FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: Rubicon Organics Inc. (the "Issuer").

Trading Symbol: ROMJ

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 Exchange 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 Exchange website.

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 Listed 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

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.

Included in Schedule A, Note 15

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

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,

There were no common shares 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,

There were no 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.

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,

Included in Schedule A, Note 13

(b) number and recorded value for shares issued and outstanding,

Included in Schedule A, Note 13

(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

Included in Schedule A, Note 14

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

As of May 27, 2020, 9,850,217 common shares are held by the escrow agent pursuant to the Escrow Agreement dated October 2, 2018

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.

Bryan Disher, Director
David Donnan, Director
John Pigott, Director
Jesse McConnell, Chief Executive Officer & Director
Margaret Brodie, Chief Financial Officer & Director
Tim Roberts, President
Peter Doig, Chief Scientific Officer

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

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

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 the Exchange 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 Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated May 27, 2020.

Margaret Brodie
Name of Director or Senior Officer

(Signed) *"Margaret Brodie"*
Signature

Chief Financial Officer
Official Capacity

Issuer Details Name of Issuer Rubicon Organics Inc.	For Quarter Ended March 31, 2020	Date of Report YY/MM/D 20/05/27
Issuer Address 1200 Waterfront Centre 200 Burrard Street, PO Box 48600		
City/Province/Postal Code Vancouver, British Columbia V7X 1T2	Issuer Fax No. N/A	Issuer Telephone No. +1 (437) 929-1964
Contact Name Margaret Brodie	Contact Position Chief Financial Officer	Contact Telephone No. +1 (437) 929-1964
Contact Email Address info@rubiconorganics.com	Web Site Address https://www.rubiconorganics.com/	

Schedule "A"

Financial Statements

[see attached]

Rubicon Organics Inc.

Condensed Consolidated Interim Financial Statements
(Unaudited)

For the three months ended March 31, 2020 and 2019

Expressed in Canadian dollars

Expressed in Canadian Dollars

	Notes	March 31, 2020	December 31, 2019
ASSETS			
Current			
Cash		1,650,313	2,083,588
Accounts receivable	6	683,583	204,910
Prepaid expenses and deposits		364,285	491,479
Inventory	7	3,121,977	2,100,883
Cannabis plants	8	2,022,991	2,021,323
Assets held for sale	5	12,583,690	11,455,294
		20,426,839	18,357,477
Non-Current			
Property, plant and equipment	9	20,131,775	19,536,795
Intangible asset		1,881,749	1,881,749
Total assets		42,440,363	39,776,021
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	11	3,866,515	4,536,362
Deposit received on assets held for sale	5	2,837,400	2,597,600
Interest payable	12	983,608	695,917
Due to related parties	15	1,100,000	—
Current portion of lease liabilities		131,061	18,071
Current portion of loans and borrowings	12	4,903,321	4,858,272
Liabilities associated with assets held for sale	5	4,128,336	147,641
		17,950,241	12,853,863
Non-Current			
Lease liabilities		302,150	47,417
Loans and borrowings	12	8,420,583	8,359,345
Total liabilities		26,672,974	21,260,625
Shareholders' equity			
Share capital	13	63,594,890	63,594,890
Reserves	14	12,353,743	11,919,470
Deficit		(60,147,984)	(56,339,813)
Accumulated other comprehensive loss		(33,260)	(659,151)
Total shareholders' equity		15,767,389	18,515,396
Total liabilities and shareholders' equity		42,440,363	39,776,021

Approved on behalf of the Board:

	(Signed) *"Bryan Disher"*	(Signed) *"Margaret Brodie"*
	Director	Director and CFO

The accompanying notes form an integral part of these condensed consolidated interim financial statements (unaudited).

Expressed in Canadian Dollars, except for share information

	Notes	For the three months ended March 31, 2020	March 31, 2019 (As restated – note 5)
Revenue			
Product sales		523,094	–
Excise taxes		(69,051)	–
Net revenue		454,043	–
Cost of sales			
Production costs		1,708,778	–
Inventory expensed to cost of sales		215,902	–
Gross loss before fair value adjustments		(1,470,637)	–
Unrealized gain on changes in fair value of cannabis plants	8	837,616	121,610
Realized fair value of inventory sold		(258,501)	–
Gross loss		(891,522)	121,610
Operating expenses			
Consulting, salaries and wages		1,269,613	840,465
General and administrative		502,066	796,328
Share-based compensation	14	434,273	815,561
Depreciation and amortization	9	4,689	25,566
Sales and marketing		107,938	11,906
		2,318,579	2,489,826
Loss from operations		(3,210,101)	(2,368,216)
Interest on loans	12	543,616	46,224
Net foreign exchange (gain) loss		(57,472)	2,599
Loss from continuing operations before income tax		(3,696,245)	(2,417,039)
Income tax expense		-	(247)
Net loss from continuing operations		(3,696,245)	(2,417,286)
(Loss) Gain from discontinued operations, net of tax	5	(111,926)	87,107
Net loss for the period		(3,808,171)	(2,330,179)
Other comprehensive income (loss)			
Exchange rate differences on translation of foreign operations		625,891	(221,648)
Total comprehensive loss		(3,182,280)	(2,551,827)
Net loss per share from continuing operations, basic and diluted		(0.09)	(0.07)
Net loss per share from discontinued operations, basic and diluted		(0.01)	0.01
Net loss per share, basic and diluted		(0.10)	(0.06)
Weighted average number of shares		40,041,425	36,811,425

The accompanying notes form an integral part of these condensed consolidated interim financial statements (unaudited).

Expressed in Canadian Dollars, except for share information

	Notes	Number of Shares	Share Capital (Net of Financing Costs)	Share-Based Reserves	Warrant Reserve	Reserves Total	Accumulated other comprehensive income (loss)	Deficit	Total Shareholders' Equity
Balance, December 31, 2018		36,811,425	56,728,191	4,974,532	2,545,767	7,520,299	(121,158)	(42,066,019)	22,061,313
Share-based compensation - employees	14	–	–	815,561	–	815,561	–	–	815,561
Share-based compensation – non-employees	14	–	–	157,167	–	157,167	–	–	157,167
Net loss		–	–	–	–	–	–	(2,276,712)	(2,276,712)
Other comprehensive loss		–	–	–	–	–	(275,115)	–	(275,115)
Balance, March 31, 2019		36,811,425	56,728,191	5,947,260	2,545,767	8,493,027	(396,273)	(44,342,731)	20,482,214
Balance, December 31, 2019		39,966,425	63,594,890	8,131,976	3,787,494	11,919,470	(659,151)	(56,339,813)	18,515,396
Share-based compensation - employees	14	–	–	434,273	–	434,273	–	–	434,273
Net loss		–	–	–	–	–	–	(3,808,171)	(3,808,171)
Other comprehensive income		–	–	–	–	–	625,891	–	625,891
Balance, March 31, 2020		39,966,425	63,594,890	8,566,249	3,787,494	12,353,743	(33,260)	(60,147,984)	15,767,389

The accompanying notes form an integral part of these condensed consolidated interim financial statements (unaudited).

RUBICON ORGANICS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)
Expressed in Canadian Dollars

	Notes	For the three months ended March 31, 2020	March 31, 2019 (As restated – note 5)
OPERATING ACTIVITIES			
Net loss from continuing operations		(3,696,245)	(2,417,286)
Net (loss) income from discontinued operations		(111,926)	87,107
Adjustments to reconcile net loss to net cash used in operating activities			
Share based compensation	14	434,273	972,728
Unrealized change in the fair value of cannabis plants	8	(837,616)	(121,610)
Realized fair value of inventory sold		258,501	—
Depreciation and amortization	9	393,510	222,950
Interest on loans	12	595,115	—
Unrealized foreign exchange loss (gain)		(55,418)	76,601
Changes in non-cash working capital items	16	(96,266)	350,287
Interest paid		(149,638)	—
Cash used in operating activities		(3,265,710)	(829,223)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	(2,138,697)	(1,110,179)
Cash used in investing activities		(2,138,697)	(1,110,179)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	12	3,893,861	4,736,400
Proceeds from related parties under revolving credit line	15	1,100,000	1,207,056
Funds received in advance of debt closing		—	295,920
Repayment of loans and borrowings		—	(2,946,722)
Repayment of finance lease		(4,596)	(4,349)
Cash provided by financing activities		4,989,265	3,288,305
Effect of exchange rate changes on cash		(18,133)	9,224
Increase (decrease) in cash during the period		(433,275)	1,358,127
Cash, beginning of period		2,083,588	232,420
Cash, end of period		1,650,313	1,590,547

The accompanying notes form an integral part of these condensed consolidated interim financial statements (unaudited).

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Rubicon Organics Inc. (the "Company", "Rubicon", or "ROI") is a British Columbia registered company incorporated on May 15, 2015.

The Company's principal business is the production and sale of cannabis in Canada. The Company produces and processes organic cannabis at its wholly owned, federally licensed 125,000 square foot facility in Delta, British Columbia (the "Delta Facility") which it sells under its wholly owned and other licensed brands.

The Company's common shares trade on the Canadian Securities Exchange ('CSE") under the trading symbol "ROMJ" and on the OTCQX Best Market under the symbol "ROMJF".

The address of the Company's registered office and records is 1200 Waterfront Centre, 200 Burrard Street, PO Box 48600 Vancouver, British Columbia V7X 1T2. The Company's head office is unit 505, 744 West Hastings Street, Vancouver, British Columbia V6C 1A5.

These condensed consolidated interim financial statements have been prepared on a 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 for the foreseeable future.

In February 2019, the Company received its Cultivation & Processing licenses from Health Canada for its Delta Facility. The Company completed its first commercial harvest at the Delta Facility in October 2019. On December 17, 2019, the Company entered into an agreement with Agro-Greens Natural Products Ltd. ("Agro-Greens") to distribute the Company's products to Canadian provincial distributors and retailers in the Canadian recreational market until such time that the Company received a sales license from Health Canada. Sales of the Company's products to provincial and territorial distributors began in February 2020 through the agreement with Agro-Greens. On May 8, 2020, the Company received approval from Health Canada for its sales license to sell directly to the Canadian market.

In the second half of 2019 the Company decided to focus its resources on the more profitable Canadian market and therefore dispose of its US operations. On April 3, 2020, the Company sold its principal US asset, the Washington greenhouse, for gross proceeds of $12,020,700 (USD $8,500,000), netting the Company $7,685,194 after discharging a loan against the property, and excluding transaction costs. On May 19, 2020, the Company announced a non-brokered private placement financing of up to $10,000,000 which was subsequently upsized to $13,500,000 (note 19(c)). This private placement is expected to close on or about May 29, 2020.

However, as at March 31, 2020, the Company had not achieved profitable operations and had accumulated losses of $60,147,984 since its inception. Until such time that the Company achieves positive operating cashflows, the continuing operations of the Company are dependent upon its ability to obtain debt or equity financing. There can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, Government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. The Company has taken extensive measures to protect and sustain its operations during the pandemic but there can be no assurance that the Company will not be further impacted by adverse consequences that may be brought about by the COVID-19 pandemic on access to markets and supplies and global financial markets which may see reduced share prices and financial liquidity and thereby severely limit the financing capital available.

The above conditions present material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

These Condensed Consolidated Interim Financial Statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. Certain information and note disclosures normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Standards Interpretation Committee ("IFRIC") have been omitted or condensed. As a result, these Condensed Consolidated Interim Financial Statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2019 ("Annual Financial Statements").

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed consolidated interim financial statements is the same as those disclosed in the Company's Annual Financial Statements, except as set out below:

a. Revenue from contracts with customers
Revenue is recognized at the amount of consideration that the Company expects to be entitled to in exchange for transferring promised goods to a customer. Revenue from the sale of goods is recognized when control of the goods has transferred, as determined by respective shipping terms and subject to certain additional considerations, as this is when the Company has satisfied its performance obligation under the contract. The Company does not have performance obligations after the delivery on sale of goods to customers. Net revenue is presented net of a variable sales allowance to account for the potential return of goods, and applicable excise taxes, except where the Company has recovered excise taxes from customers through billings.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The critical estimates and judgements made in the preparation of these condensed consolidated interim financial statements are the same as those used in preparing the Company's Annual Financial Statements.

5. DISCONTINUED OPERATIONS – UNITED STATES

In the second half of 2019 the Company decided to dispose of its US operations to focus its resources on the Canadian market.

On December 20, 2019, the Company executed a letter of intent to sell its Washington greenhouse to a buyer group that includes Rubicon's CEO as a minority shareholder (note 17). Upon execution of the letter, Rubicon received a deposit of $2,597,600 (US$2,000,000) from the buyer group. On April 3, 2020, Rubicon completed the sale for gross proceeds of $12,020,700 (US$8,500,000), excluding transaction costs and settled the outstanding loan on the property of $4,006,800 (US$3,000,000) (note 25 (a)).

Expressed in Canadian dollars

The major classes of assets and liabilities of the discontinued US operations were as follows:

	March 31, 2020 $
Cash	2,198
Inventory	–
Other assets	3,406
Land	673,883
Property, plant and equipment	11,904,203
Assets classified as held for sale	12,583,690
Accounts payable and accrued liabilities	61,512
Interest payable on US Mortgage	43,308
US Mortgage (US real estate group)	4,023,516
Liabilities associated with assets held for sale	4,128,336
Net assets classified as held for sale	8,455,354

On March 2, 2020, the Company closed a $4,006,800 (US$3,000,000) loan from a US real estate group. The loan had a term of 24 months, bore interest at 12.9% per annum, and was secured by a first ranking mortgage on the Company's Washington greenhouse. The loan was repaid on April 3, 2020, concurrent with the sale of the Washington greenhouse (note 19(a)).

The comparative results of the discontinued operations included in net loss for the period are set out below.

	March 31, 2020 $	March 31, 2019 $
Greenhouse lease revenue	–	638,137
Gross profit	–	638,137
Consulting, salaries and wages	43,468	7,704
General and administrative	16,958	278,078
Interest on loan	51,500	–
Depreciation and amortization	–	197,384
Sales and marketing	–	14,393
Foreign exchange (gain) or loss	–	53,471
Income (loss) before taxes	(111,926)	87,107
Income taxes	–	–
Net income (loss) from discontinued operations	(111,926)	87,107

Impairment reflects adjustments of asset carrying values to their estimated fair value less costs to sell.

On August 14, 2018, the Company entered into an arrangement with a tenant, licensed by the State of Washington for cannabis cultivation to lease its Washington greenhouse. Rent became payable commencing on January 1, 2019. At September 30, 2019, the Company abated rent related to the Washington greenhouse from the inception of the lease to the greenhouse's sale and recorded the amount as a provision for credit losses.

Expressed in Canadian dollars

The following table presents the effect of the discontinued operations on the consolidated statements of cash flows:

	March 31, 2020 $	March 31, 2019 $
Cash provided by (used in) operating activities	(145,914)	(186,946)
Cash used in investing activities	(68,825)	(300,199)
Cash used in financing activities	—	—
Net cash outflow	(214,739)	(487,145)

6. ACCOUNTS RECEIVABLE

	March 31, 2020 $	December 31, 2019 $
Trade receivables	485,399	—
Sales taxes recoverable	61,483	204,910
Other receivables	136,701	—
Total accounts receivable	683,583	204,910

Trade receivables are comprised of sales of cannabis to Agro-Greens which it sold on to provincial distributors and retailers in Canada.

7. INVENTORIES

Inventory as at March 31, 2020 and December 31, 2019 consisted of unused consumable inventory used in the propagation and transformation of the Company's cannabis plants and work-in-process ("WIP") inventory comprised of harvested cannabis, post-harvest costs, and materials.

	March 31, 2020 $	December 31, 2019 $
Consumable inventory	223,385	104,713
Cannabis WIP	2,110,909	1,789,885
Finished goods	787,683	206,285
Total inventory	3,121,977	2,100,883

Included in inventory is $63,721 of depreciation (March 31, 2019 - $nil). Included in Cannabis WIP and Finished goods is $2,083,895 of cost transferred from cannabis plants (March 31, 2019 - $nil).

8. CANNABIS PLANTS

The changes in the carrying value of cannabis plants was as follows:

	$
Balance, December 31, 2019	2,021,323
Change in fair value of cannabis plants	837,616
Transferred to WIP inventory upon harvest	(835,948)
Balance, March 31, 2020	2,022,991

Expressed in Canadian dollars

Cannabis plants are valued in accordance with IAS 41 – *Agriculture* and are presented at their fair value less costs to sell up to the point of harvest. The fair value was determined using a valuation model that estimates the expected harvest yield per plant and applies this to the estimated fair value less costs to sell per gram of dried cannabis flower. These fair value measurements have been categorized as Level 3 of the fair value hierarchy because there is currently no actively traded commodity market in Canada for cannabis plants.

The significant assumptions applied in determining the fair value are as follows:

- expected yield of approximately 60 grams per plant;
- selling price ranging from $1.86 to $3.27 per gram;
- post-harvest processing costs of $0.44 per gram; and
- stage of plant growth.

The selling price used in the valuation is based on the historical average selling price of wholesale cannabis flower in Canada and can vary based on the different strains being grown. Expected yields for the cannabis plant is also subject to a variety of factors, such as strains being grown, length of growing cycle, and space allocated for growing. Estimates of future yields are based on historical weighted average of actual yields.

The Company periodically reassesses the significant assumptions applied in determining the fair value of cannabis plants based on historical information as well as the Company's planned production schedules. When there is a material change in any of the significant assumptions, the fair value of cannabis plants is adjusted.

For the period ended March 31, 2020, the Company determined the fair value less costs to sell was approximately $2.21 per gram for growing plants.

The Company has quantified the sensitivity of the significant unobservable inputs used to calculate the fair value recorded. A decrease in the average selling price per gram of 10% would result in a decrease in the value of cannabis plants of $200,506. A decrease in the harvest yield per plant of 10% would result in a decrease in the value of cannabis plants of $201,748.
The number of weeks in the growth cycle is twelve to fourteen weeks from propagation to harvest. As at March 31, 2020, on average, the cannabis plants were estimated to be 49% complete. (December 31, 2019 – 30% complete).

9. PROPERTY, PLANT AND EQUIPMENT

Cost	Buildings and leasehold improvements $	Equipment and vehicles $	Land $	Construction in progress $	Total $
At December 31, 2018	10,862,652	2,437,602	2,732,884	8,496,502	24,529,640
Additions	1,379,999	2,828,349	–	5,297,248	9,505,596
Commissioned during the period	10,790,111	2,966,210	–	(13,756,321)	–
Impairment related to discontinued operations	(571,185)	(304,767)	(36,437)	–	(912,389)
Impairment	–	(17,669)	–	–	(17,669)
Foreign exchange	(507,384)	(97,076)	(33,182)	–	(637,642)

Expressed in Canadian dollars

Transferred to assets held for sale	(9,875,133)	(1,563,954)	(622,543)	—	(12,061,630)
At December 31, 2019	12,079,060	6,248,695	2,040,722	37,429	20,405,906
Accumulated depreciation					
At December 31, 2018	158,709	350,883	—	—	509,592
Depreciation	813,494	811,449	—	—	1,624,943
Foreign exchange	(17,946)	(20,972)	—	—	(38,918)
Transferred to assets held for sale	(644,345)	(582,161)	—	—	(1,226,506)
At December 31, 2019	309,912	559,199	—	—	869,111
Net book value					
At December 31, 2019	11,769,148	5,689,496	2,040,722	37,429	19,536,795

Cost	Buildings and leasehold improvements $	Equipment and vehicles $	Land $	Construction in progress $	Total $
At December 31, 2019	12,079,060	6,248,695	2,040,722	37,429	20,405,906
Additions	760,908	225,884	500	—	987,292
Commissioned during the period	—	37,429	—	(37,429)	—
Foreign exchange	—	3,086	—	—	3,086
At March 31, 2020	12,839,968	6,515,094	2,041,222	—	21,396,284
Accumulated depreciation					
At December 31, 2019	309,912	559,199	—	—	869,111
Depreciation	152,186	241,324	—	—	393,510
Foreign exchange	—	1,888	—	—	1,888
At March 31, 2020	462,098	802,411	—	—	1,264,509
Net book value					
At March 31, 2020	12,377,870	5,712,683	2,041,222	—	20,131,775

In April 2019, the Delta Facility was commissioned for use. Post commissioning, the assets were transferred from 'Construction in Progress' into 'Buildings and leasehold improvements' and 'Equipment and vehicles'.

For the three months ended March 31, 2020, depreciation of $308,786 was included in production costs (March 31, 2019 - $nil), $63,721 was capitalized to inventory (March 31, 2019 - $nil) and $5,208 (March 31, 2019 - $nil) was expensed in cost of goods sold.

Buildings and leasehold improvement additions contains a right-of-use office lease that was capitalized in the amount of $358,914.

Expressed in Canadian dollars

10. LEASES

The Company's leases primarily consist of property leases. Information about leases for which the Company is a lessee is presented below.

a) Lease payments recognized in net loss

The Company's property leases consisted of short-term leases and were expensed on a straight-line basis over the lease term. The following table summarizes the amounts recognized in 'General and administrative' expenses with respect to the lease payments not included in lease liabilities:

	Three months ended March 31, 2020 $
Expenses related to short-term leases	46,852
Lease payments recognized in net loss	46,852

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2020 $	December 31, 2019 $
Trade payables	1,824,984	2,562,849
Accrued liabilities	2,015,247	1,973,513
Excise taxes payable	21,000	—
Refund liability	5,284	—
	3,866,515	4,536,362

12. LOANS AND BORROWINGS

The changes in the carrying value of current and non-current loans and borrowings are as follows:

	March 31, 2020 $	December 31, 2019 $
Opening balance	13,217,617	2,946,722
Additions	—	13,855,010
Deferred financing fee	—	(637,393)
Accretion	106,287	—
Principal repayments	—	(2,946,722)
Ending balance	13,323,904	13,217,617

The Company had the following loans and borrowings:

Expressed in Canadian dollars

	March 31, 2020 $	December 31, 2019 $
First mortgage	4,903,321	4,858,272
Second mortgage (group)	3,218,334	3,191,073
Second mortgage (overseas lenders)	4,726,679	4,696,764
Second mortgage (US lenders)	475,570	471,508
Total loans and borrowings	13,323,904	13,217,617
Less: current portion	(4,903,321)	(4,858,272)
Long term	8,420,583	8,359,345

Total interest expense for the three months ended March 31, 2020 was $543,616 (March 31, 2019: $46,224).

13. SHARE CAPITAL

(a) Authorized

The Company is authorized to issue an unlimited number of common shares with no par value.

(b) Issued and fully paid

At March 31, 2020, there were 39,966,425 (December 31, 2019: 39,966,425) issued and fully paid common shares.

14. RESERVES

(a) Options

Under the Company's equity incentive plan (the "Plan"), the Board of Directors may grant stock options and restricted share awards ("Equity Awards") pursuant and subject to the terms and conditions of the Plan to eligible directors, officers, employees, and consultants of the Company and its subsidiaries.

The Plan provides for the issuance of Equity Awards that shall not at any time exceed 20% of the total number of issued and outstanding common shares of the Company at the date of grant. The exercise price of each option is determined by the Board of Directors but cannot be lower than the fair market value of the common shares subject to option on the date of grant. The options vest and become exercisable as determined by the Board of Directors at the time of the grant. Unless determined otherwise by the Board of Directors, the options expire within five years from the date of grant.

The Company has granted the following options to purchase common shares under the Plan as follows:

	Number of options #	Weighted average exercise price $
Outstanding December 31, 2018	5,178,500	$2.79
Granted	624,750	$3.25
Exercised	(5,000)	$1.40
Forfeited	(285,500)	$3.19
Outstanding, December 31, 2019	5,512,750	$2.80
Forfeited	(42,750)	$3.25
Outstanding, March 31, 2020	5,470,000	$2.82

Expressed in Canadian dollars

The following table provides information on stock options outstanding and exercisable as at December 31, 2019:

		Options outstanding		Options exercisable	
Grant Date	Exercise Price	Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average remaining contractual life (years)
December 17, 2015	US$1.00	1,370,000	0.72	1,370,000	0.72
March 21, 2016	US$1.00	24,000	0.97	24,000	0.97
June 30, 2016	US$1.00	90,000	1.25	90,000	1.25
August 17, 2016	US$1.00	500,000	1.38	125,000	1.38
January 12, 2017	US$1.50	80,000	1.79	80,000	1.79
July 31, 2017	US$2.00	270,000	2.33	270,000	2.33
November 15, 2017	US$2.00	5,000	2.63	5,000	2.63
January 21, 2018	US$2.00	30,000	2.81	30,000	2.81
July 31, 2018	$3.25	2,373,250	3.33	961,917	3.33
September 24, 2018	$3.25	15,000	3.48	-	3.48
September 24, 2018	$8.15	350,000	3.48	350,000	3.48
May 28, 2019	$3.25	153,250	4.16	-	4.16
July 12, 2019	$3.25	164,500	4.28	-	4.28
September 24, 2019	$3.25	45,000	4.48	-	4.48
		5,470,000	2.45	3,305,917	1.99

The fair value of stock options is determined on the grant date. In order to compute this fair value, the Company uses the Black-Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of options, expected volatility, expected dividend yield and the risk-free interest rate. Comparative companies were used to determine the historical volatility of the Company. There were no options granted in the three months ended March 31, 2020, nor in the three months ended March 31, 2019.

During the three months ended March 31, 2020, the Company recognized $434,290 (March 31, 2019: $972,728) in share-based compensation expense pertaining to option awards.

(b) Warrants

At March 31, 2020, the Company's outstanding warrants consisted of the following:

Issue Date	Expiry Date	Type	Exercise Price	Number of warrants
July 5, 2018	July 5, 2020	Broker Warrants	$3.25	183,431
July 5, 2018	July 5, 2020	Warrants	$4.20	208,611
October 9, 2018	July 5, 2020	Warrants	$4.20	1,829,398
April 25, 2019	April 25, 2022	Warrants	$4.50	671,000
May 28, 2019	May 28, 2022	Warrants	$4.50	1,000,000
July 12, 2019	July 12, 2022	Warrants	$4.50	100,002
August 23, 2019	February 23, 2022	Warrants	$3.50	3,150,000
August 23, 2019	August 23, 2021	Broker Warrants	$2.70	189,000
				7,331,442

Expressed in Canadian dollars

Each warrant is exercisable into one common share of the Company upon payment of the exercise price.

15. RELATED PARTY TRANSACTIONS

(a) Related party transactions

Beginning in 2019, certain executives and directors of the Company agreed to defer portions of their remuneration. As at March 31, 2020, included in accounts payable and accrued liabilities is accrued salaries and director fees of $194,721 (December 31, 2019: 151,250). Accounts payable and accrued liabilities also included $160,364 (December 31, 2019: $75,459) owed to executives and directors of the Company for expenses paid on behalf of the Company.

Included in accrued liabilities are accrued bonuses for key management personnel of $685,000. $500,000 of these bonuses are estimates relating to the year ended 2019 and $185,000 relates to the three months ended March 31, 2020. Key management bonuses will not be paid until the Board approves payment which is not expected prior to positive operating cashflows of the Company.

In January and February 2020, the Board approved revolving credit lines with the CEO, CFO, CSO, President, and a shareholder of the Company for aggregate proceeds of up to $1,350,000 at an annual interest rate of 12% requiring repayment no later than December 31, 2020. On April 21, 2020, the amount was increased to $1,850,000.

Due to related parties as at March 31, 2020, contained $750,000, $100,000, and $250,000 owed to the CEO, CFO, and the shareholder, respectively. Included in accounts payable and accrued liabilities is accrued interest of $12,658, $2,203 and $4,027 owed to the CEO, CFO, and shareholder, respectively.

On April 22, 2020, the Company repaid $335,377 of accrued salaries and expenses to the CEO, CFO, CSO, and President as well as $102,926 to the CFO for principal and interest owed under the revolving credit line. On May 19, 2020, the Company repaid $1,032,795 to the CEO, and shareholder for principal and interest owed under the revolving credit line.

(b) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. Key management compensation was comprised of:

	For the three months ended March 31, 2020 $	For the three months ended March 31, 2019 $
Salaries	288,587	170,403
Bonuses	185,000	—
Share based compensation	278,343	436,713
Total compensation of key management personnel	751,930	607,116

16. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash working capital items:

Expressed in Canadian dollars

	For the three months ended March 31, 2020 $	For the three months ended March 31, 2019 $
Accounts receivable	(478,673)	(524,902)
Prepaids and deposits	127,195	69,909
Inventory	(443,646)	96,875
Accounts payable and accrued liabilities	354,454	719,908
Interest payable	330,999	—
Due from related parties	—	(11,503)
Current portion of lease liabilities	13,405	—
	(96,266)	350,287

Supplemental disclosure of non-cash activities:

(i) As at March 31, 2020, accounts payable and accrued liabilities includes $830,381 related to capital asset additions (December 31, 2019: $2,271,875).

17. SEGMENT INFORMATION

The Company's business activities in 2020 were conducted through three reportable segments corresponding with its business model. The segments are as follows: (a) Canadian development of facilities for production and sale of cannabis; (b) corporate costs; and (c) discontinued operations related to the United States.

Financial performance and balances by operating segment are displayed below:

As at and for the period ended March 31, 2020

	Canada $	Corporate $	Discontinued operations $	Total $
Net revenue and other income	454,043	—	—	454,043
Change in fair value of cannabis plants	837,616	—	—	837,616
Expenses	(3,501,124)	(1,486,780)	—	(4,987,904)
Net income (loss), continuing operations	(2,209,465)	(1,486,780)	—	(3,696,245)
Net income (loss), discontinued operations	—	—	(111,926)	(111,926)
Net income (loss)	(2,209,465)	(1,486,780)	(111,926)	(3,808,171)
Assets	28,117,328	1,739,345	12,583,690	42,440,363
Liabilities	6,805,019	15,739,619	4,128,336	26,672,974

*As at and for the period ended March 31, 2019**

	Canada $	Corporate $	Discontinued operations $	Total $
Net revenue and other income	—	—	—	—
Change in fair value of cannabis plants	121,610	—	—	121,610
Expenses	(428,174)	(2,110,722)	—	(2,538,896)

Expressed in Canadian dollars

Net income (loss), continuing operations	(306,564)	(2,110,722)	—	(2,417,286)
Net income (loss), discontinued operations	—	—	87,107	87,107
Net income (loss)	(306,564)	(2,110,722)	87,107	(2,330,179)
Assets	14,347,489	1,618,441	14,223,523	30,189,453
Liabilities	5,078,336	4,375,115	253,788	9,707,239

* *re-stated for presentation of discontinued operations*

18. COMPARATIVE FIGURES

Prior year share-based compensation expense in the amount of $157,167 relating to consultant fees has been reclassified from share-based compensation expense to general and administrative expenses in order to conform to the presentation of the current year financial statements. This reclassification had no effect on the restated net loss.

19. SUBSEQUENT EVENTS

(a) Exit from the United States

On April 3, 2020, the Company completed the sale of its Washington greenhouse for gross proceeds of $12,020,700 (US$8,500,000), netting the Company $7,685,194 (excluding transaction costs) after discharging the secured debt against the property (note 12). Effective May 15, 2020, the Company contemporaneously terminated its lease on the extraction lab in Washington and sold all related cannabis extraction equipment, thereby ceasing all ancillary services to the cannabis industry in the US.

(b) Interest deferral on second mortgage

In connection with amounts owed to them under the $3,355,000 second mortgage financing loan, three related parties agreed to defer the interest payment due on April 24, 2020 in the amount of $383,429 until the maturity of the loan on April 24, 2021. The deferred interest will be compounded to the principal amount owing.

(c) Non-brokered private placement

On May 19, 2020, the Company announced a non-brokered private placement of units for up to $10,000,000, which was subsequently upsized to $13,500,000. The offering is priced at $2.35 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price equal to $3.25 per share for a period of 12 months following the closing of the offering. The private placement is expected to close on or about May 29, 2020.

Schedule “C”

Management’s Discussion & Analysis

[see attached]

Rubicon Organics Inc.

Management Discussion and Analysis

For the three months ended March 31, 2020

May 27, 2020

Expressed in Canadian dollars

INTRODUCTION

This management discussion and analysis ("MD&A") of the financial condition and results of operations of Rubicon Organics Inc. ("Rubicon Organics", "ROI" or the "Company") is for the three months ended March 31, 2020. It is supplemental to and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements including the accompanying notes for the three months ended March 31, 2020 (the "Interim Financial Statements") and the audited financial statements for the year ended December 31, 2019. The Company's Interim Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements including IAS 34, Interim Financial Reporting. The Company's Financial Statements are prepared in accordance with IFRS as issued by the IASB. This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Additional information regarding the Company is available on our website at www.rubiconorganics.com or through the SEDAR website at www.sedar.com. This discussion covers the three months ended March 31, 2020, and the subsequent period up to the date of May 27, 2020.

Throughout this document the terms we, us, our, Rubicon Organics, ROI and the Company refer to Rubicon Organics Inc. and its subsidiaries during the three months ended March 31, 2020.

All figures in this MD&A are in Canadian Dollars unless otherwise noted.

DESCRIPTION OF THE BUSINESS

Corporate Structure

Rubicon Organics was incorporated pursuant to the *Business Corporations Act* (British Columbia) on May 15, 2015. On May 22, 2018, the Company changed its name from West Coast Land Corporation to Rubicon Organics Inc. and replaced its articles in their entirety, the effect of which included adding advance notice provisions for the election of directors. The Common Shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "ROMJ" and on the OTCQX under the symbol "ROMJF".

The address of the Company's registered office and records is 1200 Waterfront Centre, 200 Burrard Street, PO Box 48600 Vancouver, British Columbia V7X 1T2. The Company's head office is unit 505 - 744 West Hastings Street, Vancouver, British Columbia V6C 1A5. The Company's corporate website is www.rubiconorganics.com.

Entities in Rubicon's consolidated financial statements are as follows:

Name	Place of Incorporation	Ownership Percentage
Rubicon Organics Canada Corp. (formerly 1113603 B.C. Ltd.)	BC, Canada	100%
Bridge View Greenhouses Ltd. ("Bridge View")	BC, Canada	100%
Vintages Organic Cannabis Company Inc. ("Vintages") (licensed producer under the Cannabis Act)	BC, Canada	100%
West Coast Marketing Corporation	BC, Canada	100%
Rubicon Holdings, Inc. ("RHI")	WA, United States ("US")	100%
West Coast Property Holdings, Inc.	WA, US	100%
Rubicon Property 1, LLC[1]	WA, US	100%

Expressed in Canadian dollars

Rubicon Property 2, LLC	WA, US	100%
Rubicon California, LLC	CA, US	100%
Great Pacific Brands, LLC	WA, US	100%
Red Dog Operations, Inc.	WA, US	100%
Seymour Soils, Inc.	WA, US	100%
Kool Gildea, Inc. (2)	CA, US	0%

(1) *In April 2020, the Company sold its subsidiary Rubicon Property 1, LLC as part of the sale of the Washington Facility. For further information see below under United States.*

(2) *On January 30, 2018, an agreement was executed between the Company and Kool Gildea, Inc. ("KG Inc."), a California non-profit mutual benefit corporation granting the Company the power to direct relevant activities of KG Inc., in particular the appointment and removal of governing members. As a result of this control, KG Inc. is consolidated in the Financial Statements in accordance with IFRS 10. KG Inc. has been inactive since its California state cannabis license expiry in 2018. This arrangement is in the process of being terminated.*

Business of the Company

Rubicon Organics is a holder of licenses under the *Cannabis Act* ("LP") focused on providing premium organic certified cannabis products for the recreational and medical-use markets in Canada. In the second half of 2019 the Company decided to discontinue its US operations, which consisted of providing ancillary services to the cannabis industry in the State of Washington and California. In the second quarter of 2020, the Company sold its US cannabis related assets.

Canada

Rubicon Organics owns and operates a 125,000 square foot high-tech greenhouse located on a 20-acre property in Delta, British Columbia (the "Delta Facility"). The property was acquired in September 2017 and retrofitted in 2018 to comply with Health Canada standards in preparation for cannabis cultivation and processing licensing.

On February 1, 2019, the Company was awarded a cultivation license and a processing license (the "Cultivation & Processing Licenses") from Health Canada. The Company's entire greenhouse facility is licensed for cultivation and processing. The Cultivation & Processing Licenses allowed the Company to bring in an extensive library of genetic starting materials that included unique and proven cultivars previously developed in the medical cannabis market that are stabilized for greenhouse growing conditions.

In July 2019, the Company received its organic certification from the Fraser Valley Organic Producers Association ("FVOPA"), Canada's preeminent certification body for organic operators. Rubicon Organics is one of only three LPs in Canada to receive the organic certification from FVOPA and one of just six LPs to have organic certification for cannabis production in the country.

The Company completed its first commercial scale harvest in October 2019 and launched its premium organic certified cannabis brand, Simply Bare™ Organic in December 2019.

As at March 31, 2020, the Delta Facility was fully utilized for cultivation operations. Rubicon has completed its ramp up phase and is now entering steady state production and is focusing on refining its processes and procedures and launching its innovation pipeline.

On May 5, 2020, the Company received its medical sales license from Health Canada, allowing for direct to patient sales, as well as site amendments that allow for expansion of the Company's licensed area to include an 11-acre outdoor grow site. On May 8, 2020, the Company received its sales amendment from Health Canada to sell dried and fresh cannabis products for recreational use (the "Sales License") directly to all provincial and territorial distributors. Until May 11, 2020, Simply Bare™ Organic products were distributed through a sales arrangement (the "Agro-Greens Agreement") with Agro-Greens Natural Products Ltd., ("Agro-Greens"), a Health Canada licensed cannabis producer and processor.

United States

In order to focus on bringing premium organic certified cannabis to the Canadian market, in the second half of 2019 the Company decided to exit the US. Accordingly, all of the Company's US assets and liabilities are classified as held for sale and presented as discontinued operations. The Company's principal asset in the US was its 40,000 square foot venlo-style greenhouse on 16.6 acres of industrial land as well as certain greenhouse equipment (the "Washington Facility"). On April 3, 2020, the Company completed the sale of the Washington Facility for gross proceeds of $12,020,700 (US$8,500,000) and, effective May 15, 2020, the Company terminated its lease on the extraction lab in Washington and sold all related cannabis extraction equipment, thereby ceasing all ancillary services to the cannabis industry in the US.

The Company's remaining asset in the US is a three-acre parcel of land in Greenfield, California. The Company is in the process of selling this asset and winding down its remaining US entities.

KEY DEVELOPMENTS IN THE THREE MONTHS ENDED MARCH 31, 2020

Highlights

- Simply Bare™ Organic flower was made available for the first time for purchase in BC Cannabis Stores and retail stores in Saskatchewan
- Delta Facility achieves full scale cultivation operations
- Secured $4,006,800 (US$3,000,000) debt financing loan from a US real estate group
- Formation of COVID-19 Response Committee

Canada

In December 2019, the Company announced the launch of its first brand of premium organic certified cannabis to the Canadian recreational market, Simply Bare™ Organic. Rubicon Organics' cannabis plants are grown in a proprietary mix of living, 100% organic certified soil made in-house with ingredients from BC's Sunshine Coast. Each plant is grown under full-spectrum sunlight, harvested by hand and cold cured for two weeks to achieve a rich terpene profile. Only the finest buds are then selected and carefully trimmed before being placed in 3.5-gram terracotta-coloured packaging. Under its commitment to sustainability, the Company has chosen packaging that is the least harmful to the environment so Simply Bare™ Organic flower is only available in recyclable glass jars with no additional, unnecessary external boxing.

On December 19, 2019, the Company acquired rare new genetic material from Just Kush Enterprises Ltd. The acquisition provided the Company with 30 new strains, some of which are yet to be available for sale in Canada. In 2020, these strains are being tested for their performance in Rubicon's greenhouse environment and for their viability in future commercial production and the Company's breeding program for the development of premium organic certified strains.

On January 20, 2020, the Company announced that, under the Agro-Greens Agreement, it received the first purchase orders for the Company's Simply Bare™ Organic flower from both the British Columbia Liquor Distribution Branch ("BCLDB") and National Cannabis Distribution ("NCD") in Saskatchewan.

On February 7, 2020 Simply Bare™ Organic flower was made available for the first time for purchase in BC Cannabis Stores and on the BC Cannabis Stores' website, as well as in retail stores in Saskatchewan. Simply Bare™ Organic was made available with two product offerings: BC Organic Blue Dream and BC Organic Creek Congo. BC Organic Blue Dream is the organic certified version of the classic sativa dominant strain boasting high THC potency, strong blueberry aromas and an impressive terpene profile. BC Organic Creek Congo is a rare sativa dominant hybrid strain with a spicy, aromatic aroma, and a robust terpene profile.

Effective March 2020 Rubicon Organics' entire Delta Facility was utilized in cultivation for the first time and the Delta Facility was in full scale operations. The Company has now completed several harvests of cannabis flower and multiple shipments to the BC Liquor Distribution Board as well as retailers in Saskatchewan. In addition, with most significant budgeted capital build projects are completed, Rubicon has completed its ramp up phase and is now entering steady state production and is focusing on refining its processes and procedures and launching its innovation pipeline.

Corporate

Beginning from November 1, 2019, certain executives of the Company agreed to defer portions of their salaries and expenses. In January 2020, the Board approved revolving credit lines with the CEO, CFO, President and CSO of the Company for $500,000, $300,000, $150,000, and $150,000 at an annual interest rate of 12% with repayment no later than December 31, 2020. These revolving credit lines were retrospectively effective for amounts loaned effective November 1, 2019. On April 21, 2020 the Board approved an increase in the revolving credit line with the CEO to $1,000,000.

On February 11, 2020, a shareholder of the Company entered into a revolving credit line with the Company for up to $250,000 at an annual interest rate of 12% with repayment no later than December 31, 2020.

Given the COVID-19 pandemic, Rubicon has formed a COVID-19 Response Committee and reviews all critical supplies on a three-month supply chain need to ensure that lead times will not disrupt operations, has implemented increased hygiene protocols such as hand washing, social distancing, and fever scanning. In the current environment, the Company has prioritized risk-mitigation and business continuity planning for the safety of the team, community and maintenance of on-going operations.

In connection with the departure of certain employees, in Q1 2020, 42,750 stock options were forfeited and cancelled.

DEVELOPMENTS SUBSEQUENT TO MARCH 31, 2020

Canada

On April 20, 2020, the Company announced that, under the Agro-Greens Agreement, it received the first purchase orders for the Company's Simply Bare™ Organic flower from the Ontario Cannabis Stores ("OCS"), making its product available in Ontario for the first time in late April. Following the initial order from the OCS, the Company has received additional purchase orders.

On May 5, 2020, the Company received its medical sales license from Health Canada, allowing for direct to patient sales, as well as site amendments that allow for expansion of the Company's licensed area to include an 11-acre outdoor grow site.

On May 8, 2020, the Company received its sales amendment from Health Canada to sell dried and fresh cannabis products for recreational use (the "Sales License") directly to all provincial and territorial distributors.

United States

On April 3, 2020, the Company completed the sale of its Washington Facility for US$8,500,000 to a group which includes Rubicon's CEO as a minority investor. Proceeds from the sale strengthen the Company's balance sheet, providing working capital to ramp-up production and sales across Canada.

The Company terminated its lease of the extraction lab in Washington and sold its remaining extraction equipment on May 15, 2020 for net nil proceeds. The Company no longer performs any ancillary services to the cannabis industry in the US. The Company is commencing the final tax returns for its US subsidiaries and expects to wind them down before the end of 2020.

The exit from the US may allow the Company further access to capital and banking as well as reducing compliance costs overall.

Corporate

In connection with amounts owed to them under the $3,355,000 second mortgage financing loan, the majority of the lenders agreed to defer the interest payment due on April 24, 2020 in the amount of $383,429 until the maturity of the loan on April 24, 2021. The deferred interest will be compounded to the principal amount owing.

Refer to the 'Related Party Transactions' for amounts repaid to officers and a significant shareholder subsequent to March 31, 2020.

On May 19, 2020, the Company announced a non-brokered private placement of units at a price of $2.35 per unit for gross proceeds of up to $10 million, which was subsequently upsized to $13.5 million (the "Private Placement") on May 27, 2020. Each unit will consist of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share at a price equal to $3.25 per share for a period of 12 months following the closing of the offering. The Private Placement is expected to close on or about May 29, 2020.

The Company continues to assess the impact of the COVID-19 pandemic through its COVID-19 Response Committee. It reviews all critical supplies on a three-month supply chain need to ensure that lead times will not disrupt operations and continues to enforce increased hygiene protocols such as hand washing, social distancing, and fever scanning. In the current environment, the Company has prioritized risk-mitigation and business continuity planning for the safety of the team, community and maintenance of on-going operations.

OUTLOOK

Canada

Rubicon Organics plans to continue to produce premium organic certified cannabis products for sale to the Canadian market and seek access to international markets in 2021. The Company is focused on achieving positive operating cash flows and profitable operations in 2020, subject to the increased negative effects of the COVID-19 pandemic.

The Company obtained its Sales License on May 8, 2020 and expects to no longer distribute its products through the Agro-Greens Agreement, but rather plans to sell directly to provincial distributors and retailers. Throughout 2020, the Company expects to expand the provinces that its products are available in as well as establish a medical route to market following obtaining its medical sales license on May 5, 2020.

The Company received approval from Health Canada on May 5, 2020 for site amendments that included the use of its land at the Delta Facility for an outdoor grow. In 2020, pending available capital, Rubicon Organics expects to do a pilot scale outdoor grow to, if successful, launch a larger outdoor grow program in 2021.

Subject to the closing of the Private Placement, the Company expects to invest in certain capital projects including adding additional lights to the Delta Facility and accelerating certain of its innovation pipeline projects.

Corporate

The Company expects to refinance debt maturing in 2020 to a long-term mortgage financing facility at lower interest rates and may seek other capital through equity, and debt arrangements.

The COVID-19 outbreak was declared a pandemic by the World Health Organization in 2020. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time. These impacts could include an impact on our ability to maintain operations, to obtain debt and equity financing, access to necessary supplies, credit risk associated with our accounts receivable, impairments in the value of our long-lived assets, or potential future decreases in revenue or the profitability of our ongoing operations. The Company continues to work diligently to ensure operations continue and product is delivered while continuing to emphasize the safety of our product and employees.

Expressed in Canadian dollars

FISCAL 2019 HIGHLIGHTS

The following table sets forth select financial information of the Company for the three months ended March 31, 2020, 2019 and 2018:

	March 31,	December 31,	
	2020	2019	2018
	$	$	$
Current assets	20,426,839	18,357,477	2,290,446
Total assets	42,440,363	39,776,021	28,328,663
Current liabilities	17,950,241	12,853,863	3,355,530
Non-current liabilities	8,722,733	8,406,762	2,911,820
Total liabilities	26,672,974	21,260,625	6,267,350
Shareholders' equity	15,767,389	18,515,396	22,061,313

	For the three months ended March 31,		
	2020	2019	2018
	$	$	$
		(Restated)*	*(Restated*)*
Gross revenue	523,094	–	–
Net revenue	454,043	–	–
Other income	–	–	90,407
Loss from continuing operations	(3,696,245)	(2,417,286)	(1,438,409)
Loss from discontinued operations	(111,926)	87,107	(1,133,664)
Net loss for the period	(3,808,171)	(2,330,179)	(2,572,073)
Total comprehensive loss	(3,182,280)	(2,605,294)	(2,624,342)
Loss per share from continuing operations	(0.09)	(0.07)	(0.04)
Loss per share	(0.10)	(0.07)	(0.08)

**Restated due to discontinued operations*

There were no distributions or cash dividends per share.

The table below summarizes the Company's cash flows for the three months ended March 31, 2020, 2019, and 2018:

	For the three months ended March 31,		
	2020	2019	2018
	$	$	$
Net cash (used in):			
Operating activities	(3,265,710)	(829,223)	(2,815,303)
Investing activities	(2,138,697)	(1,110,179)	(1,262,596)
Financing activities	4,989,265	3,288,305	3,579,410
Effect of foreign exchange on cash	(18,133)	9,224	(6,438)
Increase (decrease) in cash	(433,275)	1,358,127	(504,927)
Cash beginning of the period	2,083,588	232,420	2,944,775
Cash end of the period	1,650,313	1,590,547	2,439,848

Expressed in Canadian dollars

FINANCIAL REVIEW AND RESULTS OF OPERATIONS

The following summary of financial information has been derived from the Interim Financial Statements:

	For the three months ended March 31, 2020	March 31, 2019 (restated)*
	$	$
Revenue		
Product sales	523,094	–
Excise taxes	69,051	–
Net revenue	454,043	–
Cost of sales	–	
Production costs	1,708,778	–
Inventory expensed to cost of sales	215,902	–
Loss on inventory write-off	–	–
Gross profit before fair value adjustments	(1,470,637)	–
Gain on changes in fair value of biological assets	837,616	121,610
Realized fair value of inventory sold	(258,501)	–
Gross profit (loss)	(891,522)	121,610
Operating expenses		
Consulting, salaries and wages	1,269,613	840,465
General and administrative	502,066	796,328
Share-based compensation	434,273	815,561
Depreciation and amortization	4,689	25,566
Sales and marketing	107,938	11,906
	2,318,579	2,489,826
Loss from operations	(3,210,101)	(2,368,216)
Interest on loans	543,616	46,224
Net realized foreign exchange loss (gain)	(57,472)	2,599
Loss from continuing operations before income tax	(3,696,245)	(2,417,039)
Income tax recovery	–	–
Net loss from continuing operations	(3,696,245)	(2,417,039)
Net loss from discontinued operations	(111,926)	87,107
Net loss for the period	(3,808,171)	(2,330,179)
Total comprehensive loss	(3,182,280)	(2,551,827)

**Restated for the presentation of discontinued operations*

Revenue and Other Income

Through the Agro-Greens Agreement, Rubicon Organics began sales of cannabis flower in February 2020 which commenced with its initial orders to the BCLDB and Saskatchewan retailers and distributors (March 31, 2019 - $nil). The Agro-Greens Agreement allowed for initial market entry of Simply Bare™ Organic product into the Canadian consumer marketplace prior to the Company's receipt of its Sales License in May 2020.

The Company records the estimated fair value of cannabis plants as they are grown at the Delta Facility. The gain for the three months ended March 31, 2020 and 2019 was determined using a model to estimate the fair value less costs to sell of cannabis plants using the stage of plant growth at the period end and expected harvest yield per plant applied to the estimated fair value less costs to sell per gram of dried flower. The gain in Q1 2020 is higher than in 2019 due to the scale of cultivation achieved by March 31, 2020 compared with the period ended March 31, 2019.

Production Costs

Throughout the first quarter of 2020, the Company achieved full scale cultivation at its Delta Facility. The Company incurred production costs of $1,708,778 in the three months ended March 31, 2020 (March 31, 2019 – $nil). Production costs consist of labour, crop inputs, overheads incurred in the cultivation of cannabis plants to the point of harvest, and depreciation. In the three months ended March 31, 2020, production costs included $308,786 of depreciation expense. From January to March, the Company ramped up cultivation activities and planted in all compartments; production costs in Q1 2020 reflect this ramp up. In accordance with IFRS, during the ramp up of the Delta Facility, overhead and depreciation costs were included in production costs from the time compartments were deemed available for use. In early 2020, overheads and depreciation for compartments considered available for use but not yet planted and utilized for cultivation, were included in production costs.

Operating expenses

Operating expenses have increased period over comparable period with the ramp up of operations, including the build out of the Canadian team. Consulting, salaries and wages increased significantly with additional headcount to support the cultivation and sale of our first crops. People costs in Q1 2020 of $1,754,491 compared to $840,485 in Q1 2019. Headcount increases included the build out of the compliance team, operations management (cultivation and production), commercial and sales teams. Offset against consulting, salaries and wages is an amount of $131,173 receivable from the Canada Emergency Wage Subsidy for salaries in the period of March 15 to March 31, 2020 as part of Canada's COVID-19 relief measures. The Company anticipates that salaries expense may increase moderately in 2020 where certain critical roles are added at the Delta Facility as well as an increase of sales personnel with expected increased distribution and sales.

Non-cash share-based payments reflect the issuance of stock options to new and existing employees and directors.

General and administrative expenses consist of the head office lease, insurance, professional and legal fees, investor relations fees, and office expenses. General and administrative costs were $502,055 (March 31, 2019 - $796,328) and have decreased period over comparable prior period primarily due to a decrease in investor relations expenses (savings of $77,112) and due to certain costs being classified as production costs or capitalized to inventory. In addition there has been a focus on continued cost savings in corporate expenditure.

Sales and marketing expenses consist of the costs to maintain Simply Bare™ Organic brand and to carry out marketing initiatives. Sales and marketing expenses for the three months ended March 31, 2020 were $107,938 compared to $11,906 in 2019. This is due to increased sales and marketing efforts after launching the brand in December 2019.

Discontinued operations

In the latter half of 2019 the Company decided to exit the US market. In April and May 2020 it sold all of its US cannabis related assets. Loss from discontinued operations for the three months ended March 31, 2020 of $111,926 consists of salaries and costs related to the wind down of the Company's US operations. The March 31, 2019 income of $87,107 reflects rental revenue of $638,137 less operating costs of $551,030. In Q3 2019, the Company booked a provision for credit losses against all revenue earned.

Other comprehensive income (loss)

The other comprehensive income (loss) with respect to foreign currency translation difference varies at each reporting date and is a result of fluctuations between the US Dollar and the Canadian Dollar. This foreign currency translation difference includes the impact of foreign exchange on intercompany loans whose retranslation is treated as equity (until the foreign operation is disposed of) and the translation of the foreign operation from its functional currency into Canadian Dollars. For the three months ended March 31, 2020, the impact of the foreign currency translation differences was other comprehensive income of $592,494 (March 31, 2019 – loss of $275,115).

SUMMARY OF QUARTERLY RESULTS

The following table summarizes quarterly financial results for Rubicon Organics for the last eight quarters:

	2020	2019				2018			
(C$000's)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net revenue*	454	–	–	–	–	–	–	95	81
Net Loss for the period	(3,808)	(4,031)	(4,423)	(3,489)	(2,331)	(4,672)	(3,504)	(19,128)	(2,571)
Weighted average shares outstanding	40,041	40,041	38,122	36,811	36,811	36,811	33,153	32,735	32,735
Net loss per share, basic and diluted	($0.10)	($0.10)	($0.12)	($0.09)	($0.06)	($0.12)	($0.11)	($0.58)	($0.08)

* Revenue in 2018 related to the US discontinued operations except for $176,364 presented here. This amount has been reclassified to other income in the Company's Financial Statements.

Revenue in Q1 2020 relates to the sale of the Company's Simply Bare™ Organic flower in British Columbia and Saskatchewan. The Company did not have any revenue from continuing operations in 2019. Revenue in 2018 related to sales in Washington and California from pilot scale operations. The net loss of the Company has grown as the team and activity of the Company has grown with expansion of the team, increased professional services being obtained and the impact of non-cash, share-based payments on the quarterly results. For a detailed review of the three months ended 2020, refer to the results analysis under '*Financial Review and Results of Operations*'.

LIQUIDITY AND GOING CONCERN

As at March 31, 2020, the Company had cash available of $1,650,313 and positive working capital of $2,476,598. Operating activities in the three months ended March 31, 2020 used $3,265,710 of cash, largely driven by the costs of preparing and executing full scale operations at the Delta Facility. Further, the Company continued to invest in the Delta Facility to optimize two of the five cultivation compartments and expand and optimize the processing area.

During the three months ended March 31, 2020, the Company received $3,907,266 in net proceeds in a loan from a US real estate group (the "US Loan") and $1,100,000 in related party loans. On April 3, 2020, the Company repaid the US Loan when it sold its Washington Facility for gross proceeds of $12,020,700 (US$8,500,000), netting the Company $7,685,194, excluding transaction costs.

As at March 31, 2020 the Company owed $1,100,000 plus $18,888 of accrued interest in related party loans. Refer to the Related Party Transactions sections for information on repayment subsequent to March 31, 2020.

The Interim Financial Statements have been prepared on a 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 for the foreseeable future.

In February 2019, the Company received its Cultivation and Processing licenses from Health Canada for its Delta Facility. The Company completed its first commercial harvest at the Delta Facility in October 2019. On December 17, 2019, the Company entered into the Agro-Greens Agreement to distribute the Company's products to Canadian provincial distributors and retailers in the Canadian recreational market and began selling products in February 2020. In May 2020, the Company received both its medical sales license and recreational Sales License and has begun selling directly to provincial distributors and retailers.

As at March 31, 2020, the Company had not achieved profitable operations and had accumulated losses of $60,147,984 since its inception. Until such time that the Company achieves positive operating cashflows, the continuing operations of the Company are dependent upon its ability to obtain debt or equity financing. There can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

On May 19, 2020, the Company announced a non-brokered private placement financing of up to $10,000,000 which was subsequently upsized to $13,500,000. This private placement is expected to close on or about May 29, 2020.

In September 2020, the first mortgage of $5,000,000 on the Delta Facility is due, although this mortgage has a six-month extension option. Management expects to elect to take this six-month extension and then refinance this first mortgage at more favourable terms.

In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, Government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. The Company has taken extensive measures to protect and sustain its operations during the pandemic but there can be no assurance that the Company will not be further impacted by adverse consequences that may be brought about by the COVID-19 pandemic on access to markets and supplies and global financial markets which may see reduced share prices and financial liquidity and thereby severely limit the financing capital available.

The above conditions present material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. The Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

CAPITAL RESOURCES

The Company has the following contractual obligations as at March 31, 2020:

(C$000's)	Payments due by period				
Contractual obligations[1]	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Office lease[2]	459	145	314	—	—
Lease liability[3]	74	31	43	—	—
Total contractual obligations	533	176	357	—	—

[1] Mortgage related contractual obligations are disclosed in note 13 of the Financial statements.

[2] Office lease relates to the right-of-use Vancouver head office.

[3] Related to right-of-use tractors

Since March 2020, all compartments have been commissioned and are under cultivation, with most of the planned optimization work complete. There remains further optimization that the Company expects to do with the closing the Private Placement including additional lights. If significant funds are required beyond those in the Private Placement, the Company will likely be funded in the future through operating cash flows, debt and equity sources.

OUTSTANDING SHARE DATA

The Company's authorized share capital consists of an unlimited number of common shares without par value.

As at May 27, 2020 the Company has the following securities outstanding.

	Number of units
Common Shares	39,966,425
Stock Options	5,470,000
Warrants	7,331,442
Deferred share units	75,000
Fully Diluted Shares Outstanding	52,842,867

PROPOSED TRANSACTIONS

Other than the Private Placement as described herein, there are no undisclosed proposed transactions that will materially affect the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any material off-balance sheet arrangements.

Expressed in Canadian dollars

RELATED PARTY TRANSACTIONS

Beginning in 2019, certain executives and directors of the Company agreed to defer portions of their remuneration. As at March 31, 2020, included in accounts payable and accrued liabilities is accrued salaries and director fees of $194,721 (December 31, 2019: 151,250). Accounts payable and accrued liabilities also included $160,364 (December 31, 2019: $75,459) owed to executives and directors of the Company for expenses paid on behalf of the Company.

Contained within accrued liabilities are accrued bonuses for key management personnel of $685,000. $500,000 of these bonuses are estimates relating to the year ended 2019 and $185,000 relates to the three months ended March 31, 2020. Key management bonuses will not be paid until the Board approves payment which is not expected prior to positive operating cashflows of the Company.

In January and February 2020, the Board approved revolving credit lines with the CEO, CFO, CSO, President, and a shareholder of the Company for aggregate proceeds of up to $1,350,000 at an annual interest rate of 12% requiring repayment no later than December 31, 2020. On April 21, 2020, the amount was increased to $1,850,000.

Due to related parties as at March 31, 2020, contained $750,000, $100,000, and $250,000 owed to the CEO, CFO, and the shareholder, respectively. Included in accounts payable and accrued liabilities is accrued interest of $12,658, $2,203 and $4,027 owed to the CEO, CFO, and shareholder, respectively.

On April 22, 2020, the Company repaid $335,377 of accrued salaries and expenses to the CEO, CFO, CSO, and President as well as $102,926 to the CFO for principal and interest owed under the revolving credit line. On May 19, 2020, the Company repaid $1,032,795 to the CEO, and shareholder for principal and interest owed under the revolving credit line.

Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors.

Key management compensation was comprised of:

	Three months ended March 31, 2020 $	Three months ended March 31, 2019 $
Salaries	288,587	170,403
Bonuses accrued*	185,000	–
Share based compensation	278,343	436,713
Total compensation of key management personnel	751,930	607,116

* The bonuses accrued relate to 2020 performance and have not yet been approved by the board or paid.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Financial Statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of expenses during the reporting period. Actual outcomes could 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 estimates are revised and in future periods affected.

Management considers the policies described in note 3 of the Financial Statements to be the most critical in understanding the judgments that are involved in the preparation of the Company's Financial Statements and the uncertainties that could impact its results of operations, financial condition and cash flows.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

IFRS 15 – Revenue from contracts with customers ("IFRS 15")

The following is the Company's policy for accounting for revenue from contracts with customers in accordance with IFRS 15:

Revenue is recognized at the amount of consideration that the Company expects to be entitled to in exchange for transferring promised goods to a customer. Revenue from the sale of goods is recognized when control of the goods has transferred, as determined by respective shipping terms and subject to certain additional considerations, as this is when the Company has satisfied its performance obligation under the contract. The Company does not have performance obligations after the delivery on sale of goods to customers. Revenue is presented net of a variable sales allowance to account for the potential return of goods, and applicable excise taxes, except where the Company has recovered excise taxes from customers through billings.

FINANCIAL INSTRUMENTS

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

Cash	Fair value through profit or loss ("FVTPL")
Accounts receivable	Amortized cost
Due from related parties	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related party	Amortized cost
Lease liabilities	Amortized cost
Loans and borrowings	Amortized cost
Investment	FVTPL

The fair values of accounts receivable, due from related parties, accounts payable and accrued liabilities, and due to a related party approximate their carrying amounts due to the short-term maturity of those instruments.

Loans and borrowings were incurred to fund the purchase and retrofitting of the Delta Facility and to fund operations. Refer to note 13 in the Financial Statements for more information on loans and borrowings.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The main types of risk are credit risk, liquidity risk and market risk. These risks arise throughout the normal course of operations and all transactions are undertaken as a going concern. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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 an obligation. The Company is exposed to credit risk on its cash and accounts receivable. The carrying amount of these assets represent the maximum credit exposure. As at March 31, 2020, the Company had trade receivables of $485,399 with one customer, Agro-Greens. Its remaining accounts receivable were with government agencies where credit risk is limited. Since the inception of the Company, no losses have been suffered in relation to cash held by its banking institutions.

The Company limits exposure to credit risk by maintaining its cash with institutions of high credit worthiness.

Institution	$
National banks	1,650,037
Cash	276

The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses credit quality of the counterparties, taking into account their financial position, past experience and other factors. Credit risk is mitigated by entering into arrangements with reputable and stable counterparties and frequent reviews of exposure to individual entities.

An impairment analysis of receivables is performed at each reporting date and the balances are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan and a change in the commercial terms associated with the balance held.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash. The Company manages its capital in order to meet short term business requirements, after taking into account cash flows, capital expenditures and cash holdings. The Company believes that these sources should be sufficient to cover the likely short-term requirements. In the long term, the Company may have to issue debt or additional common shares to ensure that there is cash available for its programs.

All current liabilities, being accounts payable, accrued liabilities, the current portion of the loans and borrowings and due to related parties, are payable within one year and are to be funded from cash. Long term liabilities consist of the loans and borrowings.

Interest rate risk

Interest rate risk is the risk the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's debts are all held at fixed interest rates and no significant interest rate risk applies.

Foreign exchange risk

The Company and its subsidiaries conduct business in foreign countries, with certain transactions denominated in currencies other than the functional currency of the Company or the subsidiaries conducting the business. Foreign currency transactions are exposed to currency risk due to fluctuations in foreign exchange rates.

For the three months ended March 31, 2020 the Company was exposed to currency risk through the following assets and liabilities denominated in US$:

		March 31, 2020		December 31, 2019
Cash		427,783		1,433,813
Accounts payable and accrued liabilities		(1,138,775)		(345,811)
	US$	710,992	US$	1,088,002

A 10% change of the US$ against the C$ at March 31, 2020 would have decreased net loss by $100,868 (December 31, 2019: $137,413) or increased net loss by $100,868 (December 31, 2019: $137,413).

Fair value

The Company classifies its fair value measurements with a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 13 – *Financial Instruments; Fair Value Measurement* ("IFRS 13").

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.
Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
Level 3 – Unobservable inputs which are supported by little or no market activity. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Cash is classified as a Level 2 financial instrument.

There were no transfers within the fair value hierarchy during the three months ended March 31, 2020.

The Company does not hold any Level 1 financial assets or liabilities that are based on unadjusted quoted prices trading in active markets.

CAPITAL MANAGEMENT

It is management's objective to safeguard its capital in order that it will be able to continue as a going concern in the best interests of all stakeholders.

The Company currently has limited sources of revenues and as such the Company is dependent upon external financings and debt to fund activities. In order to finance future projects and to pay for administrative activities, the Company will spend its existing working capital and raise additional funds through debt, equity, or a combination thereof as needed until it reaches profitable operations. Management reviews its capital management practices on an ongoing basis and believes that their approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management program during the three months ended March 31, 2020.

RISKS AND UNCERTAINTIES

The Company is exposed to risks and uncertainties relating to the business of the Company that should be considered by both existing and potential investors. The risks and uncertainties appearing in the Company's Management, Discussion and Analysis dated April 21, 2020, for the years ended December 31, 2019 and December 31, 2018 are qualified in their entirety by reference to, and must be read in conjunction with, the Company's Management, Discussion and Analysis dated April 21, 2020, for the years ended December 31, 2019 and December 31, 2018. The detailed information appearing in the Company's Management, Discussion and Analysis dated April 21, 2020, for the years ended December 31, 2019 and December 31, 2018 is intended to serve as an overview and should not be considered comprehensive. Investing in the Company's common shares involves significant risks. The Company may face additional risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. All risks to the Company's business have the potential to influence its operations in a materially adverse manner. Many factors could cause the Company's results of operations, performance and financial condition to differ materially from those expressed or implied by the forward-looking statements and forward-looking information contained in this MD&A.

CONFLICTS OF INTEREST

To the best of our knowledge, there are no known existing or potential material conflicts of interest among us and our directors, officers or other members of Management as a result of their outside business interests except that certain of our directors and officers serve as directors, officers or advisors of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director, officer or advisor of such other companies.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this MD&A are forward-looking statements, such as estimates and statements that describe the Company's plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur.

Forward-looking statements may be identified by such terms as "believes", "if", "expects", "estimates", "may", "could", "should", "will", "intends" and similar expressions. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Although the Company believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking statements are based on certain assumptions and analyses made by the Company considering the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including but not limited to (i) information or statements concerning the Company's expectations of financial resources availability to fund operations; (ii) obtaining the necessary regulatory approvals; (iii) that regulatory requirements will be maintained; (iv) general business and economic conditions; (v) the Company's ability to successfully execute its plans and intentions; (vi) the Company's ability to obtain financing at reasonable terms though the sale of equity and/or debt commitments; (vii) the Company's ability to attract and retain skilled staff; (viii) market competition; (ix) the products and technology offered by the

Company's competitors; (x) that our current good relationships with our suppliers, service providers and other third parties will be maintained; and (xi) the impact of the current global health crisis caused by COVID-19 pandemic.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors including: general risks associated with the COVID-19 global pandemic, the legal status of cannabis cultivation, distribution and sales in the US and Canada; changes in general economic conditions and conditions in the financial markets; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; uncertainty about the Company's ability to continue as a going concern; risk that the Company will not obtain or retain any relevant licenses; technological and operational difficulties encountered in connection with the Company's activities; changing foreign exchange rates and other matters discussed in this MD&A.

The global pandemic related to an outbreak of the COVID-19 novel coronavirus disease has cast uncertainty on the Company's assumptions. There can be no assurance that they continue to be valid. Given the rapid pace of change, it is premature to make further assumptions about these matters. The COVID-19 outbreak was declared a pandemic by the World Health Organization in 2020. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time. These impacts could include an impact on our ability to maintain operations, to obtain debt and equity financing, access to necessary supplies, credit risk associated with our accounts receivable, impairments in the value of our long-lived assets, or potential future decreases in revenue or the profitability of our ongoing operations. The Company continues to work diligently to ensure operations continue and product is delivered while continuing to emphasize the safety of our product and employees.

Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actual results, performances, achievements or events to not be as anticipated, estimated or intended. Many of the factors are beyond our control. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. We disclaim any intention and assume no obligation to update any forward-looking statements even if new information becomes available, as a result of future events, new information, or for any other reason except as required by law. These forward-looking statements are made as of the date hereof. Additional information related to us is available by accessing the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com.

ADDITIONAL INFORMATION

Additional information related to the Company is available on the Company's website at www.rubiconorganics.com and through its public filings on www.sedar.com.

Expressed in Canadian dollars

RUBICON ORGANICS INC.

Head Office	Unit 505 - 744 West Hastings Street Vancouver, BC, Canada, V6C 1A5 +1 604 331-1296
Registered & Records Office	C/O Borden Ladner Gervais LLP 1200 Waterfront Centre, PO Box 48600, 200 Burrard Street Vancouver, BC, Canada, V7X 1T2
Directors	Margaret Brodie Bryan Disher David Donnan Jesse McConnell John Pigott
Officers	Jesse McConnell – Chief Executive Officer Margaret Brodie – Chief Financial Officer Tim Roberts – President Peter Doig – Chief Scientific Officer
Registrar and Transfer Agent	Odyssey Trust Company 323-409 Granville Street Vancouver, BC, Canada, V6C 1T2
Auditor	Deloitte LLP, Chartered Professional Accountants 939 Granville Street Vancouver, BC, Canada, V6Z 1L3
Solicitors	Borden Ladner Gervais LLP 1200 Waterfront Centre, PO Box 48600, 200 Burrard Street Vancouver, BC, Canada, V7X 1T2
Shares Listed	Canadian Securities Exchange Trading symbol: ROMJ OTCQX Best Market Trading symbol: ROMJF
Investor Relations	IR@RubiconOrganics.com +1 (437) 929 1964