss	(4,963,013)	-	(9,244,686)	-
Basic and diluted loss per common share	(0.05)	-	(0.11)	-
Weighted average number of common shares outstanding	96,347,604	-	83,075,391	-

Crop Infrastructure Corp. (Formerly Fortify Resources Inc.)

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

	Number of Common shares	Share capital (Note 2)	Subscriptions receivable	Subscriptions received	Contributed surplus	Deficit	Total
		$	$	$	$	$	$
Balance, December 31, 2016 and August 31, 2017	15,000,000	100	-	-	-	-	100
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	(30,000)	(90,619)	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	-	-	-	-	-	(9,244,686)	(9,244,686)
Balance, August 31, 2018	110,671,282	18,107,371	(30,000)	4,542	2,533,311	(10,003,618)	10,611,606

(Expressed in Canadian Dollars)

	Six month period ended August 31, 2018 (Note 2)	Six month period ended August 31, 2017 (Note 2)
	$	$
Operating activities		
Net loss	(9,244,686)	-
Items not involving cash:		
Listing expense	896,346	-
Share-based compensation	2,992,519	-
Shares issued for services	1,554,912	-
	(3,800,909)	-
Changes in non-cash working capital balances:		
Amount receivable	(30,801)	-
Prepaid	(916,667)	
Due to related party	(9,987)	-
Accounts payable and accrued liabilities	(20,287)	-
	(4,778,651)	-
Investing activities		
Cash in Crop upon acquisition	5,683	-
	5,683	
Financing activities		
Shares issued for cash, net	5,878,239	-
Exercise of stock options	2,223,800	-
Exercise of warrants	1,990,429	-
Loans advances	300,000	-
Loans repayment	(300,000)	-
Loans and advances	(5,097,492)	-
Subscriptions received	4,542	-
	4,999,518	-
Increase in cash	226,500	-
Cash, beginning	490,677	-
Cash, ending	717,227	-
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	30,000	-
Income taxes paid	-	-
NON-CASH TRANSACTIONS:		
Shares issued for services (Note 10)	-	-

1. NATURE AND CONTINUANCE OF OPERATIONS

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

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

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

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

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

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 $10,003,618 as at August 31, 2018. In addition, the Company has no source of revenue and does not generate cash flows from operating activities. The Company is currently subject to risks and uncertainties common to drug discovery companies, including technological change, potential infringement on intellectual property of and by third parties, new product development, regulatory approval and market acceptance of its products, activities of competitors and its limited operating history. These factors give rise to a material uncertainty which casts significant doubt upon the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. REVERSE MERGER AND LISTING EXPENSE

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

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

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

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

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

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

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

2. REVERSE MERGER AND LISTING EXPENSE (continued)

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

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

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on October 29, 2018. These condensed consolidated interim financial statements are prepared on historical costs basis, except for financial instruments classified as fair value through profit or loss. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting and presented in Canadian dollars.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation and Consolidation

These condensed consolidated interim financial statements were prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. For the period ended August 31, 2018, the consolidated financial statements include the following entities:

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

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

The condensed consolidation interim financial statements for the period of August 31, 2017 include DV Infrastructure Corp. only.

Significant accounting judgments and estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The determination of listing expense, valuation of shares and warrants deemed issued in connection with the reversed acquisition as described in Note 2, and the assumptions and models used for estimating fair value for share-based payment transactions constituted significant areas of estimates.

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

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

Cash and cash equivalents

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred finance costs

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

Shared-based payments

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

Income taxes

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

Provisions

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

Earnings (loss) per share

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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

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

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

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

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

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

- Financial liabilities at FVTPL; and
- Amortized cost.

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

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

The Company does not designate any financial liabilities at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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

The Company has classified its accounts payable as amortized cost.

Impairment

(i) Non-financial assets

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

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

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

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

(ii) Financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Currency

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

Investments in Associates

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

Comprehensive income (loss)

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

Adoption of new pronouncements

The Company adopted the following standards for the period ended August 31, 2018:

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

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

Future changes in accounting policies

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future changes in accounting policies (continued)

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

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

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

4. INVESTMENT IN ASSOCIATES

DVG, LLC

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

Under the JV Agreement, the Company will raise money to fund the DVG greenhouse construction costs. In addition, the Company, Sentinel and Stratto have committed to providing combined funding of up to $150,000 annually to DVG in the event that DVG does not have sufficient revenue from operations to funds its operational costs. As of August 31, 2018, DVG had incurred $1,541,037 in construction in progress.

During the period ended August 31, 2018, DVG incurred a net loss of $1,877 and had assets of $1,663,405 and liabilities of $1,766,835 as at August 31, 2018. According to the JV Agreement, the net profit (loss) distribution would be 60% for the Company, 30% for Stratto and 10% for Sentinel. Accordingly, the Company's share of the net loss for the period ended August 31, 2018 is $563. As the Company's portion of the loss is greater than the carrying value of investment, the carrying value of the investment has been reduced to Nil and the unrecognized share of the net loss of DVG is $563.

(Expressed in Canadian Dollars)

4. INVESTMENT IN ASSOCIATES (continued)

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

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

During the period ended August 31, 2018, the Company advanced $1,581,094 to DVG (see Note 5(a)). The advances will be converted to promissory notes in accordance to the JV Agreement and secured by the assets of DVG. Management is in the process of preparing the promissory notes.

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

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

On August 15, 2018, the Company announced it will purchase the additional 19% of Humboldt for total consideration of $1.0 Million CAD by issuing 5,000,000 shares at a deemed price of $0.20 per share; 100% of these shares will be escrowed for 12 months, with 25% becoming free trading every 3 months thereafter. As at August 31, 2018, no common shares have been issued yet.

During the period ended August 31, 2018, Humboldt incurred a net loss of $188, and had assets of $1,793,180 and liabilities of $1,793,436 as at August 31, 2018. According to the JV Agreement, the net profit (loss) distribution would be 60% for the Company, 30% for Stratto and 10% for Sentinel. Accordingly, the Company’s share of the net loss for the period ended August 31, 2018 is $56. As of August 31, 2018, Humboldt had incurred $237,365 in construction in progress. As the Company’s portion of the loss is greater than the carrying value of investment, the carrying value of the investment has been reduced to $nil.

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

	$
Carrying value, February 28, 2018	-
Investment in Humboldt	28
Loss on investment	(28)
Carrying value, August 31, 2018	-

4. INVESTMENT IN ASSOCIATES (continued)

Humboldt Holdings LLC (continued)
During the period ended, August 31, 2018, the Company advanced $1,719,640 to Humboldt (see Note 5(b)). The advances will be converted to promissory notes in accordance to the JV Agreement and secured by the assets of Humboldt. Management is in the process of preparing the promissory notes.

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

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

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

During the period ended August 31, 2018, Wheeler incurred a net loss of $677, and had assets of $3,607,017 and liabilities of $3,608,312 as at August 31, 2018. Accordingly, the Company's share of the net loss for the period ended August 31, 2018 is $204. As of August 31, 2018, Wheeler had incurred $2,482,128 in construction in progress. As the Company's portion of the loss is greater than the carrying value of investment, the carrying value of the investment has been reduced to $nil.

During the period ended, August 31, 2018, the Company advanced $3,637,704 to Wheeler (see Note 5(c)). The advances will be converted to promissory notes in accordance to the JV Agreement and secured by the assets of Wheeler. Management is in the process of preparing the promissory notes.

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

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

During the period ended August 31, 2018, Elite incurred a net loss of $69, and had assets of $1,926,101 and liabilities of $$1,926,170 as at August 31, 2018. According to the agreement, the net profit (loss) distribution would be 49% for the Company, 31% for Stratto and 20% Quantum. Accordingly, the Company's share of the net loss for the period ended August 31, 2018 is $21. As

4. INVESTMENT IN ASSOCIATES (continued)

of August 31, 2018, Elite had incurred $159,778 in construction in progress. As the Company's portion of the loss is greater than the carrying value of investment, the carrying value of the investment has been reduced to $nil.

Elite Ventures LLC (continued)
During the period ended, August 31, 2018, the Company advanced $2,016,778 to Elite (see Note 5(d)).

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

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

During the period ended August 31, 2018, Ocean incurred a net loss of $18,106 and had assets of $2,668 and liabilities of $20,774 as at August 31, 2018. According to the JV Agreement, the net profit (loss) distribution would be 30% for the Company, 45% for Alto and 25% for Northstar. Accordingly, the Company's share of the net loss for the period ended August 31, 2018 is $5,432.

During the period ended August 31, 2018, the Company advanced $21,723 to Ocean (see Note 5(e)). The advances will be converted to promissory notes in accordance to the JV Agreement and secured by the assets of Ocean. Management is in the process of preparing the promissory notes.

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

XHemplar Italia
On July 11, 2018, the Company entered into an agreement to own 30% of XHemplar Italia ("XHemplar"), an Italian company incorporated in 2018 in Italy. XHemplar is to complete licensing of marijuana retailing in North-Eastern region of Italy. Crop has committed to provide an initial investment of €500,000. As at August 31, 2018, no contribution from Crop has been provided to XHemplar yet.

Hempire Jamaica
On July 31, 2018, the Company, along with Hempire Jamaica, entered into a Joint Venture Agreement ("JV Agreement") to form Hempire Jamaica ("Hempire"), a Jamaican company is in a process of incorporating a company in 2018 in Jamaica. According to the JV Agreement Crop has

4. INVESTMENT IN ASSOCIATES (continued)

a 49% interest in Hempire . The primary business in Hempire is to complete licensing of marijuana retailing in Jamaica. As at August 31, 2018, no contribution from Crop has been provided to Hempire yet.

5. LOANS AND ADVANCES

As at August 31, 2018, loans and advances consisted of the following:

a. Advances made to DVG, LLC in the amount of $1,581,094 as described in Note 3.

b. Advances made to Humboldt Holdings LLC ("Humboldt") in the amount of $1,719,640 in connection with the acquisition of a 30% interest in Humboldt by CROP.

c. Advances made to Wheeler Park Properties LLC ("Wheeler") in the amount of $3,637,704 in connection with the acquisition of a 30% interest in Wheeler by CROP.

d. Advances made to Elite Ventures LLC ("Elite") in the amount of $2,016,778 in connection with the acquisition of a 49% interest in Elite by CROP.

e. Advances made to Ocean Green Management LLC ("Ocean") in the amount of $21,723 in connection with the acquisition of a 30% interest in Elite by CROP.

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

6. SHARE CAPITAL

(a) Authorized

Unlimited common shares, without par value.

(b) Issued and outstanding:

On 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.

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

6. SHARE CAPITAL (Continued)

(b) Issued and outstanding (continued):

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.

As at August 31, 2018, the Company received $4,542 in share subscriptions.

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

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

(Expressed in Canadian Dollars)

6. 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 six months period ended August 31, 2018 is as follows:

	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

During the period ended August 31, 2018, the Company granted 19,100,000 stock options to certain directors, officers and consultants of the Company. The weighted average fair value of the stock options was determined to be $2,992,520 using the Black-Scholes option pricing model, which requires management to make estimates that are subjective and may not be representative of the actual results. Changes in assumptions can materially affect estimates of fair value. The following weighted average assumptions were used for the calculation:

Risk free interest rate	1.82%
Expected life (in years)	1.16 year
Expected volatility	144%
Expected dividend yield	0%
Expected forfeiture rate	0%

All options were vested immediately. During the six months ended August 31, 2018, 10,047,000 options were exercised for gross proceeds of $2,223,800 and 3,247,000 options were cancelled. Contributed surplus of $1,333,627 was also reversed upon exercised.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (Continued)

(c) Stock Options:

The weighted average life remaining for the options was 0.82 years. Details of common share purchase warrants outstanding at August 31, 2018 are as follow:

Outstanding and exercisable	Exercise price	Remaining life (years)	Expiry date
1,106,000	$ 0.50	0.53	March 13, 2019
600,000	$ 0.25	0.80	June 20, 2019
2,000,000	$ 0.25	0.85	July 8, 2019
500,000	$ 0.20	0.89	July 23, 2019
750,000	$ 0.20	0.92	July 31, 2019
400,000	$ 0.20	0.96	August 15, 2019
450,000	$ 0.27	1.00	August 30, 2019
5,806,000	$ 0.28	0.82	

(d) Warrants:

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

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

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

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

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (Continued)

(d) Warrants (continued):

The following weighted average assumptions were used for the calculation:

Risk free interest rate	1.75%
Expected life (in years)	1.99 years
Expected volatility	159%
Expected dividend yield	0%
Expected forfeiture rate	0%

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

	Number of warrants
Balance, February 28, 2018	-
Issued	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 options was 1.57 years. Details of common share purchase warrants outstanding at August 31, 2018 are as follow:

Outstanding and exercisable	**Exercise price**	**Remaining life (years)**	**Expiry date**
5,462,838	$ 0.55	1.17	November 2, 2019
750,000	$ 0.12	1.66	April 28, 2020
685,000	$ 0.50	3.18	June 2, 2019
4,674,550	$ 0.75	1.81	June 26, 2020
5,366,667	$ 0.50	1.92	August 2, 2020
1,250,000	$ 0.50	1.28	December 11, 2019
18,189,055	$ 0.56	1.57	

(e) Escrowed Shares

Pursuant to an escrow agreement dated, the 13,967,000 common shares issued pursuant to the Acquisition are subject to escrow restrictions. The escrow shares will be released based on certain performance conditions. At August 31, 2018, the 12,570,300 common shares remain in escrow (February 28, 2018 – nil common shares). The next escrow share release date will be September 2, 2018 for 2,095,050 shares.

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS

Related Party Transactions and Key Management and Personnel Compensation

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

	Six months period ended August 31, 2018	August 31, 2017
	$	$
Consulting fees paid to officers and directors	181,044	-
Professional fees paid to officers	257,504	-
	438,548	-

During the period ended August 31, 2018, the Company granted 500,000 stock options to directors and officers for share-based compensation of $1,238,828.

8. CAPITAL DISCLOSURES

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

9. FINANCIAL INSTRUMENTS

As at August 31, 2018, the Company's financial instruments consist of cash, amounts receivable, loans and advances and accounts payable.

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

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

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

9. FINANCIAL INSTRUMENTS (continued)

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

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

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

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

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

10. COMMITMENT

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

11. SUBSEQUENT EVENTS

- On September 7, 2018, the Company completed the member interest purchase agreement with Elite Ventures LLC, of Nevada, to acquire a 49%-member interest in the Nye County agricultural property. The company has agreed to pay $1,350,000 USD in cash and has currently loaned US$1,697,148 for the property and equipment expenses, with no more than $200,000 in additional expenses expected for this first harvest.

- On September 24, 2018, the Company has signed a 3-year lease agreement for 800 additional acres of turn key pivot-irrigated agricultural property. The lease cost will be US$550 per acre in 2019 and $700 USD per acre 2020 forward, paid quarterly commencing in March 2019. The property is in close proximity to Crop's existing 1,065 acre Hemp CBD Farm in Nye County Nevada.

11. SUBSEQUENT EVENTS (continued)

- On September 26th 2018, the Company signed a joint venture agreement with The Hempire LLC of Nevada (the "Tenant") to purchase a 100% interest in an 1,000 acre Esmeralda County agricultural cannabis project tenanted with a suite of cannabis licenses including medical cultivation, medical production and with adult use recreational cultivation & production conditional licenses as well as an option to acquire a retail dispensary application assigned to a strategic location on highway 95on route to Las Vegas. Crop has agreed to loan up to US$4,250,000 over a period of the 6 months to acquire 100% of the initial 10 acres of real estate and associated infrastructure with the additional 1,000 acres being paid for at a cost of $4,500,000 over a 20-year amortization period at 6% interest with a 3-year balloon payment. The Company will receive preferential payback on the project at a rate of 60% of the net profits.

- On October 1, 2018, the Company entered into a lease agreement for 87,120 square foot greenhouse facility in Italy through its joint venture with XHemplar.

- On October 10th, 2018, the Company announced today that its tenant has signed a toll processing deal whereby it will provide its dried hemp-CBD biomass to a processor who will then provide 50% of the finished product as ISO certified CBD isolate to CROP's tenanted farm. The CBD isolate will be sold under the company's brands Hempire, Tiff CBD, infused in to the company's Canna Drink and sold under white label.

- On October 11, 2018, the Company announced today its California tenant has now finished harvesting the entire 30,000 square feet of production area.

- On October 17, 2018, the Company announced a warrant exercise incentive program (the "Program") designed to encourage the early exercise of the Company's 17,439,055 outstanding common share purchase warrants. The Program will be open for a 17-day period (the "Early Exercise Period") beginning on October 17, 2018 and ending on November2, 2018.Pursuant to the Program, the Company is offering an inducement to each eligible holder of the Warrants (collectively, the "Warrant Holders") that exercises the Warrants during the Early Exercise Period that consists of a reduced exercise price of $0.40 per common share, and an additional common share purchase warrant (each an "Incentive Warrant") for each Warrant exercised, with each Incentive Warrant entitling the Warrant Holder to purchase one additional common share of the Company until 5:00 p.m. (Vancouver time) on such date as is two years from the date of issuance of the Incentive Warrant at a price of $0.50 per common share.

- On October18th 2018, the Company announced its 1,865 acre Nevada hemp-CBD farm has commenced harvest on the240 acres planted in July and August of this year.

- On October 25, 2018, the Company announced today that its tenant has begun harvesting at the greenhouse complex known as 'The Park', situated in Wheeler Park, Washington State.