

ORGANIC GARAGE LTD.

(FORMERLY CRESTWELL RESOURCES INC.)

Interim Condensed Consolidated Financial Statements

For the periods ended

April 30, 2017 and 2016

(Unaudited)

Notice of No Auditor Review of Interim Financial Statements

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

The management of Organic Garage Ltd. is responsible for the preparation of the accompanying unaudited condensed interim consolidated financial statements. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and are considered by management to present fairly the consolidated financial position, operating results and cash flows of the Company.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor. These unaudited financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the consolidated financial position, results of operations and cash flows.

June 28, 2017

Organic Garage Ltd.

Per: <u>(signed) "Matt Lurie"</u>	Per: <u>(signed) "Olga Balanovskaya"</u>
Name: Matt Lurie	Name: Olga Balanovskaya
Title: Chief Executive Officer	Title: Chief Financial Officer

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Interim Condensed Consolidated Statements of Financial Position
(In Canadian dollars)
(Unaudited)

As at	April 30, 2017	January 31, 2017
Assets		
Current		
Cash and cash equivalents (Note 5)	\$ 2,420,585	\$ 1,040,146
Short-term investments (Note 5)	200,000	200,000
Accounts receivable	53,010	55,419
Inventory (Note 6)	1,241,578	1,209,576
Income taxes receivable	33,442	33,442
HST receivable	145,636	27,204
Prepaid expenses and deposits (Note 7)	37,847	37,161
	4,132,098	2,602,948
Property, plant and equipment (Note 8)	3,889,761	3,210,412
Prepaid expenses and deposits- non-current (Note 7)	444,303	269,303
Goodwill (Note 4)	2,233,968	2,233,968
Total Assets	\$ 10,700,130	\$ 8,316,631
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,953,281	\$ 1,639,456
Bank loans (Note 9)	176,624	193,994
Obligation under capital lease (Note 10)	185,741	183,368
	2,315,646	2,016,818
Bank loans (Note 9)	130,020	168,780
Obligation under capital lease (Note 10)	297,149	344,484
Total Liabilities	2,742,815	2,530,082
Shareholders' Equity		
Capital stock (Note 11)	9,734,817	7,516,526
Contributed surplus	438,260	337,577
Retained earnings	(2,215,762)	(2,067,554)
	7,957,315	5,786,549
Total Liabilities and Shareholders' Equity	\$ 10,700,130	\$ 8,316,631

The accompanying notes are an integral part of these interim condensed consolidated financial statements

APPROVED ON BEHALF OF THE BOARD:

"Matt Lurie"
Director

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
For the periods ended April 30, 2017 and 2016
(In Canadian dollars)
(Unaudited)

	2017	2016
Sales	\$ 4,162,182	\$ -
Cost of sales		
Inventory - Beginning of period	1,209,576	-
Purchases	3,013,781	-
	4,223,357	-
Less: Inventory- End of period	1,241,578	-
	2,981,779	-
Gross profit	1,180,403	-
Expenses		
Store wages and benefits (Note 12)	367,637	-
Rent	254,570	2,000
Administrative wages and benefits	160,980	-
Shareholders' communication and marketing	74,960	8,000
Utilities	67,148	-
Professional fees	60,983	52,117
Bank charges and merchant fees	48,122	-
Repairs and maintenance	38,928	-
Store supplies	32,197	-
Advertising and promotion	31,096	-
Vehicle	19,390	-
Office and general	13,178	1,258
Insurance	12,947	-
Regulatory and filing	4,195	4,488
Interest on obligation under capital lease	6,991	-
Telephone	5,131	-
Interest on long-term debt	3,702	-
Business development	-	14,288
Depreciation (Note 8)	86,931	-
Total expenses	1,289,086	82,151
Other expenses/(income)		
Interest income	(1,800)	(4,823)
Listing cost	40,000	-
Foreign exchange (gain)/loss	1,325	-
Total other expenses/(income)	39,525	(4,823)
Loss before income taxes	(148,208)	(77,328)
Income tax (recovery) expense	-	-
Net loss and comprehensive loss	\$ (148,208)	\$ (77,328)
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding	29,277,827	39,371,833

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
For the periods ended April 30, 2017 and 2016
(In Canadian dollars)
(Unaudited)

	Share capital				Total Shareholders' Equity
	Number of shares	Amount	Contributed surplus	Retained Earnings	
Balance, February 1, 2015	5,332,956	\$ 1,405,396	\$ 115,553	\$ (723,538)	\$ 797,411
Common shares issued for:					-
Private placement	4,510,000	1,804,000	-	-	1,804,000
Share issuance costs		(139,360)	-	-	(139,360)
Share-based compensation		-	46,512	-	46,512
Finder's warrants issued		(175,512)	175,512	-	-
Net loss for the year		-	-	(578,986)	(578,986)
Balance, January 31, 2016	9,842,956	\$ 2,894,524	\$ 337,577	\$ (1,302,524)	\$ 1,929,577
Net loss for the period		-	-	(77,328)	(77,328)
Balance, April 30, 2016	9,842,956	\$ 2,894,524	\$ 337,577	\$ (1,379,852)	\$ 1,852,249
Balance, February 1, 2016	9,842,956	2,894,524	337,577	(1,302,524)	1,929,577
Private placement (Note 4)	2,500,000	1,000,000	-	-	1,000,000
Share issuance costs (Note 4)	-	(107,998)	-	-	(107,998)
Acquisition of subsidiary (Note 4)	8,100,000	3,240,000	-	-	3,240,000
Finder's fee (Note 4)	1,000,000	400,000	-	-	400,000
Stock-based compensation (Note 11)	300,000	90,000	-	-	90,000
Net loss for the year	-	-	-	(765,030)	(765,030)
Balance, January 31, 2017	21,742,956	\$ 7,516,526	\$ 337,577	\$ (2,067,554)	\$ 5,786,549
Private placement (Note 11)	10,993,500	2,748,375	-	-	2,748,375
Share issuance costs (Note 11)		(429,401)	-	-	(429,401)
Finder's warrants issued (Note 11)		(100,683)	100,683	-	-
Net loss for the period		-	-	(148,208)	(148,208)
Balance, April 30, 2017	32,736,456	\$ 9,734,817	\$ 438,260	\$ (2,215,762)	\$ 7,957,315

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Interim Condensed Consolidated Statements of Cash Flows
For the periods ended April 30, 2017 and 2016
(In Canadian dollars)
(Unaudited)

	April 30, 2017	April 30, 2016
Cash flows from operating activities		
Net loss for the period	\$ (148,208)	\$ (77,328)
<i>Items not affecting cash:</i>		
Depreciation (Note 8)	86,931	-
	(61,277)	(77,328)
<i>Net changes in non-cash working capital</i>		
Accounts receivable and HST receivable	(116,023)	16,217
Inventory	(32,002)	-
Prepaid expenses	(175,686)	-
Accounts payable and accrued liabilities	313,825	20,691
	(71,163)	(40,420)
Cash flows used in financing activities		
Share issuance (Note 11)	2,748,375	-
Share issuance costs (Note 11)	(429,401)	-
Repayment of bank loans	(56,130)	-
Repayment of obligation under capital lease	(44,962)	-
	2,217,882	-
Cash flows used in investing activities		
Purchase of property, plant and equipment	(766,280)	-
	(766,280)	-
Decrease in cash and cash equivalents	1,380,439	(40,420)
Cash and cash equivalents, beginning of period	1,040,146	1,684,980
Cash and cash equivalents, end of period	\$ 2,420,585	\$ 1,644,560

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

1. NATURE OF OPERATIONS

Organic Garage Ltd. (the "Company" or "Organic Garage") was incorporated as Crestwell Resources Inc. on July 25, 2011 under the Business Corporations Act (British Columbia) ("BCCA"). The Company's common shares were approved for listing on the Canadian Securities Exchange ("CSE") (formerly the Canadian National Stock Exchange ("CNSX")). The Company completed a significant acquisition of Organic Garage (Canada) Ltd. (formerly Organic Garage Ltd.) ("OG") on October 18, 2016 pursuant to a plan of arrangement (the "Arrangement") under the BCCA. The Company changed its name to Organic Garage Ltd. immediately before the closing of the acquisition and OG became a wholly-owned subsidiary of the Company. The Company also completed a share consolidation pursuant to the Arrangement on a 4 for 1 basis, whereby each four shares of the Company were exchanged for one share of the Company, post-consolidation. The Company was approved for listing on the TSX Venture Exchange (the "TSX-V") as a Tier 1 Issuer. The Company's common shares commenced trading on the TSX-V effective at the opening of trading on April 13, 2017 under the trading symbol "OG" and withdrawn from listing on the CSE at the close of business on April 12, 2017.

Prior to the significant acquisition of OG, the Company was primarily engaged in the acquisition, exploration, and development of mineral properties.

OG was incorporated under the Business Corporations Act (Ontario) (the "OBCA") on December 7, 2005. Organic Garage is an independent, Ontario-based natural and organic grocery chain with 2 stores operating in the Greater Toronto area. Organic Garage's main business activities are selling natural and organic products to consumers through its retail network of store locations.

OG has five Ontario subsidiaries whose primary business is to hold its premises leases. Each subsidiary was incorporated under the Business Corporations Act (Ontario) (the "OBCA").

The head office of Organic Garage is 50 Akron Road, Unit B, Toronto, Ontario. The registered and records office of Organic Garage is located at 101 – 1500 Howe Street, Vancouver, BC V6Z 2N1 and its mailing address at 50 Akron Road, Toronto, ON M8W 1T2.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

(a) Statement of compliance

These interim condensed consolidated financial statements, including comparatives, have been prepared in accordance and compliance with International Accounting Standard ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The interim condensed consolidated financial statements do not include all of the information required for full annual financial statements. The accounting policies applied in preparation of these unaudited consolidated interim financial statements are consistent with those applied by the Company in its audited financial statements as previously presented, unless otherwise stated.

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONTINUED)

(b) Basis of Measurement

The interim condensed consolidated financial statements of the Company were prepared on a historical cost basis except where certain financial instruments are required to be measured at fair value as described in the accounting policies, if applicable.

(c) Basis of Consolidation

The interim condensed consolidated financial statements of the Company as at and for the period ended April 30, 2017 include the Company and its wholly-owned subsidiaries. Intercompany balances and transactions are eliminated in preparing these interim condensed consolidated financial statements.

(d) Functional Currency

The interim condensed consolidated financial statements are presented in Canadian dollars which is the Company's and its subsidiaries' functional currency.

(e) Use of estimates and key judgments

The preparation of these interim condensed consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the recognition, measurement and disclosure of amounts reported in these interim condensed consolidated financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results may differ from such estimates. Significant estimates are made with respect to the estimated useful life and residual values of property, plant and equipment. Changes in the intended use of property, plant and equipment as well as changes in technology or economic conditions may cause the estimated useful life of these assets to change.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following is a summary of the significant accounting policies adopted by the Company and utilized in the preparation of these interim condensed consolidated financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits in banks and highly liquid investments with a maturity of three months or less.

(b) Inventory

Inventory is valued at the lower of cost and net realizable value, where cost is determined by the most recent invoice cost and net realizable value is the retail sales price. Inventory is written down to net realizable value when the cost of inventory is estimated to be unrecoverable due to obsolescence, damage or declining selling prices. Inventory is comprised entirely of finished goods.

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

Property, plant and equipment are recognized and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, if any. When components of property, plant and equipment have different useful lives they are accounted for separately. Depreciation is provided at rates which are calculated to write off the assets over their estimated useful lives as follows:

Computer equipment	45% declining balance
Computer software	100% declining balance
Furniture and equipment	20% declining balance
Leasehold improvements	Straight line over term of lease
Signs	20% declining balance
Store fixtures and equipment	Straight line over term of lease
Vehicle	30% declining balance

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of loss and comprehensive loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of loss and comprehensive loss when the asset is derecognized.

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of Non-Financial Assets

The Company performs impairment testing on its non-financial assets including property, plant and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. At a minimum, the Company assesses annually whether there is any indication that an item of property, plant or equipment may be impaired. If any such indicators of impairment exist, an estimate of the recoverable amount of the asset is derived. An impairment loss is recognized in net loss to the extent that the asset's carrying value exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell. Fair value less selling costs is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arms-length transaction.

If there is any indication that an impairment loss recognized for an asset in prior periods may no longer exist or may have decreased, the recoverable amount of the asset will be estimated. If the recoverable amount of the asset exceeds the carrying amount, the impairment loss, in whole or in part, may be reversed to an amount not in excess of the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior periods.

(f) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable in respect of the taxable income or loss for the period, using income tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous periods.

Deferred income tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between financial statement carrying amounts and amounts used for taxation purposes. These amounts are measured using enacted or substantively enacted income tax rates at the reporting date and re-measured annually for rate changes. Deferred income tax assets are recognized for the benefit of deductions available to be carried forward to future periods for income tax purposes to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized. Any effect of the re-measurement or re-assessment is recognized in the period of change except when they relate to items recognized directly in other comprehensive income.

(g) Revenue recognition

The Company recognizes retail sales revenues from product sales upon delivery to customers. Revenues from marketing initiatives are recognized over the term of the marketing initiative.

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held to maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available for sale - Non-derivative financial assets not included in the above categories are classified as available for sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available for sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at the end of each reporting period. Financial assets are impaired when there is any objective evidence that the cash flows related to a financial asset or group of financial assets have been negatively impacted. Different criteria to determine impairment are applied for each category of financial assets described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the corresponding asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category includes all other financial liabilities, all of which are recognized at amortized cost.

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments – continued

The Company's financial instruments consist of the following:

<u>Financial assets:</u>	<u>Classification:</u>
Cash and cash equivalents	Fair value through profit and loss
Short-term investments	Loans and receivables
Accounts receivable	Loans and receivables

<u>Financial liabilities:</u>	<u>Classification:</u>
Accounts payable and accrued liabilities	Other financial liabilities
Bank loans	Other financial liabilities
Obligation under capital lease	Other financial liabilities

Financial instruments recorded at fair value in consolidated statements of financial position are classified according to a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

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

Cash and cash equivalents have been recorded as level 1 financial instruments.

(i) Impairment of financial instruments

An assessment of whether there is objective evidence that a financial asset is impaired is performed at the end of each reporting period. A financial asset is considered to be impaired if one or more loss events that have an impact on the future cash flows of the financial asset occur after initial recognition of the financial asset and the loss can be reliably measured. If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has occurred, the loss is based on the difference between the carrying amount of the financial asset and the respective estimated future cash flows discounted at the financial instruments original effective interest rate and is recorded as an allowance for losses. If, in a subsequent period, the impairment loss decreases, the previously recognized impairment is reversed to the extent of the impairment.

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company.

Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

(k) Share capital

Common shares are classified as equity, net of transaction costs directly attributable to the issue of common shares. Common shares issued for consideration other than cash are based on their market value at the date the common shares are issued.

(l) Standards, amendments and interpretations to existing accounting standards that are not yet effective and that have not been adopted early by the Company

The following new standards, interpretations and amendments, which are not yet effective and which have not been adopted early in these interim condensed consolidated financial statements, may have an effect on the Company's future consolidated financial statements:

i) IFRS 9 Financial Instruments is the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard establishes a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. It also provides guidance on an entity's own credit risk relating to financial liabilities and has modified the hedge accounting model to better link the economics of risk management with the accounting treatment. The new standard will require additional disclosures. Management has yet to assess the impact of IFRS 9 on these consolidated financial statements and intends to adopt the standard on its effective date. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

ii) IFRS 15 Revenue from Contracts with Customers introduces a single model for recognizing revenue from contracts and customers. This standard applies to all contracts with customers, with some exceptions.

The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

(I) Standards, amendments and interpretations to existing accounting standards that are not yet effective and that have not been adopted early by the Company - continued

IFRS also provides guidance relating to the treatment of contract acquisition and contract fulfillment costs.

Management has yet to assess the impact of IFRS 15 on these consolidated financial statements and intends to adopt the standard on its effective date. The new standard is effective for annual periods beginning on or after January 1, 2018.

iii) IFRS 16 Leases sets out the principles for recognition, measurement, presentation and disclosure of leases. Although the accounting requirements for lessors remains substantially unchanged, a lessee will recognize that a lease results in obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. IFRS 16 eliminates the classification of leases by a lessee as either operating leases or finance leases and, instead, introduces a single accounting model.

Management has yet to assess the impact of IFRS 16 on these consolidated financial statements and intends to adopt the standard on its effective date. The new standard is effective for annual reporting periods beginning on or after January 1, 2019.

4. BUSINESS COMBINATION

On October 18, 2016, the Company completed an acquisition of all the issued shares of Organic Garage (Canada) Ltd. (formerly Organic Garage Ltd.) (“OG”) pursuant to a plan of arrangement (the “Arrangement”) under the BCCA and OG became a wholly-owned subsidiary. The Company changed its name to Organic Garage Ltd. immediately before the closing of the acquisition.

Immediately prior to the acquisition, the Company completed a share consolidation pursuant to the Arrangement on a 4 for 1 basis, whereby each four shares of the Company were exchanged for one share of the Company, post-consolidation, which resulted in there being 9,842,956 post-consolidation common shares issued and outstanding.

The Company issued a total of 8,100,000 common shares to the shareholders of OG in consideration for acquiring the shares of OG. The 8,100,000 common shares issued had a fair value of \$0.40 per share, or \$3,240,000 as total consideration.

In accordance with IFRS 3 Business Combinations, the acquisition was accounted for using the purchase method. The preliminary allocation of the purchase price to the estimated fair value of the net assets acquired is as follows:

Subscription receipt funds held in escrow	\$	1,000,000
Inventory		1,154,898
Other current assets		3,106,984
Goodwill		2,233,968
Accounts payable and accrued liabilities		(1,770,316)
Bank loans, leases and other		(1,541,077)
Subscription receipts, net of cost		(944,457)
Total purchase price	\$	3,240,000

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

4. BUSINESS COMBINATION (CONTINUED)

As at April 30, 2017, the allocation of the purchase consideration has not been finalized and is currently based on preliminary estimates in regards to the fair value of the assets acquired and the identification and valuation other intangible assets acquired.

As part of the acquisition agreement, OG completed a financing of \$1,000,000 at a price of \$0.40 per common share. The Company incurred share issuance costs of \$107,998 related to the private placement.

The Company also issued 1,000,000 common shares as finder fees of for financing and structuring the transaction and \$400,000 was included in transaction costs in the consolidated statement of loss and comprehensive loss in the year ended January 31, 2017.

5. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

The components of cash and cash equivalents are as follows:

	April 30, 2017		January 31, 2016	
Cash in Bank	\$	2,420,585	\$	1,040,146
	\$	2,420,585	\$	1,040,146

As at April 30, 2017 and January 31, 2017, included in cash was security posted for a letter of credit in favour of a landlord in the amount of \$200,000. The letter of credit was automatically renewed and will be renewed annually until it expires in April 2018.

The security posted in the amount of \$200,000 was released on April 24, 2016 and deposited into an interest bearing one year non-redeemable Guaranteed Investment Certificate (“GIC”). As at April 30, 2017 and January 31, 2017, the GIC has been recorded in short-term investments.

6. INVENTORY

Inventory consists of meat, produce and grocery items. The amount of inventory recognized in cost of goods sold was \$2,981,779 for the period ended April 31, 2017 (\$Nil- for the period ended April 30, 2016).

7. PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits are comprised primarily of insurance and rent deposits for stores.

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

8. PROPERTY, PLANT AND EQUIPMENT

Assets	Balance at January 31, 2017	Additions	Disposals	Balance at April 30, 2017		Balance at January 31, 2017	Amortization	Disposals	Balance at April 30, 2017	Carrying amount at April 30, 2017
Computer Equipment	33,870	1,098	-	34,968	45%	3,311	3,456	-	6,767	28,201
Computer Software	26,972	-	-	26,972	100%	3,716	5,814	-	9,530	17,442
Furniture, Store Fixtures and Equipment	725,012	83,016	-	808,028	20%	43,104	44,093	-	87,197	720,831
Equipment Under Capital Lease	589,188	-	-	589,188	SL	15,260	13,245	-	28,505	560,684
Leasehold Improvements	319,579	-	-	319,579	SL	17,795	15,445	-	33,240	286,339
Leasehold Improvements Under Capital Lease	78,342	-	-	78,342	SL	1,915	1,661	-	3,576	74,766
Signs	64,262	6,033	-	70,295	20%	2,933	3,217	-	6,150	64,144
Vehicle	3,123	-	3,123	0	30%	269	-	269	-	-
Construction In Progress	1,458,367	678,987	-	2,137,354	N/A	-	-	-	-	2,137,354
Total	3,298,715	769,134	-	4,064,726		88,303	86,931	269	174,965	3,889,761

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

9. BANK LOANS

	<u>April 30, 2017</u>	<u>January 31, 2017</u>
(a) Non-revolving term bank loan, repayable in blended monthly instalments of \$5,918 at a fixed rate of 3.36% per annum maturing in September 2017. The loan is secured by equipment, goods and leasehold improvements. The loan is guaranteed by an officer of the Company as well as a postponement of claim in the amount of \$1,400,000.	\$ 21,584	\$ 38,954
(b) Term loan, principal repayable in monthly instalments of \$10,835 plus interest at the floating base rate (April 30, 2017 – 4.70%). The loan matures on April 28, 2019. The loan is secured by specific equipment being financed under this loan, a security interest in all other present and after acquired personal property and the landlord's waiver of distraint. The loan is guaranteed by an officer of the Company for 50% of the outstanding loan balance.	260,040	292,545
(c) Term loan, principal repayable in monthly instalments of \$2,085 plus interest, at the floating base rate plus 1.0% (April 30, 2017 – 5.70%). The loan matures on April 28, 2018 and is secured by all present and after acquired personal property, except consumer goods, including a specific first charge over the equipment purchased under loan. The loan is guaranteed by an officer of the Company.	25,020	31,275
	306,644	362,774
Less: Current portion	176,624	193,994
	<u>\$130,020</u>	<u>\$168,780</u>

Principal repayments are approximately as follows:

<u>Fiscal year (ended January 31)</u>	<u>Amount</u>
2018	\$137,864
2019	136,275
2020	<u>32,505</u>
	<u>\$306,644</u>

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

10. OBLIGATION UNDER CAPITAL LEASE

The Company has entered into a commitment under a capital lease agreement for equipment and leasehold improvements with monthly payments of \$19,425 ending in November 2019.

Future annual minimum lease payments under the capital lease are as follows:

<u>Fiscal year (ended January 31)</u>	<u>Amount</u>
2018	\$ 154,710
2019	206,280
2020	<u>154,709</u>
	515,699
Less: Imputed interest	<u>32,809</u>
	482,890
Less: Current portion	<u>185,741</u>
	<u>\$ 297,149</u>

11. CAPITAL STOCK

Authorized share capital

Unlimited number of common shares without par value.

On October 17, 2016, the Company completed a share consolidation on a 4 for 1 basis, whereby each four shares of the Company were exchanged for one. All historical information presented in these consolidated financial statements has been adjusted to reflect the share consolidation.

Issued share capital

At April 30, 2017, there were 32,736,456 common shares issued and fully paid (April 30, 2016 – 9,842,956).

During the period ended April 30, 2017:

On February 28, 2017, the Company issued a total of 10,993,500 units at a price of \$0.25 per unit, raising gross proceeds of \$2,748,375. Each unit consisted of one common share and one common share purchase warrant entitling the holder to acquire one common share of the Company at a price of \$0.35 for a period of two years from the closing date.

The Company incurred share issuance costs of \$429,401 related to the private placement. The total of share issuance costs consists of a cash commission of \$164,903 equal to 6.0% of the gross proceeds raised in the Offering paid to the agent for the Offering; legal and other fees of \$64,498, and a financing bonus of \$200,000 to be paid to the President and CEO of the Company, as had been agreed in the Plan of Arrangement, which was completed on October 18, 2016.

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

11. CAPITAL STOCK (CONTINUED)

The agent for the Offering was also granted 659,610 compensation options to purchase common shares of the Company equal to 6.0% of the total number of Units issued pursuant to the Offering, exercisable for a 24-month period from the closing of the Offering at a price of \$0.25 per common share.

The Company recorded \$100,683 as fair value of the warrants issued using the Black-Scholes option pricing model assuming risk-free interest rate of 0.71%, expected life of 2 years and stock price volatility of 92% with zero dividend yield.

During the year ended January 31, 2017:

On October 18, 2016, the Company completed the acquisition of Organic Garage (Canada) Ltd. through the issuance of 8,100,000 common shares. The common shares had a fair value of \$3,240,000. The Company also issued common shares as finder fees of 1,000,000 for financing and structuring the transaction and \$400,000 was included in transaction costs in the consolidated statements of loss and comprehensive loss in this regard.

As part of the acquisition agreement, OG completed a financing of \$1,000,000 at a price of \$0.40 per common share. The Company incurred share issuance costs of \$107,998 related to the private placement.

On December 30, 2016, the Company issued 300,000 shares in satisfaction of outstanding directors fees and fees for corporate secretarial services. An aggregate of 266,667 common shares were issued to insiders of the Company with 50,000 shares issued to each director of the Company and 16,667 to the corporate secretary for the Company. The remaining 33,333 shares of the 300,000 shares issued on such date in aggregate were issued to a non-insider in satisfaction of advisory fees. The common shares were valued at fair value on the date of issuance of \$90,000 and expensed in the statement of loss and comprehensive loss as share-based compensation.

During the year ended January 31, 2016:

On May 29, 2015, the Company issued a total of 3,710,000 units at a price of \$0.40 per unit raising gross proceeds of \$1,484,000. The units consisted of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.80 per share for a period of two years from the date of closing. The Company paid a finders' fee of \$116,610 in cash and issued 290,400 warrants entitling the holder to acquire one additional common share of the Company at a price of \$0.40 per share for a period of two years.

The Company recorded \$154,377 as fair value of the warrants issued using the Black-Scholes option pricing model assuming risk-free interest rate of 0.61%, expected life of 2 years and stock price volatility of 207.77% with zero dividend yield.

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

11. CAPITAL STOCK (CONTINUED)

On June 22, 2015, the Company issued a total of 800,000 units at a price of \$0.40 per unit raising gross proceeds of \$320,000. The units consisted of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.80 per share for a period of two years from the date of closing.

The Company paid a finders' fee of \$23,200 in cash and issued 58,000 warrants entitling the holder to acquire one additional common share of the Company at a price of \$0.40 per share for a period of two years.

The Company recorded \$21,135 as fair value of the warrants issued using the Black-Scholes option pricing model assuming risk-free interest rate of 0.60%, expected life of 2 years and stock price volatility of 210.49% with zero dividend yield.

Escrow Shares

As at April 30, 2017, 4,834,736 (January 31, 2017 – 9,668,750) common shares were subject to escrow. Under the original escrow agreement entered into by the principals of the Company at the time of completion of the Arrangement, 10% of the shares were released upon the listing of the Company's securities on the CSE, and 15% were to be released every 6 months thereafter for a period of 36 months.

As a result of listing on the TSX-V as a Tier 1 Issuer, the escrow release schedule was accelerated such that 50% of the common shares originally held in escrow were released on or before April 30, 2017, with 25% to be released in or about October 2017 and the remaining 25% in or about April 2018.

Stock Options

The Board initially adopted a stock option plan on June 15, 2012 which was established to provide incentive to directors, officers and employees and consultants. The plan provided for issuance of common shares upon exercise of options equal to a maximum of 10% of the issued and outstanding common shares from time to time. The plan was approved by the shareholders on June 8, 2016.

No changes were made to the stock options during the period ended April 30, 2017.

Stock Options - continued

	Period Ended April 30, 2017		Year Ended January 31, 2017	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance outstanding and exercisable, beginning of period	135,000	\$0.60	135,000	\$0.60
Issued	-	-	-	-
Expired/cancelled	(135,000)	\$0.60	-	-
Balance outstanding and exercisable, end of period	-	-	135,000	\$0.60

There were no options outstanding as at April 30, 2017.

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

11. CAPITAL STOCK (CONTINUED)

Warrants

Summary of the warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 31, 2014	635,375	\$1.20
Granted September 30, 2014	1,447,604	\$0.60
Balance, January 31, 2015	2,082,979	\$0.80
Expired February 18, 2015	(635,375)	\$1.20
Granted May 29, 2015	1,855,000	\$0.80
Granted June 22, 2015	400,000	\$0.80
Balance January 31, 2016 and January 31, 2017	3,702,604	\$0.73
Granted February 28, 2017	10,993,500	\$0.25
Balance April 30, 2017	14,696,104	\$0.37

Warrants outstanding as at April 30, 2017 were as follows:

Expiry Date	Number of Warrants	Exercise Price
September 30, 2017	1,447,604	\$0.60
May 29, 2017	1,855,000	\$0.80
June 22, 2017	400,000	\$0.80
February 28, 2017	10,993,500	\$0.25

The weighted average life of the warrants outstanding and exercisable at April 30, 2017 is 1.43 years.

Finder Warrants

Summary of the finder warrants activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 31, 2014	5,250	\$1.20
Granted September 30, 2014	259,819	\$0.60
Balance, January 31, 2015	265,069	\$0.60
Expired February 18, 2015	(5,250)	\$1.20
Granted May 29, 2015	290,400	\$0.40
Granted June 22, 2015	58,000	\$0.40
Balance January 31, 2016 and January 31, 2017	608,219	\$0.49
Granted February 28, 2017	659,610	\$0.25

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

Balance April 30, 2017	1,267,829	\$0.36
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Finder warrants outstanding as at April 30, 2017 were as follows:

Expiry Date	Number of Warrants	Exercise Price
September 30, 2017	259,819	\$0.60
May 29, 2017	290,400	\$0.40
June 22, 2017	58,000	\$0.40
February 28, 2019	659,610	\$0.25

The weighted average life of the finder's warrants outstanding and exercisable at April 30, 2017 is 1.06 years.

12. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The Company, prior to the acquisition of OG, during the period ended April 30, 2016, paid \$7,500 to a corporation controlled by the former chief financial officer of the Company for account of services rendered, \$2,000 to an officer for rental accommodations.

The Company's key management personnel consists of the President and CEO and the CFO.

Total compensation earned by the President and CEO from February 1, 2017 to April 30, 2017 was comprised of payments of salary totalling \$34,618.30 and entitlement to employee health benefits. In addition, on April 29, 2017, the Board of Directors approved a financing bonus of \$200,000 to be paid to the President and the CEO of the Company, on or before July 31, 2018. The Arrangement Agreement dated April 29, 2016, which was entered into by the Company and OG setting out the terms of the Arrangement and approved by the shareholders of the Company and OG on or about June 8, 2016, provided for certain compensation to be paid to the President and CEO upon certain conditions being satisfied, including a payment of \$200,000 to be paid in connection with a financing, which was completed on February 28, 2017. The financing bonus of \$200,000 was capitalized on February 28, 2017.

During the period ended April 30, 2017, the Company paid \$9,000 to an entity owned and/or controlled by the Company's CFO for services rendered, and an additional \$40,270 to an entity owned by the Company's Corporate Secretary, which relates to legal services rendered by a lawyer who also acts as the Company's Corporate Secretary. These services were incurred for general corporate, commercial and securities matters for both the Company and its operating subsidiary as required from time to time, including but not limited to attending to filings and all disclosure requirements, the delisting of the Company from the CSE and listing on the TSX-V, the financing completed on February 28, 2017, and for attendance at board and committee meetings.

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

13. FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities are classified as follows:

- (a) Cash and cash equivalents is designated as fair value through profit or loss;
- (b) Short term investments and accounts receivable are classified as loans and receivables and carried at amortized cost;
- (c) Accounts payable and accrued liabilities, bank loans, and obligations under capital lease are classified as other financial liabilities and carried at amortized cost.

The Company has not classified any financial asset as held-to-maturity.

Fair Value Measurement

The following describes the fair value determinations of financial instruments:

(a) Short term investments, accounts receivable, accounts payable and accrued liabilities and short term debt

Fair value is based on estimated cash flows, discounted at interest rates for similar instruments. The carrying amount approximates fair value due to the short term maturity of these instruments.

(b) Long-term debt

Fair value is based on the present value of contractual cash flows, discounted at the Company's current incremental borrowing rate for similar types of borrowing arrangements. The carrying amounts approximate fair value due to the majority of the long-term debt bearing variable interest rates.

14. FINANCIAL RISK MANAGEMENT

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at April 30, 2017.

(a) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due in the normal course of business. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. Difficulty accessing capital markets could impair the Company's capacity to grow, execute its business model and generate financial returns. The Company manages its liquidity risk by monitoring its operating requirements to ensure financial resources are available, actively monitoring market conditions and by diversifying its sources of funding and maintaining a diversified maturity profile of its debt obligations. Refer to Notes 9 and 10 for maturity analysis of debt obligations and Note 15 for analysis of commitments.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The entity's main credit risk relates to its accounts receivable. The Company's credit risk is reduced by a broad customer base and a review of customer credit profiles.

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to any currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of 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 its bank loans. The Company manages interest rate risk by monitoring its debt levels. The Company estimates that a 100-basis point fluctuation in short term interest rates, with all other variables held constant, would result in an adjustment to interest expense of approximately \$4,748.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk.

(d) Capital management

The Company's capital consists of total shareholders' equity. The Company's capital management is designed to ensure that it has sufficient financial flexibility both in the short and long-term to support its financial obligations and the future development of the business.

The Company manages its capital with the following objectives:

- a) Ensuring sufficient liquidity is available to support its financial obligations and to execute its operating strategic plans;
- b) Maintaining financial capacity and flexibility through access to capital to support future development of the business;
- c) Minimizing its cost of capital and considering current and future industry, market and economic risks and conditions; and
- d) Utilizing short term funding sources to manage its working capital requirements and long term funding sources to match the long-term nature of the property, plant and equipment of the business.

Organic Garage Ltd. (formerly Crestwell Resources Inc.)
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended April 30, 2017 and 2016

15. COMMITMENTS AND CONTINGENCIES

The Company, through its subsidiaries, has entered into various lease agreements expiring between December 2020 and November 2028.

Future minimum annual payments required under these leases are as follows:

<u>Fiscal period</u> <u>(ended January 31)</u>	<u>Premises</u>	<u>Vehicle and equipment</u>
2018	\$465,798	\$18,091
2019	\$648,449	\$8,371
2020	\$653,001	-
Thereafter	\$3,288,173	-

In the ordinary course of operating the Company's business it may from time to time be subject to various claims or possible claims. Management is of the position that there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations or cash flows.

16. SUBSEQUENT EVENTS

On May 15, 2017, 108,000 warrants were exercised by a director of the Company at \$0.35 per share for gross proceeds of \$37,800, resulting in 108,000 common shares being issued.