IMPERIAL GINSENG PRODUCTS LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)

Nine Months Ended March 31, 2018 and 2017

Unaudited Interim Financial Statements

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3)(a), the Company discloses that its auditors have not performed a review of these interim consolidated financial statements. The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of the Company's management.

Imperial Ginseng Products Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	Note	March 31 2018	(Audited) June 30 2017
ASSETS			
Current			
Cash and cash equivalents		**$ 7,437,728**	$ 10,136,221
Trade and other receivables	3 (c)	**145,340**	138,670
Income tax receivable		**624,000**	-
Inventories	4	**461,948**	464,685
Prepaid expenses		**482,816**	299,074
Pre-planting costs	5	**287,178**	613,593
Biological assets	6	**9,644,000**	3,831,000
Total current assets		**19,083,010**	15,483,243
Biological assets	6	**8,256,000**	10,008,000
Property and equipment	7	**6,419,079**	5,952,586
Deposits		**5,110**	5,110
Available-for-sale investment		**100,001**	100,001
Deferred tax assets		**349,000**	250,000
Total Assets		**$ 34,212,200**	$ 31,798,940
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**$ 691,204**	$ 1,428,569
Deposit for planting cost reimbursement	3 (c)	**123,767**	520,113
Current portion of long-term borrowings	9	**299,121**	239,923
Current portion of long-term loans	10	**510,686**	-
Income tax payable		**-**	741,000
Total current liabilities		**1,624,778**	2,929,605
Long-term borrowings	9	**1,039,042**	1,273,726
Long-term loans	10	**684,803**	1,029,854
Deferred tax liabilities		**4,008,000**	2,613,000
Total liabilities		**7,356,623**	7,846,185
SHAREHOLDERS' EQUITY			
Share capital	11	**35,101,085**	35,101,085
Contributed surplus	11 (c)	**1,099,962**	771,102
Deficit		**(9,345,470)**	(11,919,432)
Total shareholders' equity		**26,855,577**	23,952,755
Total Liabilities and Shareholders' Equity		**$ 34,212,200**	$ 31,798,940

On Behalf of the Board

(signed) "Stephen McCoach"
Director

(signed) "Maurice Levesque"
Director

See accompanying notes to the consolidated financial statements.

Imperial Ginseng Products Ltd.
Consolidated Statements of Income and Comprehensive Income
(Expressed in Canadian Dollars)

		Three months ended March 31		Nine months ended March 31	
	Note	**2018**	**2017**	**2018**	**2017**
Revenue	3 (b)	**$ 2,601,564**	$ 1,071,026	**$ 4,447,341**	$ 11,098,813
Cost of sales		**2,115,060**	702,900	**3,982,168**	9,776,511
Gross profits		**486,504**	368,126	**465,173**	1,322,302
Administrative expenses	12	**(254,212)**	(223,815)	**(842,370)**	(669,220)
Change in fair value of biological assets	6	**(514,047)**	378,626	**3,843,900**	3,589,550
Income (loss) from operations before other items		**(281,755)**	522,937	**3,466,703**	4,242,632
Other items					
Finance income		**16,830**	22,302	**60,669**	40,305
Finance costs	13	**(69,753)**	(61,594)	**(202,831)**	(181,371)
Other income and expenses		**110,277**	76,733	**197,387**	172,387
Loss from deteriorated inventories		**-**	-	**-**	(567,000)
Gain from disposition of property and equipment		**5,000**	-	**53,217**	-
Share-based payment	11 (c)	**-**	-	**(328,860)**	-
Income (loss) before income taxes		**(219,401)**	560,378	**3,246,285**	3,706,953
Income tax recovery (expense)		**225,000**	3,000	**(672,323)**	(816,000)
Income and comprehensive income		**$ 5,599**	$ 563,378	**$ 2,573,962**	$ 2,890,953
Earnings per share	15				
Basic		**$ -**	$ 0.08	**$ 0.36**	$ 0.40
Diluted		**-**	0.08	**0.34**	0.39

See accompanying notes to the consolidated financial statements.

Imperial Ginseng Products Ltd.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital	Contributed surplus	Deficit	Total shareholders' equity
Opening balance, July 1, 2017	$ 35,101,085	$ 771,102	$ (11,919,432)	$ 23,952,755
Changes in the period:				
Net income	-	-	2,573,962	2,573,962
Share-based payment	-	328,860	-	328,860
Balance, March 31, 2018	**$ 35,101,085**	**$ 1,099,962**	**$ (9,345,470)**	**$ 26,855,577**

	Share capital	Contributed surplus	Deficit	Total shareholders' equity
Balance, July 1, 2016	$ 35,101,085	$ 771,102	$ (16,034,130)	$ 19,838,057
Changes in the period:				
Net income	-	-	2,890,953	2,890,953
Balance, March 31, 2017	**$ 35,101,085**	**$ 771,102**	**$ (13,143,177)**	**$ 22,729,010**

See accompanying notes to the consolidated financial statements.

Imperial Ginseng Products Ltd.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the nine months ended March 31,	2018	2017
Cash provided by (used in) operating activities:		
Net income	**$ 2,573,962**	$ 2,890,953
Adjustments for items not involving cash:		
Depreciation	**27,180**	50,962
Finance income	**(60,669)**	(40,305)
Finance costs	**202,831**	181,371
Gain from sale of property and equipment	**(53,217)**	-
Share-based payment	**328,860**	-
Change in fair value of biological assets	**(3,843,900)**	(3,589,550)
Income tax expense	**672,323**	816,000
Income taxes paid	**(741,323)**	-
Changes in non-cash working capital items:		
Cost of crops harvested	**3,770,000**	8,586,000
Crop costs, net of deferred depreciation of $353,736 (March 31, 2017 - $295,827)	**(3,633,364)**	(3,232,623)
Trade and other receivables	**(10,892)**	(11,402)
Inventories	**2,737**	1,210,683
Prepaid expenses	**(183,743)**	(42,554)
Pre-planting costs	**326,415**	222,466
Accounts payable and accrued liabilities	**(734,061)**	(883,469)
Deposit for planting cost reimbursement	**(390,257)**	(451,273)
Net cash (used in) provided by operating activities	**(1,747,118)**	5,707,259
Cash used in investing activities:		
Acquisition of property and equipment	**(909,857)**	(733,546)
Proceeds from disposition of property and equipment	**109,579**	-
Net cash used in investing activities	**(800,278)**	(733,546)
Cash provided by (used in) financing activities:		
Finance income received	**64,890**	38,308
Finance costs paid	**(40,501)**	(43,372)
Proceeds from long-term borrowings	**108,300**	-
Repayment of long-term borrowings	**(283,785)**	(387,822)
Net cash used in financing activities	**(151,096)**	(392,886)
(Decrease) increase in cash and cash equivalents	**(2,698,492)**	4,580,827
Cash and cash equivalents, beginning of the period	**10,136,220**	5,999,115
Cash and cash equivalents, end of the period	**$ 7,437,728**	**$** 10,579,942

See accompanying notes to the consolidated financial statements.

1. General

Imperial Ginseng Products Ltd. (the "Company") was incorporated under the laws of the province of British Columbia in 1989. The Company's core business is cultivating and processing ginseng in the province of Ontario and selling the dried ginseng to wholesalers in Asia and North America through distributors. The Company's common shares ("Common Shares") are listed on the TSX Venture Exchange ("TSXV") under the stock symbol "IGP".

The Company's registered address and records office are located at 1200 - 200 Burrard Street, Vancouver, British Columbia V7X 1T2. The head office and principal address of the Company is Suite 3030, 650 West Georgia Street, Vancouver, British Columbia, Canada, V6B 4N7.

2. Basis of preparation

(a) Statement of compliance

These condensed interim consolidated financial statements, including the account of its wholly owned subsidiary, Canadian Imperial Ginseng Ontario Ltd. ("CIGO"), were prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting,* using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of application as those used in the most recently prepared audited annual consolidated financial statements. These condensed interim consolidated financial statements do not contain all disclosures required by IFRS for annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended June 30, 2017.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 15, 2018.

(b) Basis of presentation and measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis with the exception of biological assets which are measured at fair value.

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

(c) Critical accounting estimates and judgments

The preparation of these condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the application of accounting policies and to estimate the impacts on the carrying amounts of assets and liabilities at the end of the reporting period, and the reported amount of revenues and expenses during the reporting period. Actual results may differ from these estimates. The Company reviews the estimates and the assumptions on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparing these condensed interim consolidated financial statements, the Company applied the same critical accounting estimates and judgments disclosed in Note 4 of its audited consolidated financial statements for the year ended June 30, 2017.

3. Related party balances and transactions

Transactions with related parties are recorded at the amount agreed to by the related parties.

(a) Management company transactions

The Company has an administrative agreement with Trilogy Bancorp Ltd. ("Trilogy"), a company owned and controlled by certain directors of the Company. Under the administrative agreement, the Management Company provides accounting, office and administrative services to the Company for a monthly fee of $10,500. For the nine months ended March 31, 2018, the Company was charged $94,500 (March 31, 2017 - $94,500) of administrative fee. At March 31, 2018, no administrative fee was outstanding to Trilogy (June 30, 2017 - $nil).

(b) Distributor services

The distribution agreements between the Company and companies controlled by a director of the Company (the "Distributors") provide that the Distributors will buy all the Company's ginseng harvested in a given year at agreed market prices in return for an exclusive right to distribute the Company's ginseng in Asia and North America. As the ginseng is sold directly to the Distributors at agreed prices, the Company does not pay any selling expenses to the Distributors for the distribution of ginseng. During the nine months ended March 31, 2018, the Company had sales transactions totaling $4,447,341 with the Distributors (March 31, 2017 - $11,098,813).

(c) Ginseng farming agreement

The Company and Ponderosa Ginseng Farms Corp. ("Ponderosa"), a private company having some directors in common with the Company, have a ginseng farming agreement (the "Farming Agreement") under which the Company plants and maintains certain number of acres of ginseng in Ontario for the benefit of Ponderosa each year (the "Ponderosa Acres"). Pursuant to the Farming Agreement, Ponderosa will reimburse the Company the actual farming and root processing costs (the "Actual Costs"), which are estimated and prepaid annually (the "Prepayment") prior to the beginning of the Company's fiscal year. In return, the Company earns a planting fee equal to 15% of the Actual Costs from Ponderosa. Subsequent to the completion of a farming year, the Company will calculate the Actual Costs and settle the account with Ponderosa accordingly.

In fiscal 2017, Ponderosa notified the Company that it wished to terminate the planting of new acres. The Company will continue with the farming of the Ponderosa Acres until they are gradually harvested out by the fall of 2019, or 2020 if more crops are grown to 5-year-old. In fiscal 2018, the Company harvested 11 Ponderosa Acres (fiscal 2017 – no acres harvested). At March 31, 2018, there remained 50 Ponderosa Acres under cultivation.

Pursuant to the Farming Agreement, the Company will undertake the selling of ginseng root harvested from the Ponderosa Acres and will pay to Ponderosa the full amount of proceeds from each completed sale within 30 days of receipt by the Company. During the period ended March 31, 2018, the Company made sales totaling $1,595,914 for Ponderosa (March 31, 2017 - $nil). No sales proceeds were outstanding to Ponderosa at March 31, 2018 (June 30, 2017 - $nil).

Also pursuant to the Farming Agreement, the Company is entitled to a yield bonus if the actual yield of the root harvested in a year exceeds a pre-determined base yield (the "Bonus Root"), calculated as 15% of the revenue from the sale of the Bonus Root. The yield bonus is payable on or before the earlier of 30 days after all the ginseng root is sold and June 30 of the year following the harvest. At March 31, 2018, the Company completed selling all the ginseng for Ponderosa and recorded a yield bonus of $87,835 from the sale of Bonus Root in planting fee income. The Company received payment of the yield bonus in April 2018.

(Unaudited - Expressed in Canadian Dollars)

3. Related party balances and transactions (continued)

(c) Ginseng farming agreement (continued)

For the nine months ended March 31, 2018, the Company incurred Actual Costs of $362,377 (March 31, 2017 - $264,062). Total planting fee income realized in the period was $142,191 (March 31, 2017 - $69,009). At March 31, 2018, the balance of Prepayment was $123,767 (June 30, 2017 - $520,113).

(d) Key management personnel compensation

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel includes members of the Board of Directors, executive officers and the President of CIGO.

Short-term benefits for key management personnel compensation consist of salaries, bonuses and medical benefits. The Company does not provide any post-employment benefits or other long-term employee benefits. Short-term benefits for the President of CIGO are included in crop expenses. During the nine-month period ended March 31, 2018, the Company issued stock options to key management personnel entitling the holders to purchase 522,000 Common Shares. These stock options were granted in May 2017 but were not issued until December 2017 (Note 11 (c)). No stock options were granted to key management personnel during the nine-month periods ended March 31, 2018 and 2017. The table below summarizes the composition of key management personnel compensation for the nine-month periods ended March 31, 2018 and 2017:

For the nine-month periods ended March 31,	2018	2017
Short-term benefits	$ 985,209	$ 549,631
Stock options	328,860	-
	$ 1,314,069	$ 549,631

4. Inventories

As at	March 31 2018	(Audited) June 30 2017
Ginseng seed	$ 355,839	$ 303,171
Supplies	106,109	161,514
	$ 461,948	$ 464,685

(Unaudited - Expressed in Canadian Dollars)

5. Pre-planting costs

Pre-planting costs are expenses associated with preparing the land for planting in the next fiscal year. These costs will be transferred to crop expenses when the land is seeded. During the nine months ended March 31, $591,225 of the pre-planting costs was transferred to crop expenses (March 31, 2017 - $512,193). The table below summarizes the composition of pre-planting costs:

As at	March 31 2018	(Audited) June 30 2017
Land rental	$ 161,907	$ 173,776
Fertilizers and pesticides	125,271	439,817
	$ 287,178	$ 613,593

6. Biological assets

The Company's biological assets consist solely of live ginseng crops. Changes to the fair value of biological assets are summarized as follows:

As at	March 31 2018	(Audited) June 30 2017
Balance, beginning of the period	$ 13,839,000	$ 11,506,000
Crop expenses for the period (Note 14)	3,987,100	5,079,926
Change in fair value resulting from growth and pricing	3,843,900	5,839,074
Change due to harvested crops transferred to inventories	(3,770,000)	(8,586,000)
Balance, end of the period	$ 17,900,000	$ 13,839,000
Consist of:		
Current portion	$ 9,644,000	$ 3,831,000
Non-current portion	8,256,000	10,008,000

Ginseng crops consist of immature, near maturity and mature crops. Immature crops are measured at historical costs as there are no markets for these crops. Near maturity crops are measured using the discounted expected future cash flow method when the costs to complete the crops and the future selling prices of ginseng can be reasonably estimated. Mature crops are measured at estimated fair value less expected costs to harvest and sell. The following table presents the fair value of each category of the crops:

As at	March 31 2018	(Audited) June 30 2017
Immature ginseng crops	$ 8,256,000	$ 5,413,000
Near maturity ginseng crops	9,644,000	4,595,000
Mature ginseng crops	-	3,831,000
	$ 17,900,000	$ 13,839,000

(Unaudited - Expressed in Canadian Dollars)

7. Property and equipment

	Land	Buildings	Leasehold improvements	Farming equipment	Office and laboratory equipment	Processing equipment	Shadehousing and irrigation	Total
Cost								
Balance, June 30, 2016	$ 1,967,675	$ 1,217,180	$ 30,128	$ 2,188,177	$ 60,219	$ 603,493	$ 2,237,284	$ 8,304,156
Acquired	-	-	-	203,848	7,339	279,407	804,648	1,295,242
Disposals	-	-	-	-	(1,282)	-	-	(1,282)
Balance, June 30, 2017	1,967,675	1,217,180	30,128	2,392,025	66,276	882,900	3,041,932	9,598,116
Acquired	-	145,545	-	260,944	-	-	503,368	909,857
Disposal	-	-	-	(89,225)	(2,342)	-	-	(91,567)
Balance, March 31, 2018	$ 1,967,675	$ 1,362,725	$ 30,128	$ 2,563,744	$ 63,934	$ 882,900	$ 3,545,300	$ 10,416,406
Accumulated depreciation								
Balance, June 30, 2016	$ -	$ 220,662	$ 1,883	$ 1,219,389	$ 21,624	$ 279,145	$ 1,459,346	$ 3,202,049
Depreciation	-	60,858	7,532	215,105	10,015	31,621	119,632	444,763
Disposals	-	-	-	-	(1,282)	-	-	(1,282)
Balance, June 30, 2017	-	281,520	9,415	1,434,494	30,357	310,766	1,578,978	3,645,530
Depreciation	-	50,060	5,649	182,843	8,084	23,051	117,315	387,002
Disposal	-	-	-	(32,863)	(2,342)	-	-	(35,205)
Balance, March 31, 2018	$ -	$ 331,580	$ 15,064	$ 1,584,474	$ 36,099	$ 333,817	$ 1,696,293	$ 3,997,327
Carrying amounts								
At June 30, 2017	$ 1,967,675	$ 935,660	$ 20,713	$ 957,531	$ 35,919	$ 572,134	$ 1,462,954	$ 5,952,586
At March 31, 2018	1,967,675	1,031,145	15,064	979,270	27,835	549,083	1,849,007	6,419,079

(Unaudited - Expressed in Canadian Dollars)

8. Credit facilities

The credit facilities made available to CIGO by a Canadian chartered bank (the "Bank") include a revolving term facility (Note 9 (b)) and a revolving demand facility of $1,000,000 at an annual interest rate of Bank's prime rate plus 1% (the "Credit Facility"). The Credit Facility is renewed annually and collateralized by general security agreements and a charge over all ginseng inventories and crops. The Credit Facility requires the Company to maintain a current ratio of not less than 1.20 at the end of the fiscal year. In the event that the Company does not satisfy the financial covenants, the Bank has the right to terminate or demand payment of, or cancel or restrict availability of any unused portion of the revolving demand facility. At March 31, 2018, $nil was drawn on the revolving demand facility (June 30, 2017 - $nil) and the Company was in compliance with the financial covenants contained within the Credit Facility.

9. Long-term borrowings

As at	March 31 2018	(Audited) June 30 2017
Current portion of principal:		
Mortgages (a)	$ 164,339	$ 119,082
Revolving term facility (b)	100,517	98,631
Other collateral loans (c)	34,265	22,210
	299,121	239,923
Non-current portion of principal:		
Mortgages (a)	827,528	1,060,660
Revolving term facility (b)	113,517	189,143
Other collateral loans (c)	97,997	23,923
	1,039,042	1,273,726
	$ 1,338,163	$ 1,513,649

(a) Mortgages

(i) In 2016, the Company acquired a mortgage of $500,000 for a farm property in Tillsonburg, Ontario. The mortgage is amortized over 20 years, has a term of five years and bears an annual interest rate of 2.71%, compounded semi-annually with monthly blended principal and interest payment of $2,698 during the term. At March 31, 2018, the principal balance was $406,298 (June 30, 2017 - $422,189).

(ii) In 2014, the Company acquired a mortgage of $825,000 for a farm property near Walsingham, Ontario. The mortgage is amortized over 25 years, has a term of five years and bears an annual interest rate of 3.86%, compounded semi-annually with monthly blended principal and interest payment of $4,277 during the term. At March 31, 2018, the principal balance was $476,588 (June 30, 2017 - $501,005).

(iii) In 2012, the Company acquired a mortgage of $825,000 for a farm property in Milldale, Ontario. The mortgage is amortized over 15 years, has a term of seven years and bears an annual interest rate of 4.50%, compounded semi-annually with annual blended principal and interest payment of $77,100 during the term. During the period ended March 31, 2018, the Company made an additional payment of $82,500 towards the principal. At March 31, 2018, the principal balance was $108,981 (June 30, 2017 - $256,548).

(Unaudited - Expressed in Canadian Dollars)

9. Long-term borrowings (continued)

(a) Mortgages (continued)

The mortgages are secured by a charge against the Company's real properties in Ontario. No financial covenants are imposed on the Company with respect to the mortgages. Minimum mortgage payments, including interest, during the amortized periods are as follows:

As at	March 31 2018	(Audited) June 30 2017
Within 1 year	$ 197,644	$ 160,803
After 1 year but within 5 years	851,162	1,114,091
Total principal and interest payment	$ 1,048,806	$ 1,274,894

(b) Revolving term facility

The Bank has made available to the Company a $1,000,000 revolving term facility for the purchase of equipment by way of a series of variable interest rate term loans at the Bank's prime rate plus 0.25% and fixed rate term loans which interest rate is to be determined at the time of borrowing. The loans are repayable in monthly blended payments of principal and interest for a maximum term of one year for variable interest rate loans and a maximum term of seven years for fixed rate term loans.

At March 31, 2018, the Company had several fixed rate term loans at annual interest rates between 2.28% and 2.82% maturing from 2019 to 2021. Minimum principal and interest payments over the term of the loans are as follows:

As at	March 31 2018	(Audited) June 30 2017
Within 1 year	$ 104,928	$ 104,928
After 1 year but within 5 years	116,167	194,863
Total principal and interest payment	$ 221,095	$ 299,791

(c) Other collateral loans

The Company financed certain equipment and vehicle purchases via collateral loans at interest rates ranging from 2.90% to 3.49% for terms of four to six years. Each loan is secured by the equipment against which it is borrowed. No financial covenants are imposed on the Company with respect to these loans. The carrying values of borrowings approximate their fair values at the reporting date. Minimum principal and interest payments over the term of the loans are as follows:

(Unaudited - Expressed in Canadian Dollars)

9. Long-term borrowings (continued)

(c) Other collateral loans (continued)

As at	March 31 2018	(Audited) June 30 2017
Within 1 year	$ 37,752	$ 23,441
After 1 year but within 5 years	103,038	24,803
Total principal and interest payment	$ 140,790	$ 48,244

10. Long-term loans

In 2014, the Company settled a debt with Trilogy, a portion of which was settled by entering into long-term loan agreements (the "Indebtedness"). Trilogy assigned the Indebtedness to certain parties, who are directors and officers of the Company (together the "Debt Holders"). The Indebtedness of $1,870,000 is to be repaid under the terms of loan agreements having a final maturity date of January 1, 2021 (the "Loans"). The Loans are secured by all of the assets of the Company and subordinate to the Company's indebtedness to the Bank. The Loans bear no interest until January 1, 2018 with interest at 9% per annum thereafter, calculated and compounded annually, in arrears. Interest is due annually and payable commencing on January 1, 2019. No payment of the principal is required until January 1, 2018. Beginning on January 1, 2018, the Company is required to repay 25% of the principal of the Loans on January 1 of each year until the Loans are fully repaid on January 1, 2021. Any amount due and not paid will bear an interest rate of 12% per annum. The Company has the right to pre-pay any amount of the Loans at any time with a 5% prepayment fee.

In 2015, the Company made an advance payment of $468,000 of the principal of the Loans to Debt Holders, thereby reducing the first installment that was originally due on January 1, 2018 to $nil. The next installment of the Loans is due on January 1, 2019.

Minimum principal and interest payments over the term of the Loans are as follows:

As at	March 31 2018	(Audited) June 30 2017
Within 1 year	$ 593,225	$ -
After 1 year but within 5 years	1,061,225	1,654,450
Total principal and interest payment	$ 1,654,450	$ 1,654,450

(Unaudited - Expressed in Canadian Dollars)

10. Long-term loans (continued)

The Loans are measured at amortized cost and accreted to their face value over the term at an effective interest rate of 22%. At March 31, 2018 and June 30, 2017, the carrying amount of the Loans was as follows:

As at	March 31 2018	(Audited) June 30 2017
Balance, beginning of the year	$ 1,029,854	$ 844,144
Accretion	165,635	185,710
Balance, end of the year	$ 1,195,489	$ 1,029,854
Consist of:		
Current portion	$ 510,686	$ -
Non-current portion	684,803	1,029,854

11. Share capital

(a) Authorized

- Unlimited number of common shares without par value ("Common Shares")
- Unlimited number of convertible preference shares without par value

(b) Issued and outstanding

At March 31, 2018 and June 30, 2017, the Company had 7,209,847 Common Shares issued and outstanding.

(c) Stock options

The Company has an amended and restated stock option plan (the "Amended Plan") under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire up to 720,000 Common Shares. The Amended Plan was adopted by the board of directors of the Company (the "Board") in May 2017 and approved by shareholders of the Company in December 2017. Under the Amended Plan, the stock options can be granted for a maximum term of 10 years and vest at the discretion of the Board. The exercise price of each option is determined by the Board, subject to the pricing policies of the TSX Venture Exchange.

In December 2017, upon the receipt of shareholder approval of the Amended Plan, the Company issued 522,000 stock options to officers and directors of the Company that were granted in May 2017. Each stock option entitles the holder to purchase one Common Share at an exercise price of $0.85 per Common Share on or before May 26, 2022. All these options vested immediately upon issuance. The Company used the Black-Scholes option pricing model with the following assumptions to value these stock options and recorded an estimated grant value of $328,860, which was charged to profit or loss and the corresponding amount is accumulated in contributed surplus.

Stock price on the date of grant	$ 0.85
Exercise price	$ 0.85
Risk-free interest rate	1.53%
Expected life	5 years
Expected volatility	98.76%
Forfeiture rate	0%

(Unaudited - Expressed in Canadian Dollars)

11. Share capital (continued)

(c) Stock options (continued)

During the nine-month periods ended March 31, 2018 and 2017, no stock options were exercised, canceled or forfeited. A continuity schedule of stock options outstanding and exercisable is as follows:

	Number of options		Weighted average exercise price
Outstanding and exercisable, July 1, 2017 and 2016	192,000	$	0.29
Granted	522,000		0.85
Outstanding and exercisable, March 31, 2018	714,000	$	0.70

The following table summarizes information on stock options outstanding and exercisable at March 31, 2018:

Number of options	Weighted-average exercise price ($)	Expiry date	Weighted-average remaining contractual life (years)
192,000	$ 0.29	March 4, 2019	0.93
522,000	0.85	May 26, 2022	4.16
714,000	$ 0.70		3.29

12. Administrative expenses

For the nine-month periods ended March 31,		2018		2017
Filing and transfer agent	$	13,066	$	9,933
Insurance		9,450		9,450
Investor relations		6,792		5,106
Legal and audit		50,474		44,349
Office		40,263		39,050
Rent		34,049		34,004
Salaries		677,070		520,305
Travel		11,206		7,023
	$	842,370	$	669,220

(Unaudited - Expressed in Canadian Dollars)

13. Finance costs

For the nine-month periods ended March 31,	2018	2017
Interest accretion on long-term loans	$ 165,635	$ 135,766
Interest on long-term borrowings	37,196	45,605
	$ 202,831	$ 181,371

14. Crop expenses

Crop expenses include all costs associated with planting, maintaining and harvesting the ginseng crops. Crop expenses are deferred in biological assets until the crops are harvested. The components of crop expenses for the nine-month periods ended March 31, 2018 and 2017 are as follows:

For the nine-month periods ended March 31,	2018	2017
Depreciation	$ 353,736	$ 295,827
Direct labor	1,436,615	1,130,677
Fertilizers	364,075	212,845
Fuel and utilities	84,329	79,708
Land rental	387,828	304,373
Mulch	423,970	363,733
Office	79,927	66,218
Operating and maintenance	108,167	114,806
Pesticides	554,423	549,273
Seed	194,030	410,990
	$ 3,987,100	$ 3,528,450

15. Basic and diluted earnings per share

For the nine-month periods ended March 31,	2018	2017
Net income	$ 2,573,962	$ 2,890,953
Weighted average number of shares outstanding	7,209,847	7,209,847
Basic earnings per share	$ 0.36	$ 0.40
Weighted average number of shares outstanding	7,209,847	7,209,847
Effect of Common Share equivalents	355,713	112,403
	7,565,560	7,322,250
Diluted earnings per share	$ 0.34	$ 0.39

Included in the calculation of diluted earnings per share for the nine-month period ended March 31, 2018 was 714,000 outstanding stock options (March 31, 2017 – 192,000 outstanding stock options) for which the weighted average exercise price was lower than the average share price in the reporting period.

(Unaudited - Expressed in Canadian Dollars)

16. Segmented reporting

The Company operates principally in one single industry segment, being cultivating and selling ginseng. All the assets of the Company are located in Canada. All sales transactions are made with Distributors located in Canada (Note 3 (b)). During the nine months ended March 31, 2018, the Company had sales transactions totaling $4,447,341 with the Distributors (March 31, 2017 - $11,098,813).

As all ginseng of the Company is sold to the Distributors who have an exclusive right to distribute the Company's ginseng in Asia and North America, the end-buyers of the ginseng are not made known to the Company.

17. Financial instruments

The following table lists the carrying value which approximates its fair value of each class of financial instruments as at March 31, 2018 and June 30, 2017:

As at	March 31 2018	(Audited) June 30 2017
Loans and receivables	$ 7,588,178	$ 10,280,000
Available-for-sale	100,001	100,001
Other financial liabilities	3,224,856	3,972,072

18. Financial risk management

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations when they come due. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. The Company ensures that there is sufficient working capital for its ongoing operating expenditures through an arrangement with credit facilities. At March 31, 2018, the Company had a working capital surplus of $17,458,000 (June 30, 2017 - $12,554,000).

Credit risk

The Company's primary credit risk is its trade receivables. The carrying amounts of trade receivables represent the Company's maximum exposure to credit risk. The Company considers all its trade receivables collectible. There were no trade receivables at March 31, 2018 (June 30, 2017 - $nil). Other receivables consist of accrued interest on term deposits, input tax credit and security deposits, which credit risk is considered to be minimal.

The Company may also have credit risk relating to cash and cash equivalents, which it manages by dealing with Canadian chartered banks. To minimize its exposure to credit risk, the Company places all its cash and cash equivalents in accounts which can be drawn on demand. The Company's cash and cash equivalents carrying value as at March 31, 2018 totaled $7,437,728 (June 30, 2017 - $10,136,221), representing the maximum exposure to credit risk of these financial assets.

18. Financial risk management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through the floating interest rate of its revolving demand facility, which may have an effect on its earnings and cash flows in future periods. The Company does not use derivative instruments to mitigate this risk. Under the credit facility agreement, the revolving demand facility is subject to a mutually agreed premium added to the prime rate (Note 8). As the Company did not have an amount outstanding on the revolving demand facility on March 31, 2018, a change in the interest rate would not have any impact on the Company.

The Company's non-revolving term facility, long-term borrowings and long-term loans are not subject to interest rate risk as they are fixed interest rate loans.

Currency risk

The Company's exposure to currency risk is minimal as the agreements with the Distributors provide that the Distributors will buy all the Company's harvest in a given year in Canadian dollars.

19. Capital management

The Company's main objective in managing its capital is to safeguard its ability to continue operations. The Company considers its capital structure to include the revolving demand facility, long-term borrowings, long-term loans and shareholders' equity. In respect of the Credit Facility, the Company is required to maintain a current ratio of not less than 1.2 at the end of each fiscal year. With respect to the mortgages, other collateral loans and long-term loans (Notes 9 and 10), the Company is not subject to any financial covenant. There have been no changes to the Company's approach to capital management since June 30, 2017. The Company's capital includes the following:

As at	March 31 2018	(Audited) June 30 2017
Long-term loans	$ 1,195,489	$ 1,029,854
Long-term borrowings	1,338,163	1,513,649
Shareholders' equity	26,855,577	23,952,754
	$ 29,389,229	$ 26,496,257