MJardin Group, Inc.

Condensed Interim Consolidated Financial Statements
(Unaudited)
At September 30, 2019 and 2018

(Expressed in Canadian dollars, unless otherwise stated)

Notice to Reader

The Unaudited Condensed Interim Consolidated Financial Statements have been revised from the original filing of November 25, 2019 to include the NOTICE OF NO AUDITOR REVIEW disclaimer.

NOTICE OF NO AUDITOR REVIEW OF UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements. These unaudited interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS").

MJardin Group, Inc.

Unaudited Condensed Interim Consolidated Statements of Financial Position

As at September 30, 2019 and December 31, 2018

(Amounts expressed in Canadian dollars, unless otherwise stated)

	Notes	September 30, 2019	December 31, 2018
Assets			
Current assets			
Cash		$ 16,586,381	$ 30,440,314
Restricted cash in escrow		3,005,716	3,005,716
Receivables	4	4,053,295	3,894,615
Prepaid expenses, deposits and other assets		3,475,224	1,287,765
Inventory	5	1,692,726	844,098
Due from affiliates and related parties	17	13,930,966	7,475,991
Biological assets	6	2,032,711	139,744
		44,777,019	47,088,243
Non-current assets			
Property, plant and equipment	7	90,005,361	44,072,040
Promissory notes receivable	10	16,223,288	16,712,081
Investments in associates	11	37,137,016	39,392,421
Indemnity escrow	21	397,290	409,260
Long-term deposits and other non-current assets	8	315,644	21,423,704
Intangible assets	12	77,229,538	56,250,467
Goodwill		141,450,808	110,169,025
Total assets		**$ 407,535,964**	**$ 335,517,241**
Liabilities			
Current liabilities			
Amounts payable	13	$ 13,658,617	$ 17,620,375
Due to related parties	17(c)	202,870	666,341
Promissory note payable	14(b)	11,110,000	-
Current portion of finance lease	16	2,107,867	84,664
Current portion of long-term debt	15	7,900,953	-
Income taxes payable		4,766,327	109,518
Loan payable		-	139,623,892
		39,746,634	158,104,790
Non-current liabilities			
Non-current portion of finance lease	16	35,565,784	3,052,658
Long-term debt	15	144,599,018	-
Deferred income tax liabilities		9,602,511	9,602,511
Indemnity liability	21(c)	2,648,600	2,728,400
Convertible debentures, net		201,001	276,426
Total liabilities		**232,363,548**	**173,764,785**
Shareholders' Equity			
Share capital	18(a)	247,802,265	206,923,273
Share awards reserve	18(b)	31,124,371	28,405,229
Share-based payment reserve	18(d)	7,385,053	1,860,068
Warrants reserve	18(c)	12,876,011	12,876,011
Accumulated and other comprehensive income		2,584,958	3,884,389
Deficit		(122,221,713)	(88,863,069)
Equity attributable to the Shareholders of MJardin Group Inc.		**179,550,945**	**165,085,901**
Non-controlling interest	24	(4,378,529)	(3,333,445)
Total shareholders' equity		**175,172,416**	**161,752,456**
Total liabilities and shareholders' equity		**$ 407,535,964**	**$ 335,517,241**

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 21)
Subsequent events (Note 23)

Approved by the Board of Directors

/s/ Adrian Montgomery Director
Date: November 25, 2019

/s/ Roman Kocur Director
Date: November 25, 2019

MJardin Group, Inc.
Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and nine months ended September 30, 2019 and 2018
(Expressed in Canadian dollars, unless otherwise stated)

	Note	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Revenue		$ 7,643,293	$ 9,154,611	$ 25,299,430	$ 21,769,982
Direct operating costs		(4,581,298)	(4,013,144)	(16,019,158)	(11,372,076)
Gross margin before the undernoted		**3,061,995**	**5,141,467**	**9,280,272**	**10,397,906**
Fair value in biological assets included in inventory sold and other inventory charges	6	(1,202,504)	-	(1,498,773)	-
Unrealized gain on changes in fair value of biological assets	6	1,321,851	-	3,091,132	-
Gross margin		**3,181,342**	**5,141,467**	**10,872,631**	**10,397,906**
Operating expenses					
Depreciation		546,485	80,787	1,175,731	114,716
Salaries and fringe benefits		1,111,684	1,386,599	6,968,408	3,329,298
Share-based compensation		3,231,695	32,584	15,947,127	4,416,293
Sales, general and administrative	19	1,405,330	1,943,844	6,800,609	4,296,525
Bad debt		499,535	102,501	1,626,565	102,501
Total operating expenses		6,794,729	3,546,315	32,513,440	12,259,333
Net (loss) income from operations		**(3,613,387)**	**1,595,152**	**(21,640,809)**	**(1,861,427)**
Loan initiation fees	15	(202,219)	-	(2,470,011)	-
Interest expenses		(6,322,937)	(1,634,623)	(14,874,317)	(4,748,229)
Net earnings from associate		2,536,809	-	2,550,289	-
(Loss) gain on disposition of equity investment	11a	(257,502)	-	1,176,204	-
(Loss) gain on loan modifications	15(c)	(2,518,635)	-	5,557,924	-
Other gain		544,804	-	208,883	-
Realized loss on foreign exchange		(236)	(471,153)	(61,971)	(599)
Total other expenses		(6,219,916)	(2,105,776)	(7,912,999)	(4,748,828)
Net loss before income tax and other comprehensive loss		**(9,833,303)**	**(510,624)**	**(29,553,808)**	**(6,610,255)**
Income taxes		2,598,396	103,369	3,804,836	103,369
Net loss		**(12,431,699)**	**(613,993)**	**(33,358,644)**	**(6,713,624)**
Other comprehensive loss					
Items that are or may be reclassified to net loss					
Foreign operations – unrealized foreign currency translation differences		3,530,661	89,068	(1,299,431)	597,818
Total comprehensive loss		**(8,901,038)**	**(524,925)**	**(34,658,075)**	**(6,115,806)**
Total comprehensive loss attributable to:					
Shareholders of MJardin Group, Inc.		(8,765,069)	(524,925)	(34,456,047)	(6,115,806)
Non-controlling interests		(135,969)	-	(202,028)	-
Total comprehensive loss		**$ (8,901,038)**	**$ (524,925)**	**$ (34,658,075)**	**$ (6,115,806)**
Weighted average number of common shares outstanding (basic and diluted)	20	78,797,152	42,473,150	76,440,800	34,263,864
Basic and diluted loss per share	20	$(0.11)	$(0.01)	$(0.45)	$(0.18)

MJardin Group, Inc.
Unaudited Condensed Interim Consolidated Statements of Changes in Equity
For the three and nine months ended September 30, 2019 and 2018
(Expressed in Canadian dollars, unless otherwise stated)

	Notes	Number of units	Common shares	Series A preferred shares	RSU reserves	Option reserves	Warrants reserves	Accumulated other comprehensive income (loss)	Deficit	Non-controlling interests	Total
		#	$	$	$	$	$	$	$	$	$
Balance, January 31, 2018	**18 (a)**	**18,832,282**	**6,272,209**	**8,670,061**	**-**	**-**	**1,061,974**	**-**	**-**	**(36,261)**	**15,967,983**
Convertible debenture conversion to share capital		10,258,866	25,553,093	-	-	-	-	-	-	-	25,553,093
Other convertible debenture related costs		-	(1,106,644)	-	-	-	-	-	-	-	(1,106,644)
New common shares issued to investor		-	6,602,820	-	-	-	-	-	-	-	6,602,820
Conversion of Series A Preferred		4,425,098	8,523,599	(8,523,599)	-	-	-	-	-	-	-
Compensatory share awards on restructure		585,301	4,320,577	-	-	-	-	-	-	-	4,320,577
Shares issued in exchange for vested share awards		2,439,051	-	-	-	-	-	-	-	-	-
Cheyenne facility executed		2,025,516	9,431,727	-	-	-	-	-	-	-	9,431,727
Cheyenne facility shares reserves		1,582,676	-	-	7,370,883	-	-	-	-	-	7,370,883
Corporate restructure and net loss		5,206,008	403,833	(146,462)	-	-	-	(1,591,117)	(12,783,985)	(6,041)	(14,123,772)
Balance at September 30, 2018		**4,5354,798**	**60,001,214**	**-**	**7,370,883**	**-**	**1,061,974**	**-**	**(12,296,353)**	**(42,302))**	**54,016,667**
Balance at January 1, 2019		**76,651,771**	**206,923,273**	**-**	**28,405,229**	**1,860,068**	**12,876,011**	**3,884,389**	**(88,863,069)**	**(3,333,445)**	**161,752,456**
Equity value adjustment on merger with GrowForce	18a(I)	-	30,722,844	-	-	-	-	-	-	-	30,722,844
Share-based compensation reserves		-	-	-	10,422,142	5,524,985	-	-	-	-	15,947,127
RSU units transferred to common	18a(II)	1,224,635	7,703,000	-	(7,703,000)	-	-	-	-	-	-
Common shares issued to PVA	18a(III)	1,582,676	2,453,148	-	-	-	-	-	-	-	7,442,627
Non controlling interest adjustment		-	-	-	-	-	-	-	-	(843,056)	(843,056)
Non-controlling interests		-	-	-	-	-	-	-	-	(202,028)	(202,028)
Deficit		-	-	-	-	-	-	(1,299,431)	(33,358,644)	-	(34,658,075)
Balance at September 30, 2019		**79,459,082**	**247,802,265**	**-**	**31,124,371**	**7,385,053**	**12,876,011**	**2,584,958**	**(122,221,713)**	**(4,378,529)**	**175,172,416**

MJardin Group, Inc.
Unaudited Condensed Interim Consolidated Statements of Cash Flows
(Amounts expressed in Canadian dollars, unless otherwise stated)

	Note	For the nine months ended September 30, 2019	September 30, 2018
Operating activities			
Net loss for the period		$ (33,358,644)	$ (6,713,624)
Adjustments for:			
Depreciation		1,175,731	114,716
Impairment of promissory notes		1,621,565	-
Unrealized gain of biological assets fair value adjustments		(1,592,359)	-
Foreign currency loss		61,971	528,328
Share-based compensation		15,947,127	4,416,293
Interests paid by compounding to loans		5,209,237	1,329,528
Change in fair value of derivative liability		-	(601,189)
Accretion of deferred transaction costs and interest paid-in-kind		-	764,940
Less: Gain on disposition of equity investment	11(a)	(1,176,204)	-
Adjustment from conversion of debentures		-	437,485
Gain on loan modifications and other gain (loss)	15	(5,557,924)	-
Equity pickup of investment in a joint venture		(2,550,289)	-
Changes in working capital items			
Increase in trade and other receivables		(158,680)	102,275
Increase in due from members and affiliates		(6,454,975)	(7,011,983)
Increase in prepayments and other current assets		(4,929,054)	(209,229)
(Decrease) increase in accounts payable and accrued expenses		(3,961,758)	993,982
Increase in other current liabilities		6,216,541	1,489,720
Net cash used in operating activities		**(29,507,715)**	**(4,358,755)**
Investing activities			
Purchase of property, plant & equipment		(13,420,195)	(1,346,745)
Payments made for equipment on behalf of GrowForce		-	(3,303,275)
Short-term loans to affiliated operators		-	(647,250)
Forward contract deposits pursuant to forward currency contract	11(a)	-	(1,493,607)
Working capital contribution to a joint venture		(2,250,000)	(814,488)
Proceeds from disposition of real estate		4,039,406	-
Proceeds from disposition of investment in a joint venture	11(a)	8,250,000	-
Net cash used in investing activities		**(3,380,789)**	**(7,605,365)**
Financing activities			
Cash proceeds from receipt of new loans	15	20,000,000	9,358,663
Cash proceeds from convertible debentures for BBB acquisition		-	582,525
Cash proceeds from demand promissory note		11,110,000	-
Loans initiation costs		(825,520)	(604,244)
Repayment of loans	15	(8,250,000)	-
Prepaid financing costs for private placement		-	(751,046)
Financing to affiliates		(2,967,848)	-
Distributions paid to equity share members		-	(762,990)
Repayment of finance leases	16	(381,102)	-
Net cash used in financing activities		**18,685,530**	**7,822,908**
Net change in cash		(14,202,973)	(4,141,212)
Unrealized foreign exchange difference on cash		349,040	228,121
Cash – beginning of the period		30,440,314	7,107,981
Cash – end of the period		**$ 16,586,381**	**$ 3,194,890**

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

The MJardin Group, Inc., (the "Company") formerly known as Sumtra Diversified Inc. ("Sumtra") is a publicly traded cannabis cultivation and management Company, that was formed by amalgamation on August 30, 1978 under the laws of the province of Ontario. It was classified as a Capital Pool Corporation, as defined in Policy 2.4 of the TSX Venture Exchange Inc. and, accordingly, had no significant assets other than cash and no commercial operations. On November 13, 2018, MJar Holdings Corp. ("MJardin") completed a three-cornered amalgamation for the purpose of effecting a reverse take-over of Sumtra by MJardin (the "RTO transaction"). Thereafter, the Company's fiscal year end changed from August 31 to December 31. On November 15, 2018, the Company's shares commenced trading on Canadian Securities Exchange under the ticker symbol MJAR. The consolidated financial statements of the combined entities are issued under the legal parent, MJardin Group Inc., but are considered a continuation of the financial statements of the legal subsidiary and accounting acquirer, MJAR Holdings Corp. Prior to the RTO transaction, MJAR Holdings Corp. operated as a limited liability corporation and any net income or loss generated was allocated to the partnership until June 25, 2018.

On November 30, 2018, the Company acquired GrowForce, which was incorporated on February 2, 2018 under the Regulations to the Business Corporations Act (Ontario). GrowForce, through its subsidiaries, i.e. 8586986 Canada Corp. ("Will" or "Will facility"), GrowForce Manitoba Inc. ("Manitoba facility"), and Grand River Organics Incorporated ("Grand River"), produces and sells cannabis and cannabis-based products to Canadian medical and Canadian recreational clients.

The Company has two groups of subsidiaries, one is the MJardin Group of companies ("MJardin Group"), which provide professional management operational and cultivation services in the United States of America (the "USA"). The other group is GrowForce, cultivating and selling cannabis products in Canada.

The Company's headquarters are located at 1 Toronto Street, Suite 801, Toronto, Ontario M5C 2V6. The Company's operating subsidiaries have USA facilities in the states of Nevada and Colorado and, in Canada, production facilities in Ontario and Manitoba.

Going concern

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

For the nine months ended September 30, 2019, the Company reported a net loss of $33,358,644, negative cash flow from operations at $29,507,715, working capital surplus $5,030,385 and an accumulated deficit of $122,221,713. Further, $7,900,953 of the Company's debt is due within the next 12 months and the Company has $11,110,000 demand promissory note outstanding. These conditions cast a substantial uncertainty on the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

Management acknowledges that there is significant uncertainty over the Company's ability to meet its funding requirements as they fall due. The Company's ability to continue in the normal course of operations is dependent on its ability to raise additional capital through debt and equity financings. While the Company has been successful in raising capital in the past, there is no assurance that it will be successful in closing further financing in the future.

To address the on-going debt service payments, debt covenants requirements in May 2020 and upcoming principal repayments starting in July 2020, the Company is working to pursue refinancing alternatives. The outcome of these matters cannot be predicted at this time.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 25, 2019.

2. BASIS OF PREPARATION

a) Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34-Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"), and do not include all the information required for full annual consolidated financial statements.

b) Basis of measurement

The accounting policies and methods of computation applied in these unaudited condensed interim consolidated financial statements and related notes contained therein are consistent with those applied by the Company in its audited consolidated financial statements as at and for the year ended December 31, 2018 (the "2018 Financial Statements"), except as described below except as updates to existing policies identified in Note 2 as a result of business combinations and the adoption of new accounting standards identified in Note 2. These unaudited condensed interim consolidated financial statements should be read in conjunction with the 2018 Financial Statements.

c) Basis of consolidation and Subsidiaries

The condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2019 and 2018 comprise of the Company and its subsidiaries (collectively the "Company"). The Company consolidates its interest in subsidiaries which it controls. Control is achieved when the Company has power over its subsidiaries, has exposure or rights to variable returns from the subsidiaries and has the ability to use its power to affect the amount of its returns. Subsidiaries are fully consolidated from the date the Company acquires control of them and are deconsolidated from the date control ceases. All inter-company balances, revenues and expenses and earnings and losses resulting from inter-company transactions are eliminated on consolidation. Intercompany balances and transactions with subsidiaries are eliminated upon consolidation.

For subsidiaries that are not wholly-owned subsidiaries but are controlled by the Company, the net assets (liabilities) and net income (loss) attributable to outside shareholders are presented as amounts attributable to non-controlling interests in the consolidated statement of financial position, and in the consolidated statement of loss and other comprehensive loss. Non-controlling interests in the net assets of consolidated subsidiaries are a separate component of the Company's equity. Non-controlling interests consist of the non-controlling interests on the date of the original acquisition plus the non-controlling interests' share of changes in equity since the date of acquisition. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

d) Critical accounting estimates and judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities on the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements are consistent with those applied in the 2018 Financial Statements, except for those described below.

Biological Assets

The significant assumptions used in determining the fair value of biological assets include:

a) Expected yield by plant;
b) Wastage of plants;
c) Duration of the production cycle;

d) Percentage of costs incurred as of the financial statement date compared to the total costs expected to be incurred;
e) Percentage of costs incurred for each stage of plant growth; and
f) There is no actively traded commodity market for plants and dried products, the valuation of the biological assets are based on the unobservable market data (level 3);

Adoption of new IFRS accounting policy

IFRS 16, Leases

Effective January 1, 2019, the Company adopted IFRS 16, Leases, replacing IAS 17, which resulted in changes in accounting policies as described below. In accordance with the transitional provisions in the standard, IFRS 16 was adopted retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at January 1, 2019. The Company also utilized certain practical expedient elections whereby (i) there is no need to reassess whether an existing contract is a lease, or contains an embedded lease if previously determined under IAS 17, (ii) short term and low value leases are treated as operating leases, and (iii) there is no need to reassess the previous assessments in respect of onerous contracts that confirmed there were no existing onerous lease contracts.

Under IFRS 16, most leases are now recognized on the balance sheet for lessees, essentially eliminating the distinction between a finance lease and an operating lease under IAS 17, where operating leases, which were initially reflected in the consolidated statements of profit and loss, have been reflected in the consolidated financial position since the adoption of IFRS16 at January 1, 2019. As a result, as at September 30, 2019, the Company recognized total lease obligations and leased assets of $37,673,651 (see note 13 for more details), with no impact on total shareholders' equity. Each lease obligation was measured at the present value of the remaining lease payments, discounted using the interest rates implicit in the lease of 3.75%. Leased assets were recognized as right-of-use assets in property, plant and equipment and were measured at the amount equal to the lease obligations. Leases previously classified as finance leases and recognized in the carrying amounts of the Company's lease obligations and leased assets are now recognized in the carrying amounts of the lease obligations and the right-of-use assets.

The following are the Company's new accounting policies for its leases under IFRS 16:

The determination of whether an arrangement is, or contains, a lease is based on the substance of the agreement on the inception date.

As a lessee, the Company recognizes a lease obligation and a right-of-use asset in the consolidated statements of financial position on a present-value basis at the date when the leased asset is available for use. Each lease payment is apportioned between a finance charge and a reduction of the lease obligation. Finance charges are recognized in finance cost in the consolidated statements of profit (loss). The right of-use asset is included in property, plant and equipment and is depreciated over the shorter of its estimated useful life and the lease term on a straight-line basis.

Lease obligations are initially measured at the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease, or if this rate cannot be determined, the Company's incremental borrowing rate. Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of the lease obligation;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- rehabilitation costs.

(Amounts expressed in Canadian dollars, unless otherwise stated)

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statements of earnings (loss). Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise primarily small equipment.

3. SEGMENT INFORMATION

The Company's operating segments are as follows:

(i) USA segment: the professional management, operation and cultivation services segment, which engages in the management services to owners of cultivation and dispensary facilities. The Company provides consulting, design, operational and other management services to owners/license holders of cultivation facilities and/or retail/medical dispensaries. The Company does not have control or direction over the businesses that it provides management services for. The management services have been provided in the states of Colorado and Nevada in the U.S., and in the provinces of Ontario, Nova Scotia and Manitoba in Canada. In Q3 2019, cultivated cannabis revenue from the GreenMart acquisition was included in the USA segment.

(ii) Canada segment: the operation of cannabis cultivation facilities segment, the Company has significant ownership in cannabis cultivation facilities, which engages in either the retrofit or the greenfield construction of production facilities to meet Health Canada licensing requirements. Subsequent to licensing by Health Canada, the Company is involved in the principal cultivation and sale of cannabis products in Canada.

Management monitors the results of the Company's operating segments separately for the purpose of making decisions about resource allocations and performance assessment. Segment performance is evaluated based on future cash flow projections of different segments and is measured consistently with actual operational profit or loss in the audited consolidated financial statements. In measuring segment performance, segment assets and segment liabilities, management applied certain judgments and assumptions to determine the appropriate allocation of certain centrally incurred costs, jointly used or shared assets and liabilities for individual segment.

For three & nine months ended at September 30, 2019

	USA		*Canada*		*Consolidated*	
	3 months	*9 months*	*3 months*	*9 months*	*3 months*	*9 months*
Segments losses						
Revenue	7,310,187	23,378,810	333,106	1,920,620	7,643,293	25,299,430
Gross Margin	4,038,990	9,804,871	(857,648)	1,067,760	3,181,342	10,872,631
Net loss for the period	(6,964,242)	(21,200,336)	(5,467,457)	(12,158,308)	(12,431,699)	(33,358,644)
Other segment information						
Depreciation	355,806	690,185	190,679	485,546	546,485	1,175,731
Bad debt	499,535	1,621,565	-	-	499,535	1,621,565
Segment Assets and liabilities						
Current assets	22,403,577	22,403,577	22,373,442	22,373,442	44,777,019	44,777,019
Total assets	**136,729,177**	**136,729,177**	**270,806,787**	**270,806,787**	**407,535,964**	**407,535,964**
Current liabilities	12,641,956	12,641,956	27,104,678	27,104,678	39,746,634	39,746,634
Total liabilities	**97,613,320**	**97,613,320**	**134,750,228**	**134,750,228**	**232,363,548**	**232,363,548**

For three & nine months ended at September 30, 2018

	USA		*Canada*		*Consolidated*	
	3 months	*9 months*	*3 months*	*9 months*	*3 months*	*9 months*
Segment losses						
Revenue	9,154,611	21,769,982	-	-	9,154,611	21,769,982
Gross Margin	5,141,467	10,397,906	-	-	5,141,467	10,397,906
Net loss for the period	(613,993)	(6,713,624)	-	-	(613,993)	(6,713,624)
Other segment information						
Depreciation	80,787	114,716	-	-	80,787	114,716
Bad debts	102,501	102,501	-	-	102,501	102,501
Segment assets and liabilities						
Current assets	18,604,572	18,604,572	-	-	18,604,572	18,604,572
Total assets	**101,364,549**	**101,364,549**	**-**	**-**	**101,364,549**	**101,364,549**
Current liabilities	5,231,557	5,231,557	-	-	5,231,557	5,231,557
Total liabilities	**46,410,647**	**46,410,647**	**-**	**-**	**46,410,647**	**46,410,647**

(Amounts expressed in Canadian dollars, unless otherwise stated)

Significant Customers

During the three months ended September 30, 2019, four customers represented 84% (2018 – three customers represented 67%) of the Company's gross revenue; for the nine months ended September 30, 2019 three customers represented 64% (2018 – three customers represented 63%) of the Company's gross revenue. All customers are affiliated entities of USA operation, see Note 17.

4. AMOUNTS RECEIVABLE

Amounts receivable consist of: 1) trade receivables from non-affiliated operators and consulting customers; and 2) sales taxes receivable representing input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada; and 3) other amounts receivable.

	September 30, 2019	December 31, 2018
Trade receivable	$ 705,312	$ 333,356
Sales taxes receivable	3,345,013	2,363,730
Other	2,970	1,197,529
	$ 4,053,295	**$ 3,894,615**

5. INVENTORY

At September 30, 2019, the inventory valued at $1,692,725 ($844,098 at December 31, 2018) was all finished good dry cannabis flower and trim.

6. BIOLOGICAL ASSETS

	September 30, 2019	December 31, 2018
Balance, beginning of the period	$139,744	$ -
Increase in biological assets from production	1,090,582	1,139,104
Unrealized gains on fair value less costs to sell	1,588,332	-
Less: Transferred to inventory upon harvest	(785,947)	(999,360)
	$2,032,711	**$139,744**

On average, the growing cycle is 12 to 16 weeks. All of the plants are to be harvested as agriculture produce. As of September 30, 2019, the biological assets were at approximately 35% growth stages of the growing cycle.

As of September 30, 2019, the average selling price per gram fair value was estimated to be from $4.00 to $5.50 per gram harvested dry flowers; ($2.20 to $4.00 estimated per gram at December 31, 2018);

As of September 30, 2019, it is expected that the Company's biological assets of 2,582 plants will yield approximately 608,752 grams of dried cannabis when harvested (total 360 plants with a total estimated harvest of 63,444 grams at December 31, 2018). The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Computer Equipment	Furniture & Fixtures	Leasehold Improvements	Right-of-use Assets	Production Equipment	Construction in Progress	Total
Cost									
January 1, 2018	**752,700**	**-**	**153,143**	**96,959**	**97,665**	**3,240,517**	**-**	**-**	**$4,340,984**
Additions	8,604,658	16,885,861	153,534	209,255	6,009,773	-	767,783	7,882,082	40,512,946
As at Dec 31, 2018	**9,357,358**	**16,885,861**	**306,677**	**306,214**	**6,107,438**	**3,240,517**	**767,783**	**7,882,082**	**44,853,930**
FY2019									
Additions	76,009	-	72,639	65,775	7,194,088	34,775,820	3,215,007	11,082,667	56,482,004
Adjustments	(752,700)	(608,348)	32,729	-	2,277,652	-	-	(7,381,108)	(6,431,775)
Disposal	(2,610,235)	-	-	-	-	-	-	-	(2,610,235)
FX impacts	(184,778)	(161,196)	(8,839)	(5,004)	(43,675)	-	-	-	(403,492)
As at Sep 30,2019	**5,885,654**	**16,116,317**	**403,206**	**366,987**	**15,535,503**	**38,016,336**	**3,982,787**	**11,583,641**	**91,890,432**

(Amounts expressed in Canadian dollars, unless otherwise stated)

Accumulated depreciation									
January 1, 2018	**-**	**-**	**61,923**	**23,897**	**28,964**	**-**	**-**	**-**	**114,784**
Accumulated Depreciation	-	258,118	17,268	41,785	270,232	-	79,703	-	667,106
As at Dec 31, 2018	**-**	**258,118**	**79,191**	**65,682**	**209,235**	**89,961**	**79,703**	**-**	**781,890**
FY2019 Accumulated Depreciation	-	106,491	63,315	35,483	265,345	602,131	180,338	-	1,253,104
Adjustments	-	(140,929)	-	-	(6,397)	-	-	-	(147,325)
FX Adjustment	-	2,150	2,782	(1,900)	(1,497)	(4,132)	-	-	(2,597)
As at Sep 30, 2019	**-**	**225,830**	**145,288**	**99,265**	**466,687**	**687,960**	**260,041**		**1,885,071**
Net book value									
December 31, 2018	**9,357,358**	**16,627,743**	**227,486**	**240,532**	**5,898,203**	**3,150,556**	**688,080**	**7,882,082**	**44,072,040**
As at Sep 30, 2019	**5,885,654**	**15,890,487**	**257,918**	**267,722**	**15,068,816**	**37,328,376**	**3,722,746**	**11,583,641**	**90,005,361**

8. LONG TERM DEPOSITS

On August 28, 2018, the Company acquired debt issued by F&L Investments, LLC, a Nevada limited liability company ("F & L"), and real estate ("Cheyenne Facility") leased by its wholly-owned subsidiary GreenMart of Nevada, LLC ("GreenMart"), a Nevada limited liability company licensed cannabis cultivator in located in Nevada. In connection with these transactions, the Company purchased convertible promissory notes and entered into a membership interest purchase agreement that together entitle the Company to acquire 100% of the membership interests of F&L upon approval of Nevada regulatory authorities. Pursuant to the membership interest purchase agreement, the Company paid cash of $11,739,050 (USD $9,088,000) and issued 2,025,516 common shares equivalent of $9,411,326 (USD $7,286,000) on August 28, 2018. On July 19, 2019, GreenMart received the cultivation license from the State of Nevada. The long-term deposits were reclassified as purchase price for Cheyenne Facility. See the GreeenMart acquisition Note 9 below.

The Company has reclassified $273,328 of lease and vendor prepayments from other current assets to long term deposits for the comparative period ended December 31, 2018.

As of September 30, 2019, the long-term deposits were made up of lease deposits and vendor deposits.

	September 30, 2019	December 31, 2018
Cash deposit	$ -	$ 11,739,050
Common shares issued	-	9,411,326
Other long-term deposits	315,644	273,328
Total prepaid amounts	**$ 315,644**	**$ 21,423,704**

9. BUSINESS COMBINATION

Completion of the acquisition of GreenMart

On July 19th, 2019, the cultivation license was approved and granted to GreenMart by the state of Nevada. Upon receipt of the cultivation license, the acquisition of GreenMart was completed and closed based upon a contribution and sale agreement signed August 28, 2018 ("GM Agreement"). After closing the acquisition, the Company became 100% of the owner of GreenMart. The Company acquired GreenMart to deploy Mjardin's platform to Nevada, expand its geographic presence, increase its owned production capacity, and revenue growth.

In August 2018, the Company recorded the initial payment of cash payment of $11,878,925 (US$9,088,000), and common stocks issued $9,523,530 (2,025,516 issued at $3.5973 per share total US$7,286,000) under the GM Agreement as a long-term deposit pending the license approval and transfer. On completion of the transaction the Company the long term deposits as an investment in Cheyenne facility with a gross purchase price of $27,912,025 (US$21,354,162), reduced by the amount from the disposition of real estate prior to the completion of the transaction in

(Amounts expressed in Canadian dollars, unless otherwise stated)

July of $5,006,193(US$3,830,000), with a net purchase price of $22,905,832 (US$17,524,162); the gross purchase price was made up of; and on completion of the transaction on July 19th 2019, an additional 1,582,676 common share units issued to the equity members of GreenMart at fair value share price of $1.55 per share (US$1.186 per share) on July 19th, with a total value of $2,453,148 (US$1,876,787). In addition, the Company funded Cheyenne Facility with $4,056,421(US$3,103,375) with a total purchase price of $27,912,025.

Goodwill represents expected synergies, future income and growth, and both intangible and goodwill arising on this acquisition qualify for separate recognition.

The provisional amounts recognized in respect of the identifiable assets acquired and liabilities assumed are set out in the table below:

	As at July 19, 2019
Fair value of consideration	$ 27,912,025
less: real estate and capitalized assets sold	(5,006,193)
Total net fair value	**22,905,832**
Purchase price	**22,905,832**
Fair value of assets and liabilities acquired	
Cash and cash equivalent	177,370
Accounts receivables	58,559
Prepayments	66,168
Capital assets and equipment	517,841
Total assets	819,938
Current liabilities	(581,834)
Total net assets acquired	**238,104**
Purchase price allocated to intangible assets	
Allocation to cultivation licenses	21,567,150
Allocation to goodwill	1,100,578
Total allocation of purchase price	$ 22,905,832

Acquisition-related costs directly related to the GreenMart acquisition were $0.3 million and were included within general and administrative expenses on the consolidated statements of loss.

GreenMart contributed $0.8 million of revenue and a loss of $1.5 million to the Company for the period between the date of acquisition and September 30, 2019. GreenMart revenue has been reported as part of the USA segment revenue in the segmental reporting. See note 3.

The Company has not completed its assessment or valuation of certain assets acquired and liabilities assumed in connection with the acquisition. Therefore, the information disclosed above for identifiable intangible assets, financial assets, financial liabilities is completed on a provisional basis and is subject to change based on further review of assumptions and if any new information is obtained about facts and circumstances that existed as of the acquisition date.

B. Disposition of GreenMart real estate

On July 12, 2019, the Company sold the real estate of GreenMart, located at 5421 E Cheyenne to Innovative Industrial Properties REIT ("IIPR") at its costs value of $2,610,235 (US$1,971,030), and lease back for to GreenMart for over 20 years lease term with a minimum lease payment of $33,847,803 (US$25,559,014), see the note 16 on lease obligation for more details.

10. PROMISSORY NOTES RECEIVABLE

	September 30, 2019	December 31, 2018
Buddy Boy Transaction (January 17, 2018) (a)	$ 20,137,734	$ 20,137,734
Impairment of Buddy Boy promissory note (b)	(5,034,434)	(5,034,434)
Foreign exchange loss	1,119,988	1,608,781
Total promissory notes receivable	**$ 16,223,288**	**$ 16,712,081**

(Amounts expressed in Canadian dollars, unless otherwise stated)

a) Under the terms and conditions of the Buddy Boy Brands acquisition transaction, the Company acquired three separate convertible promissory notes (the "promissory notes"), with outstanding principal balances of $9,983,375, $8,461,975 and $1,692,384, with a total of $ 20,137,734 on the transaction date of January 17, 2018. Upon closing, each promissory note was amended and restated to extend the maturity date to January 17, 2023, remove the conversion feature and consolidate certain other liabilities owed to the previous holder of the promissory notes. In aggregate, total promissory notes of $20,137,734 bear interest at 20% per annum which is payable monthly, unless otherwise agreed by the Company. As at September 30, 2019, the total promissory notes receivable from Buddy Boy Brands were $16,223,288 ($16,712,081 at December 31, 2018).

b) The Company assessed the Buddy Boy promissory note at December 31, 2018, and recorded an impairment of $5,034,434, representing a 25% of the face value of the promissory notes on its acquisition. The notes are held in relation to one of its affiliated operators. The promissory notes decreased at September 30, 2019, due to the impact of foreign exchange revaluation.

c) Interest has been accrued on the promissory notes on a monthly basis and are recorded as current asset in the Due from affiliates and related parties line. As of September 30, 2019, the Company has recorded accrued interest income as interest receivable of $4,261,569 ($2,431,114 at December 31, 2018), net of a 25% provision of bad debt allowance.

11. INVESTMENTS

a) Investment in Atlanticann Medical Inc. ("AMI") Joint Venture

During 2018, the Company, through a wholly owned subsidiary invested in a joint venture Atlanticann Medical Inc ("AMI"), maintaining 50% ownership. On March 29, 2019, the Company disposed 11% of its ownership to a third party, and as of September 30, 2019, the Company owned 39% of AMI. The Company accounts for the investment as equity investment in AMI by the equity method; See note a and b for more details.

a) Investment in Atlanticann Medical Inc. joint venture	Amount
Balance, January 1, 2018	-
Investment at June 13, 2018	15,000,000
Investment at November 27, 2018	1,332,275
Investment at December 15, 2018	15,000,000
Balance, December 31, 2018	**31,332,275**
Loss from equity investee, December 31, 2018	(125,054)
Balance, December 31, 2018	**31,207,221**
FY2019 activities	
Less: 11% Sale of investment	(6,816,294)
Add: Capital contribution to joint venture operations	2,250,000
Add: Net income from equity investee year to date to September 30, 2019	2,550,289
Balance, September 30, 2019	**29,191,216**

On March 29, 2019, the Company and its joint venture partner 51% ownership of AMI to the Mi'kmaq First Nations ("MFN"). The Company agreed to sell 11% of its existing ownership in GrowForce AC Holdings Inc. ("GFAC") to the MFN, while its joint venture partner agreed to sell 40% of its existing ownership. Following the completion of the transaction, the equity ownership of GFAC, which owns 100% of the operating company of AMI, is the MFN with 51%, the Company with 39%, and the JV partner with 10%. Additionally, AMI entered into a management services agreement ("MSA") with Ringsby Services Inc., a wholly-owned subsidiary of the Company, to provide cultivation management services to AMI.

The Company received the gross proceeds of $8.25 million from the disposition of 11% AMI ownership. Below is the summary of the divestment transaction.

11% Divestment of equity investment in AMI	Amount *CAD$*
Proceeds from 11% Divestment in AMI	8,250,000
less: Costs of equity investment	(6,816,294)
Gain from Divestment of equity investment	**1,433,706**

(Amounts expressed in Canadian dollars, unless otherwise stated)

The disposition agreement signed on March 29, 2019, also contained a provision that the Company pay 50% of the cash interest of the loan facilities of MFN at a rate of 12.25% per annum with the loan term of one year from March 29, 2019 to March 29, 2020. The total interest to be paid by GrowForce is $508,081. In addition, the Company has agreed to pay additional capital investment of Phase II construction of the joint venture facility, with an estimated total phase II construction capital injection of $3,500,000. As of September 30, 2019, the Company paid $2,250,000 phase II construction fund to AMI.

Below is a summary of AMI financial position and operations at September 30,2019:

	September 30, 2019	December 31, 2018
AMI Statement of Financial Position, Select Accounts		
Assets		
Cash	$ 1,487,269	$ 38,107
Current assets	8,529,001	576
Non-current assets	17,267,722	17,207,882
	27,283,993	**17,284,565**
Liabilities		
Current liabilities	338,814	232,004
Non-current liabilities	1,601,815	89,000
	1,940,629	**321,004**
Financial results for Period end		
Income (Loss) from continuing operations	6,539,203	250,108
Total comprehensive loss	**(6,539,203)**	**250,108**
Joint venture ownership by the Company	39%	50%
Loss from equity investment for the period	**$ 2,550,289**	**$ 125,054**

b) DNA Genetics Inc. equity investment

b) Investment in DNA Genetics Inc.	**Amount**
Balance, January 1, 2018	-
Investment in November 2018	8,185,200
Balance, December 31, 2018	**8,185,200**
FY2019 activities	
Foreign exchange	(239,400)
Balance at September 30, 2019	**7,945,800**

c) Total Equity investment in associates

Investment in AMI (note a above)	29,191,216
Investment in DNA Genetics Inc. (note b above)	7,945,800
Total investment in associates at September 30, 2019	**37,137,016**
Total investment in associates at December 31, 2018	**39,392,421**

On November 15, 2018, the Company invested $8,121,184 (US$6,000,000) in DNA Genetics as an investment subscribing for 6,000,000 common shares of DNA Genetics at a price of US$1.00 per common share, which represented approximately 5.3% of DNA Genetics' basic shares outstanding. The Company has no governance rights, and no board seats, and as such, the Company has no influence or control over its day-to-day business or strategic direction of DNA Genetics. Accordingly, the investment was initially recorded at fair value and subsequently measured at fair value with any gain or loss recognized in the consolidated statements of loss and comprehensive loss accounted for as an equity investment. As at September 30, 2019, the fair value of the investment was $7,945,800. The change of fair value is due to the foreign exchange impact.

12. INTANGIBLE ASSETS

Intangible assets were recognized from business combination activity during fiscal year 2018. On December 3rd, 2018, the Company completed the acquisition of 100% of the shares outstanding of GrowForce (see note 3(b) of audited consolidated financial statements at December 31, 2018) for more details on the transaction). The GrowForce transaction resulted in the intangible assets with a total value of $51,270,000 which were allocated to cultivation and sales licenses associated with each of the GrowForce cultivation facilities (see note 3(b) of the audited consolidated financial statements at December 31, 2018 for more details). The intangible from acquisition of Cheyenne facility in USA operation increased $21,850,950, and an increase of $11,200 on trade mark of Mjardin Group Inc. The intangible assets related to the licenses are amortized on a straight-line basis over the facility lease terms or over 20 to 25 years in Canada operation, and the licenses from USA has indefinite life, no depreciation was recorded. As at September 30, 2019, the summary of the intangible assets of the Company are listed below:

(Amounts expressed in Canadian dollars, unless otherwise stated)

	September 30, 2019	December 31, 2018
Intangible assets	**$**	**$**
Cost		
Will facility	9,270,000	9,270,000
Manitoba facility	39,720,000	39,720,000
Grand River Organics joint venture facility	2,280,000	2,280,000
Buddy Boy Brands	5,320,380	5,320,380
GreenMart license	21,850,950	-
Trademark	11,200	-
Foreign exchange translation (gains) losses	(155,610)	34,717
Total cost	**78,296,920**	**56,725,097**
Accumulated Depreciation		
Production License at Will - accumulated depreciation	(347,625)	-
Buddy Boy Brands - accumulated depreciation	(719,757)	(474,630)
Total accumulated depreciation	**(1,067,382)**	**(474,630)**
Net balance	**77,229,538**	**56,250,467**

13. AMOUNTS PAYABLE

The following table summarizes amounts payable:

	September 30, 2019	*December 31, 2018*
Trade accounts payable	$ 4,647,019	$ 8,148,322
Accrued liabilities & other accounts payable	3,574,512	1,220,038
Holdback on acquisition payable	3,000,000	3,000,000
Interest payable	2,437,086	5,252,015
Total amounts payable:	**$ 13,658,617**	**$ 17,620,375**

14. DEMAND PROMISSORY NOTE

On September 30, 2019, the Company issued a demand promissory note for net proceeds of $11,110,000 from a first nations lender (see Note 17). The loan bears interest at the prime a prime plus 9% per annum interest rate and is compounded monthly. The effective rate of interest at the time of issuance was 12.95%. The promissory note loan issuance fee was $110,000.

15. DEBT FACILITIES

Long term debt schedule as the following:

	September 30, 2019	December 31, 2018
Loan facilities	**$**	**$**
Total loans of Canadian facilities	85,602,265	84,298,349
Total transitioned sub-facilities	-	5,980,282
Total loans of USA facilities	52,391,344	49,345,261
Principal debt repayment in April 2019	(8,250,000)	-
Loan modification to extinguish the original loans	(129,743,609)	-
Balance of original loan facilities	**-**	**139,623,892**
New Loans Modified on May 29, 2019		
New amendment advances to Canada facilities	17,000,000	-
Loans of Canada facilities new at May 29, 2019	85,602,265	-
New amendment advances to USA facilities	3,000,000	-
Loans of USA facilities new at May 29, 2019	52,391,344	-
Loan modification NPV adjustments	(5,229,734)	-
Loans initiation fees amortized over loans term	(491,522)	-
Impact of foreign exchange translation	197,617	-
Balance at September 30, 2019	**152,499,971**	-

(Amounts expressed in Canadian dollars, unless otherwise stated)

Current portion of long-term debt	**7,900,953**	**-**
Long-term debt	**144,599,018**	**139,623,892**

(a) Loans owed by Canada facilities

The Company entered into a secured demand revolving loan with the senior lender on June 13, 2018 which provides up to $90,238,186. The loan is guaranteed by GrowForce Manitoba Inc., 8586985 Canada Corporation, Grand River Organics Incorporated, Highgrade MMJ Corporation (all together called "Obligor"). The loan is secured by a general security agreement signed by the Obligor constituting a first ranking security interest in all personal property of such Obligor. On July 23, 2018 the maximum facility amount was increased to $96,115,734. In April 2019, the Company repaid principal of $8,250,000. As at May 29, 2019, the Company total Canadian facilities balance $85,602,265 of principal and compounded accumulated interest which were refinanced as detailed below in Note 15(c).

The loans to the Canadian facilities accrue interest at Bank of Nova Scotia Prime (“BNS Prime”) plus 8.55% per annum calculated on the principal amount of the loan outstanding, accruing daily and compounded monthly, not in advance. Accrued interest on the outstanding principal amount of the loan is due and payable monthly, in arrears, on the first business day of each month. Repayments of outstanding principal amounts of the facility shall be payable monthly and commence on the last day of the twelfth month of the term and shall be payable in an amount based on a straight-line amortization.

(b) Loans owed by USA facilities

On December 29, 2017, the Company closed in escrow on a demand loan facility provided by a senior lender, with an original principal balance of $32,300,000 (USD$25,623,590) (“Demand Loan Facility 1”); This loan was specifically intended to partially finance the Buddy Boy Brands Transaction which closed on January 17, 2018.

In August 2018, an additional $15,330,962 loan was approved to support Cheyenne Facility acquisition; and in November 2018, a third loan of $8,121,184 was approved to support an equity investment in USA.

Interest on the loans to USA facilities accrues daily, on the basis of a 360-day year, and is equal to the sum of (i) BNS Prime plus (ii) ten and eight tenths percent (10.8% per annum). Interest compounds monthly from and including the closing date through and until full and final repayment of all remaining principal and interest outstanding. Effective January 17, 2018 and July 12, 2018, the BNS Prime rate increased from 3.20% to 3.45%, respectively, and then to 3.95% at September 30, 2019, resulting in an applicable interest rate of 14.75% per annum for the loan. Of the monthly applicable interest rate, a portion is paid in cash in arrears and a portion is paid in-kind (“PIK”). The PIK portion of the monthly interest is fixed (4% per annum) and is added to the outstanding principal balance at the end of each month. PIK interest, including accrued interest thereon, shall be due and payable on the earliest to occur of (i) t maturity date of December 29, 2019, (ii) the repayment of any other principal amounts due in respect of loans with the same independent third party senior lender, (iii) the date of any Liquidity Event, as defined in the loan agreement, and (iv) such earlier date that demand is made.

The loan payable deferred financing costs are being accreted monthly, on a straight-line basis, over the contractual term of the loan of twenty-four (24) months. The total outstanding loans at May 29, 2019 is $52,391,344.

(c) Loan Modifications to the loans of the Company owed by both the USA and Canadian facilities

On May 29, 2019, the senior lender signed a fourth amendment with the Company to the existing loans agreement owed by USA facilities, and advanced an additional CDN$3,000,000. This fourth amendment deleted its previous amended loans in its entirety, and replaced with a total loan balance of CDN$53,206,271, with its maturity date on April 23, 2021. The work fee on the loan amendment was CDN$105,000, which was amortized over the loan term. This loan amendment was for general corporate purposes and working capital needs.

The applicable interest rate in the fourth amendment is a floating rate per annum, calculated and automatically reset on a daily basis, equal to the sum of (i) BNS prime plus (ii) nine and fifty-five one hundredths percent (9.55%). The interest repayment has been changed to monthly interest payments of all accrued interest on the outstanding principal amount of the loans by cash payment.

The repayment of principal is scheduled on the first business day of each month in the amount based on the straight-line amortization that would result in the outstanding principal amount of the facility being repaid in full on the date that is five years from June 30, 2020. The first principal payment due shall be due and payable on July 1, 2020.

On May 29th, 2019, the senior lender and the Company agreed to a fifth amendment with respect to the Canadian facilities. The fifth amendment advanced an additional $17,000,000 loans to the Canadian facilities of the Company. The fifth amendment changed the maturity date on all the outstanding loans to April 23, 2021. In addition, the interest rate changed to Prime plus 9.55% per annum calculated on the principal amount of the facility outstanding, accruing daily and compounded monthly, not in advance. Accrued interest on the outstanding principal amount of the facility shall be due and payable monthly in cash, in arrears, on the first business day of each month.

The repayment of principal is scheduled on the first business day of each month in the amount based on the straight-line amortization that would result in outstanding principal amount of the facility being repaid in full on the date that is five years from June 30, 2020. The first principal payment due shall be due and payable on July 1, 2020.

The work fee for the fifth amendment was CDN$595,000. The Company has recorded this work fee as a contra account against the outstanding loans and amortized over the loans term of three years.

The loan initiation fees expenses recorded in the profit and loss statement of the current quarter contained the work fees of the previous USA loans not fully amortized of approximately CDN $2.2 million.

The Company considers the loans modifications as "substantial", as a result, treated this as extinguishment of the existing loans. This resulted in a de-recognition of the existing debts, and a recognition of the new debts at its respective fair values. The Company recorded the difference between the carrying value of the existing loans and the net present values of the new debts immediately in the profit and loss, and adjusted against the carrying value of the new debts, amortized over the remaining term of the modified debt facilities by using the original effective interest rate. The total loan modification recorded as other income in the period was a gain of $8,076,558.

(d) Financial Covenants of new loans

The Company has agreed with the senior lender to follow the financial covenants of fixed charge coverage ratio and the senior leverage ratio. The parties of the loan amendments agreed to the following financial covenants:

- The senior leverage ratio shall commence testing for the reference period ending May 31, 2020, and as of such date of determination and at all times thereafter shall be less than 4.5:1;
- The fixed charge coverage ratio shall commence testing for the reference period ending May 31, 2020 and as of such date of determination and at all times thereafter shall be greater than 1.2:1.
- Subject to commencement dates for testing each of the financial ratios set out above, the Company agrees to deliver to the senior lender, on or prior to the date that is fifteen (15) days after the end of each of its fiscal quarters, a certification, in form and substance satisfactory to the senior lender, signed by a senior officer of the Company , setting out the calculation of the senior leverage ratio and fixed charge coverage ratio for the reference period ending on the last day of the most recently completed quarter and confirming compliance with the terms of this agreement.

16. FINANCE LEASE OBLIGATIONS

During the period ended at September 30, 2019, the Company adopted IFRS 16. As a result, leased assets were recognized as right-of-use assets in property, plant and equipment and were measured at the amount equal to the lease obligations. Leases previously classified as finance leases and recognized in the carrying amounts of the Company's lease obligations and leased assets are now recognized in the carrying amounts of the lease obligations and the right-of-use assets as at January 1, 2019.

As of September 30, 2019, there are four finance lease agreements. Two finance leases in Canadian entities and two in USA entities. The two leases in Canada are: 1) the Will facility, which was contracted for the facility at 31 Hansen Rd. S, Brampton, Ontario totaling $3,240,517, and is repayable over 20 years expiring in 2038. The Company has signed a five-year term office lease contract on November 1, 2018, the lease term ends on October 31, 2023. Both leases were originally treated as operating leases, and has changed to a finance lease from January 1, 2019, with a present value of minimum lease payment value("MLP") at January 1, 2019 of $519,448, when IFRS 16 was adopted. The total Canadian MLP increased accordingly to $3,759,965 at January 1, 2019. The two finance lease agreements in USA entities were the Denver office lease and the Cheyenne facility sale and lease back finance lease. The Denver office lease was a four-year lease contract with a total MLP of $417,772 in CAD ($315,466 in USD) signed on May 2019, and ends in April 2022; The Cheyenne sales and lease back finance lease was a twenty-year lease contract signed in July 2019, ends in June 2039 with a total MLP of $33,847,803 in CAD ($25,559,014 in USD);

(Amounts expressed in Canadian dollars, unless otherwise stated)

The schedule below summarises above four finance leases contracts in the Company's total lease obligation at September 30, 2019.

	September 30, 2019	December 31 2018
Total minimum lease payments	$ 56,807,672	$ 4,638,233
Less: Interest charges at 3.75% & 3.47% respectively	(18,838,884)	(1,397,716)
Impact of foreign exchange translation	47,548	-
Present value of minimum lease payments	38,016,336	3,240,517
Less: principal amounts paid	(381,102)	(103,195)
Impact of foreign exchange translation	38,416	-
Total balance at September 30, 2019	**37,673,651**	**3,137,322**
Less: current portion	(2,107,867)	(84,664)
Long term portion of finance lease	**$ 35,565,784**	**$ 3,052,658**

17. RELATED PARTIES

a) Related party transactions between affiliated and associated companies

The Company's related parties include its USA affiliates and certain strategic partners owned and operated by one or more of the founding members, or joint ventures entities of Canadian operations. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

At September 30, 2019, the Company has a total balance of due from affiliates and related parties of $13,930,966 which consists of $13,008,825 net of estimated allowance for doubtful accounts of ($3,388,072), primarily from the affiliated entities in USA operation, (at December 31, 2018 due from affiliates of $7,475,991); and of $922,141, due from related parties, (at December 31, 2018, $666,341), which was primarily from Canadian operation; All amounts due from (to) related parties are non-interest bearing, unsecured and due on demand.

b) Key Management and Directors Compensation

Key management and directors are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management and directors compensation of the Company is the Company's executive management team and Board of Directors. Compensation provided to key management is as follows:

	3 months ended September 30,		9 months ended September 30,	
Directors and Senior management compensations	**2019**	**2018**	**2019**	**2018**
Key management salaries and benefits	$ 381,602	$ 154,980	$ 1,270,119	$ 496,319
Directors fees	89,238	-	158,667	-
Total payroll and benefits	**470,840**	**154,980**	**1,428,786**	**496,319**
Share-based compensation	1,388,554	-	11,759,966	4,383,709
Total compensation	**$1,859,393**	**$154,980**	**$13,188,752**	**$4,880,028**

c) Transactions with Related Parties

On July 19, 2019, the Company completed the acquisition of GreenMart. The shares issued upon completion were issued to James Lowe. Mr Lowe was a 50% owner of GreenMart and is a board member of the Company.

On September 30, 2019, the Company issued a demand promissory note to Chief Peguis Investment Corporation ("CPIC") for gross proceeds of $11.1M. CPIC is related to Chief Glenn Hudson a board member of the Company and the joint venture partner of the Warman facility. This note is represents the full purchase price of the facility and is an advance on closing.

(Amounts expressed in Canadian dollars, unless otherwise stated)

18. SHARE CAPITAL, RIGHTS AND WARRANTS

(a) Common Shares

Authorized
The authorized share capital of the Company consists of an unlimited number of common shares.

Issued and fully paid
As at September 30, 2019, the Company has issued 2,807,311 common share units to a total of 79,459,082 (December 31, 2018 – 76,651,77). 67,449,944 common shares are issued and outstanding (65,120,771 common shares at December 31, 2018). USA share holders of 12,083,779 (11,530,839 at December 31, 2018) common share units, which were converted to 12,084 Proportionate Voting shares("PVA") (11,531 PVA units at December 31, 2018).

Common share transactions

	Number of Common Shares	Notes	Common Share Value
Balance at Jan 1, 2018	**18,832,282**		**$14,942,270**
Conversion of debentures	10,258,866		24,446,449
Conversion of Series A Preferred into common shares	9,631,106		-
Compensatory share awards USA	3,024,352		9,681,700
Shares issued on the Cheyenne Acquisition	2,025,516		9,411,002
Private placement of common shares	2,167,890		21,141,373
Shares issued on RTO transaction	217,660		2,613,768
Equity issued on merger with GrowForce	28,139,757		109,413,000
Shares issued for consulting services	1,473,736		9,408,105
Shares issued for consulting services	3,600		18,900
Shares issued on exercise of put option	877,006		5,846,706
Balance at December 31, 2018	**76,651,771**		**206,923,273**
Equity value adjustment on merger with GrowForce	-	(18I)	30,722,844
Common shares issued on acquisition GreenMart	1,582,676	(18II)	2,453,148
RSUs converted to common shares	1,224,635	(18III)	7,703,000
Balance at September 30, 2019	**79,459,082**		**$247,802,265**

(I) On November 30, 2018, the Company merged with GrowForce by issuing common shares of the Company at fair market value based on a 0.48:1 ratio of the common shares of the Company versus the share units of GrowForce. In the second quarter, the Company recorded an adjustment to this share for share exchange that resulted in a $30,722,844 increase to both goodwill and equity;

(II) The Company issued 1,582,676 common shares on the completion of GreenMart acquisition; and

(III) The Company issued 1,224,635 common shares as a result of vesting restricted share units ("RSU") during the period.

a) Share Awards Reserves

The Company has granted a total of 6,004,835 restricted share units ("RSU") at December 31, 2018. Of which, 3,335,400 and 1,144,800 RSUs have been granted to the board of directors ("BOD") and its employees on November 13, 2018 and December 31, 2018 respectively; and the Company has issued 524,635 RSUs to consultants and other third parties for settlement of services fees and liabilities at fair market value. Total 1,224,635 RSUs were converted to common shares during the period. An additional 1,000,000 RSUs were reserved in a legal settlement agreement to settle GrowForce Manitoba Royalty payment of future sales. For the period ended September 30, 2019, 50% of the RSUs issued to BOD and employees was vested, and another 50% of the RSUs will be vested in November 2019. During the period ended at September 30th, 2019, 304,900 RSUs were issued to new and existing employees, and 497,600 RSUs units were forfeited on employment terminations, the RSU reserves total units and dollar values are listed below.

(Amounts expressed in Canadian dollars, unless otherwise stated)

Grant date	RSUs originally issued	Addition in the period	Converted	Converted or cancelled in the period	RSUs at Sep 30, 2019	Balance at September 30, 2019	Expiry dates
	#	#	#	#	#	$	
13-Nov-18	375,000	-	-	-	375,000	2,341,741	13-11-2021
13-Nov-18	2,960,400	4,900	(700,000)	(394,300)	1,871,000	13,407,627	13-11-2021
31-Dec-18	1,144,800	300,000	-	(103,300)	1,341,500	3,375,003	31-12-2021
03-Dec-18	524,635	-	(524,635)	-	-	-	03-12-2021
13-Nov-18	1,000,000	-	-	-	1,000,000	12,000,000	13-11-2021
Total	**6,004,835**	**304,900**	**(1,224,635)**	**(497,600)**	**4,587,500**	**31,124,371**	

The fair value of the warrants outstanding was calculated by using the Black-Scholes option pricing model with the following weighted average inputs and assumptions on the Grant dates as in the following table. As of September 30, 2019, no warrants have been issued or expired.

Grant date	Warrants units	Exercise Price	Expiry	Fair Value at Grant date
22-Dec- 2017	466,321	$2.46	22-Dec-20	1,061,974
23-Mar-18	124,128	$1.65	23-Mar-21	197,308
15-Jun-18	1,495,200	$3.20	30-Jun-23	5,840,347
30-Jul-18	250,020	$3.20	30-Jul-21	775,283
13-Nov-18	250,000	$12.00	14-Nov-21	1,551,300
18-Oct-18	151,752	$12.00	19-Oct-21	3,449,799
Total units	**2,737,421**			**12,876,011**

(d) Option reserves

The Company has granted four tranches of options, two tranches were issued to employees as incentives share options with a total number of 2,665,620 units, to be vested quarterly in its three consecutive years; two tranches of 192,000 units granted to the consultants to settle for their services provides. The total options reserves value was $1,860,068 at December 31, 2018. During the period ended September 30, 2019, additional 461,000 option units were issued to employees, and 546,585 option units were cancelled based on the equity incentive plan.

Grant Date	Units	Strike price	Newly Issued	Cancelled units	Balance at September 30, 2019	Options Reserves	Expiry Date
13-Nov-18	1,601,000	12.00	11,000	(359,501)	1,252,499	$ 5,482,042	14-Nov-22
31-Dec-18	100,000	5.25	-	(100,000)	-	-	3-Dec-22
31-Dec-18	964,620	6.67	-	(87,084)	877,536	1,418,979	3-Dec-22
12-Dec-18	48,000	4.57	-	-	48,000	58,779	12-Dec-19
31-Dec-18	144,000	6.67	-	-	144,000	380,989	20-Dec-21
27-Jun-19	-	1.65	160,000	-	160,000	44,274	26-Jun-22
30-Sep-19	-	0.73	290,000	-	290,000	-	30-Sep-21
Total	**2,857,620**		**461,000**	**(546,585)**	**2,772,035**	**$ 7,385,053**	

(e) Long term incentive plan ("LTIP")

On November 8, 2018, the shareholders of Sumtra approved the Company's Long-Term Incentive Plan ("LTIP"). Under the terms of the LTIP, the Board of Directors (the "Board") or a committee on behalf of the Board may grant awards, which may be in the form of options, restricted shares, compensatory shares, stock appreciation rights, restricted share units ("RSUs"), deferred share units (collectively, "Equity Awards") to officers, directors, employees or consultants of the Company. The maximum number of common shares which may be reserved and set aside for issue under the LTIP in respect of awards to eligible participants under the LTIP, shall not exceed 12.5% of the total issued and outstanding common shares units of the Company of 79,459,082 with the conversion of all issued and outstanding Class A Proportionate Voting Shares 12,083,779 units of into Common Shares).

(Amounts expressed in Canadian dollars, unless otherwise stated)

19. SELLING, GENERAL AND ADMINISTRATIVE

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Professional fees	$454,740	$972,001	$3,050,537	$1,989,145
Consulting	10,595	285,317	582,849	387,862
IT costs	87,945	81,583	412,387	219,222
Office leases	38,731	53,899	182,634	184,041
Travel	49,792	153,182	398,890	404,801
Insurance	296,783	38,007	785,961	99,068
Other general & administrative	466,745	359,855	1,387,350	1,012,386
Total	**$1,405,330**	**$1,943,844**	**$6,800,609**	**$4,296,525**

20. LOSS PER SHARE

The Company incurred a net loss in the three and nine month period ended September 30, 2019, the loss and diluted loss per common share are based on the weighted-average common shares outstanding during the period. The dilutive effect of the outstanding RSUs, options and warrants are anti-dilutive during a period when the Company incurs a loss. The diluted earnings per share do not differ from basic loss per share when dilutive instruments are anti-dilutive. The weighted average shares units were 76,440,880 for the nine months ended at September 30, 2019; and 78,797,152 for three months ended September 30, 2019. (Total weighted average units of 34,263,864 and 42,473,150 for nine and three months ended at September 30, 2018).

21. COMMITMENTS AND CONTINGENCIES

(a) Offices and facilities lease agreements

The Company is committed under lease agreements with respect to an office premise located in Brampton, Ontario, expiring October 31, 2037 and an office premise located in Toronto, Ontario, expiring on October 31, 2023, the long term leases are accounted for as finance leases; and one office lease and one sub lease in USA located at Denver, CO, USA, expiring on March 31, 2021 and September 30, 2019 respectively. In July 2019, the Company had a sale and leaseback agreement with an arm length party, the lease agreement started in July 2019 to July 2039. The short-term leases are accounted for as operating leases. The summary is as follows:

Finance lease commitments	**September 30, 2019**	**December 31, 2018**
Within one year	$ 2,168,790	$ 671,237
After one year but not more than five years	7,953,011	2,045,454
More than five years	27,612,773	5,199,377
Total lease commitments	**$ 37,673,651**	**$ 7,916,068**

(b) Legal dispute settlement

On May 29, 2018, a former independent contractor filed suit in the Ontario Superior Court of Justice (Court File No. CV-18005 98726-000) versus the Company, MJardin Management, LLC, MJardin Services Inc. and GrowForce Holdings Inc. alleging claims for wrongful dismissal, breach of contract and negligent misrepresentation. The former independent contractor's claims arose out of the Company's December 21, 2017 termination of the independent contractor's agreement to serve as a corporate development consultant to the Company. The Company maintains that all claims reflected in the complaint are without merit and is vigorously defending its position. The settlement was reached in February 2019 resulting in the Company paying $150,000 to the terminated contractor in March 2019.

(c) Buddy Boy litigation expenses

In October 2018, a Colorado-based affiliate operator, which the Company provides managed services to, had an adverse judgement against it based on a claim from 2016. The damages awarded were approximately $3 million USD. In November 2018, the affiliate operator decided to appeal the judgement. In the event of an appeal, the appellant is required to post a bond on a dollar-for-dollar basis plus 30% to cover costs and interest that may accrue. As a result, the appellant required $3.9 million USD to post the appellate bond. To protect the income streams derived from the affiliate operator, the Company agreed to post the $3.9 million USD bond on behalf of the affiliate operator. To fund the

$3.9 million USD appellate bond, the Company asked the vendor from the Buddy Boy Brands transaction to contribute $1.7 million USD from the Buddy Boy Indemnification escrow. The vendor agreed, and $1.7 million USD was released from the Buddy Boy indemnification escrow. The remaining $2.2 million USD required to fund the appellate bond was contributed by the Company from cash resources on hand. The appeal is currently before the court, with the court's opinion due in October/November of 2019. The affiliate operator and its attorney believe that there is a high likelihood of reversing the initial judgement and the entirety of the awarded damages. As a result, the Company management expects a full recovery of the $3.9 million USD appellate bond by end of calendar year 2019.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The estimated fair values of cash, trade and other receivables, restricted cash, trade and other payables, and share appreciation rights plan obligations approximate their carrying values due to the relatively short-term nature of the instruments. The estimated fair values of current and long-term debt and obligations under finance lease also approximate carrying values due to the fact that effective interest rates are not significantly different from market rates.

The fair values of the financial assets and liabilities are shown at the amount which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The assumption that the instrument fair values approximate their carrying amounts is largely due to the short-term maturities of these instruments.

Financial instruments are recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e, derived from prices); and
Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

During the quarter ended September 30, 2019, cash was measured at Level 1 on the hierarchy. The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. During the period ended September 30, 2019, there were no transfers of amounts between levels.

(a) Credit risk
Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from its cash and accounts receivable. The risk exposure is limited to their carrying amounts at the statement of financial position date. The risk for cash is mitigated by holding these instruments with highly rated financial institutions. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. Accounts receivables primarily consist of amounts due from the Company's lawyers trust account. The Company mitigates this risk by managing and monitoring the underlying business relationships.

(b) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity through cash and equity management strategies. Such strategies include continuously monitoring forecasted and actual cash flows from operating, financing and investing activities.

The Company's cash flow is generated from debt financing or equity raises.

The Company monitors cash on a regular basis and reviews expenses and overhead to ensure costs and commitments are being paid in a timely manner. Management has worked with and negotiated with vendors to ensure payment arrangements are satisfactory to all parties and that monthly cash commitments are managed within the Company's operating cash flow capabilities.

During the quarter ended September 30, 2019, the Company has modified its loans, with maturity date of April 23, 2021, and cash interest payments on monthly basis. The expected cash interest payments for the loans are estimated around $20,000,000 in CAD$ for the next 12 months.

(Amounts expressed in Canadian dollars, unless otherwise stated)

As at September 30, 2019, the Company had cash balance of $16,586,381 and $3,005,716 restricted cash in escrow. The following table summarizes amounts and maturity dates of the Company's contractual obligations as of September 30, 2019.

	Within 1 year	2-5 years	> than 5 years	Total
Accounts payable and accrued liabilities	10,658,617	-	-	10,658,617
Holdback payable	3,000,000	-	-	3,000,000
Due to related parties	202,870	-	-	202,870
Finance leases	2,1,07867	7,953,011	27,612,773	37,673,651
Indemnity liability	-	2,648,600	-	2,648,600
Loans payable, net	19,010,953	144,599,018	-	163,609,971
Total	**34,980,307**	**155,200,629**	**27,612,773**	**217,793,709**

(C) Market risk

Currency risk
Currency risk arises due to fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates. As at September 30, 2019, the Company had functional currency of Canadian dollars and US dollars, US subsidiaries' financial assets and liabilities for which cash flows were denominated in foreign currencies. Management closely monitors the fluctuation of the Company's foreign currency, and management believes the foreign currency exchange risk derived from its other activities is low and therefore does not hedge the foreign currency exchange risk arising from these activities.

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 has no interest-bearing assets, other than cash. The Company's financial debt carries interest at a fixed rate plus prime. The Company is exposed to fluctuations in the prime rate.

Price risk
Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company is not exposed to price risk.

23. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The capital structure of the Company consists of items included in equity and debt, net of cash. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. The Company plans to use existing funds, as well as funds from the future sale of products to fund operations and expansion activities.

24. NON-CONTROLLING INTEREST

Non-controlling interest represents ownership interest by third parties in businesses that are consolidated by the Company. This includes Grand River Organics.

The Company's NCI is as follows:	Amount
Balance at January 1, 2018	$ -
NCI on acquisition of control of GRO	3,326,993
Portion of net loss at 49% at Dec 31, 2018	6,452
Balance Dec 31, 2018	**3,333,445**
Adjustment of non controlling interest 24.5% changes on put option excised	843,056
Portion of net Loss at 24.5% at September 30, 2019	202,028
GRO NCI balance at September 30, 2019	**$4,378,529**

25. RAMA FIRST NATION JOINT VENTURE AGREEMENT

On January 8, 2019, the Company signed a definitive agreement for a joint venture with Rama First Nation ("Rama") agreement to bring large-scale cannabis cultivation, extraction, and retail to Rama, Ontario and the surrounding region. The joint venture's first major project will be the construction of a large-scale cannabis production facility. The ownership of the joint venture will be 51% ownership by Rama and 49% ownership by MJardin. MJardin, through its wholly-owned subsidiary Ringsby Services Inc., is engaged through a service agreement to provide a range of services to the joint venture including design, business, consulting and management services related to the cultivation and harvest of legal cannabis the extraction, sale and commercialization of products therefrom, the design and operation of cannabis facilities, and workforce recruitment, training, and deployment. The project construction is expected to start in first have of 2020.

26. SUBSEQUENT EVENTS

Cannabella Acqusition Update

On October 18, 2019, the Company agreed to issue 741,765 common shares of the Company to the seller of Cannabella, as a non-refundable pre-payment of the US$4,500,000 purchase price, of which US$500,000 was paid as cash consideration on the execution date on the acquisition of Cannabella. The Common Shares issued at C$0.715 CAD per share and will reduce the purchase price on closing by US$400,000. The US$3,600,000 balance of the purchase price will be payable by the Company's Common Shares upon closing on completion of the transaction. The completion of transition is subject to transfer of licenses to the Company.

Growforce Manitoba Inc. (Warman facility) Joint venture with Pegius First Nation ("Pegius")

On October 4, 2019, MJardin advanced the previously disclosed purchase price pursuant to the signed LOI with Peguis First Nation and began construction on Phase 2 of the Warman Project, a hybrid indoor and greenhouse facility which the Company expects to produce approximately 4,500 kgs of dried flower and 800 Litres of bulk oil.

License Agreement with Robes Inc.

On November 12, the Company has entered into a partnership with Robes Inc., a luxury cannabis brand house, to cultivate and distribute Robes Cannabis and BLLRDR Brands. Mjardin will dedicate a portion of its cultivation canopy space to grow Robes' exclusive strains, and Robes will make one-time cash investment into the Company.