planet13 HOLDINGS INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

Expressed in United States Dollars

The accompanying unaudited interim condensed consolidated financial statements of the company have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditors have performed a review of these interim condensed consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Planet 13 Holdings Inc.:

Management is responsible for the preparation and presentation of the accompanying interim condensed consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the unaudited interim condensed consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information presented. The board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

The interim condensed consolidated financial statements were approved by the Board of Directors on November 12, 2018 and were signed on behalf of Management by:

"Larry Scheffler"
Larry Scheffler, Co-CEO

"Robert Groesbeck"
Robert Groesbeck, Co-CEO

"Dennis Logan"
Dennis Logan, CFO

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2018 and December 31, 2017
Expressed in United States Dollars

	As at September 30, 2018 Unaudited	As at December 31, 2017 Audited
Assets		
Current Assets		
Cash	$ 8,566,712	$ 451,869
HST receivable	72,831	-
Inventories (Note 7)	2,222,385	966,622
Biological assets (Note 8)	2,939,294	2,706,335
Prepaid expenses and other current assets	1,279,025	92,129
Total Current Assets	**15,080,247**	**4,216,955**
Property and equipment (Note 9)	11,233,859	4,341,915
Long-term deposits and other assets	540,825	-
	11,774,684	**4,341,915**
Total Assets	**$ 26,854,931**	**$ 8,558,870**
Liabilities		
Current Liabilities		
Accounts payable	$ 1,060,013	$ 678,319
Accrued expenses	896,229	1,055,829
Income taxes payable	1,352,215	1,270,862
Notes payable - current portion (Note 10)	14,389	14,182
Total Current Liabilities	**3,322,846**	**3,019,192**
Notes payable - long-term portion (Note 10)	917,408	925,890
Notes payable - related party (Note 10)	-	6,526,732
Deferred tax liability	617,252	568,330
	1,534,660	**8,020,952**
Total Liabilities	**4,857,506**	**11,040,144**
Shareholders' Equity		
Share capital (Note 12)	22,698,011	-
Restricted share units (Note 12)	1,991,741	-
Warrants (Note 12)	3,719,751	-
Option reserve (Note 12)	241,995	-
Accumulated other comprehensive income (loss)	(135,951)	-
Deficit	(6,518,122)	(2,481,274)
Total Shareholders' Equity	**21,997,425**	**(2,481,274)**
Total Liabilities and Shareholders' Equity	**$ 26,854,931**	**$ 8,558,870**

See accompanying notes

The interim condensed consolidated financial statements were approved by the Board of Directors and were signed on its behalf by:

"Michael Harman"
Michael Harman, Director

"Marc Lustig"
Marc Lustig, Director

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

For the Three and Nine Months Ended September 30, 2018 and 2017 (Unaudited)
Expressed in United States Dollars

	Three months Ended September 30, 2018	Three months Ended September 30, 2017	Nine months Ended September 30, 2018	Nine months Ended September 30, 2017
Revenue				
Revenues, net of discounts	$ 4,914,466	$ 3,025,047	$ 12,941,145	$ 5,621,262
Cost of Goods Sold	(2,545,481)	(3,683,879)	(6,502,025)	(2,422,716)
Gross Profit Before Biological Asset Adjustment	**2,368,985**	**(658,832)**	**6,439,120**	**3,198,546**
Realized fair value amounts included in COGS	(1,494,310)	(1,231,098)	(4,752,463)	(3,942,347)
Unrealized fair value gain on growth of biological assets	1,796,195	3,388,649	4,985,422	5,764,306
Gross profit	**2,670,870**	**1,498,719**	**6,672,079**	**5,020,505**
Expenses				
General and Administrative (Note 11)	2,039,797	862,396	4,795,299	1,884,184
Sales and Marketing	216,922	64,717	551,831	110,525
Depreciation and Amortization	5,751	8,416	67,191	65,655
Non-cash Compensation Expense	637,602	-	2,233,736	-
Total Expenses	**2,900,072**	**935,529**	**7,648,057**	**2,060,364**
Income (Loss) From Operations	**(229,202)**	**563,190**	**(975,978)**	**2,960,141**
Other (Income) Expense:				
Interest (Income) Expense, net	(3,671)	233,119	236,186	721,456
Realized foreign exhchange (gain) loss	52,976	-	42,255	-
RTO acquisition costs	-	-	532,367	-
Loss on conversion of debt (Note 10)	-	-	848,925	-
Total Other (Income) Expense	**49,305**	**233,119**	**1,659,733**	**721,456**
Net Income (Loss) for the period before tax	**(278,507)**	**330,071**	**(2,635,711)**	**2,238,685**
Provision for tax - current (Note 16)	546,409	515,703	1,401,137	1,713,109
Net Income (Loss) for the period	**$ (824,916)**	**$ (185,632)**	**$ (4,036,848)**	**$ 525,576**
Other Comprehensive Income (Loss)				
Foreign exchange translation adjustment	141,291	-	(135,951)	-
Net Comprehensive Income (Loss) for the period	**$ (683,625)**	**$ (185,632)**	**$ (4,172,799)**	**$ 525,576**
Loss per share for the period				
Basic and fully diluted loss per share (Note 13)	**($0.01)**	***na***	**($0.04)**	***na***
Weighted Average Number of Common Shares Outstanding Basic and Fully Diluted	117,349,580	*nil*	92,211,527	*nil*

--The accompanying notes form an integral part of the Interim Condensed consolidated financial statements--

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Nine Months Ended September 30, 2018 (Unaudited) and the Year Ended December 31, 2017 (Audited)
Expressed in United States Dollars

	Number of shares outstanding	Share Capital	Class A Restricted shares	Restricted Share Units	Warrants	Option Reserve	Accumulated Other Comprehensive Income (Loss)	Accumulated (Deficit)	Total Equity
Balance at January 1, 2017	**-**	**-**		**-**	**-**	**-**	**-**	**$ (3,302,815)**	**$ (3,302,815)**
Net income (loss) for the period	-	-		-	-	-	-	525,576	525,576
Balance September 30, 2017	**-**	**-**		**-**	**-**	**-**	**-**	**(2,777,239)**	**(2,777,239)**
Balance at October 1, 2017	-	-		-	-	-	-	**(2,777,239)**	**(2,777,239)**
Net income for the period	-	-		-	-	-	-	295,965	295,965
Balance at December 31, 2017	**-**	**-**		**-**	**-**	**-**	**-**	**$ (2,481,274)**	**$ (2,481,274)**
Balance at January 1, 2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**$ (2,481,274)**	**$ (2,481,274)**
Shares issued on share exchange with MMDC shareholders on RTO closing	25,300,000	1,124,661	-	-	-	-	-	-	1,124,661
Class A shares issued on share exchange with MMDC shareholders on RTO closing	49,700,000	-	2,209,643	-	-	-	-	-	2,209,643
Shares issued on private placement	31,458,400	14,894,770	-	-	-	-	-	-	14,894,770
Warrants issued on private placement	-	-	-	-	4,613,675	-	-	-	4,613,675
Shares issued to former Carpincho shareholders on RTO closing	5,250,000	4,040,637	-	-	-	-	-	-	4,040,637
Class A shares issued on conversion of debt	5,532,940	-	4,258,401	-	-	-	-	-	4,258,401
Shares issued on exercise of warrants	1,338,622	1,586,445	-	-	(528,027)	-	-	-	1,058,418
Share issuance costs	-	(5,416,546)	-	-	(365,897)	-	-	-	(5,782,443)
Restricted share units issued	-	-	-	1,991,741	-	-	-	-	1,991,741
Issuance of share options	-	-	-	-	-	241,995	-	-	241,995
Cummulative foreign exchange gain (loss)	-	-	-	-	-	-	(135,951)	-	(135,951)
Net (loss) for the period	-	-	-	-	-	-	-	(4,036,848)	(4,036,848)
Balance September 30, 2018	**118,579,962**	**$ 16,229,967**	**$ 6,468,044**	**$ 1,991,741**	**$ 3,719,751**	**$ 241,995**	**$ (135,951)**	**$ (6,518,122)**	**$ 21,997,425**

--The accompanying notes form an integral part of the Interim Condensed consolidated financial statements--

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30, 2018 and 2017 (Unaudited)
Expressed in United States Dollars

	Nine months Ended September 30, 2018	Nine months Ended September 30, 2017
Operating activities		
Net loss for the period	$ (4,036,848)	$ 525,576
Add (deduct) non-cash items:		
Non–cash compensation expense	2,233,736	-
Depreciation and amortization	489,280	455,532
Loss on conversion of debt	848,925	-
Unrealized foreign exchange (gain) loss	42,255	-
Non-cash interest expense	217,048	723,993
Net change in non-cash working capital		
HST receivable	(72,831)	-
Inventories	(1,255,763)	(638,711)
Biological assets	(232,959)	(1,821,959)
Prepaid expenses	(1,186,896)	-
Other assets	(540,825)	-
Income tax payable	81,353	1,093,643
Net change in deferred tax liabilities	48,922	789,329
Accounts payable	381,694	(378,979)
Accrued expenses	(159,600)	-
Cash flow provided by (used in) operating activities	**(3,142,509)**	**748,424**
Investing activities		
Purchase of property, plant and equipment	(7,381,223)	(237,602)
Advance of secured promissory note receivable	(1,254,862)	-
Repayment of secured promissory note receivable	1,254,862	-
Cash flow used in investing activities	**(7,381,223)**	**(237,602)**
Financing activities		
Issuance of common shares and warrants	19,508,445	-
Issuance of shares on warrant exercise	1,058,418	-
Share and warrant issuance costs	(1,741,806)	-
Issuance of long-term debt	-	-
Principal repayment on equipment finance lease	(8,275)	(10,408)
Repayment of long-term debt - related party	-	(180,000)
Cash flow provided by (used in) financing activities	**18,816,782**	**(190,408)**
Effect of foreign exchange on cash	(212,885)	-
Net increase (decrease) in cash and cash equivalents during the period	**8,080,165**	**320,414**
Cash and cash equivalents at beginning of period	451,869	20,868
Net cash acquired on the RTO acquisition	34,678	-
Cash and cash equivalents at end of period	**$ 8,566,712**	**$ 341,282**

--The accompanying notes form an integral part of the interim condensed consolidated financial statements--

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30, 2018 and 2017 (Unaudited)
Expressed in United States Dollars

	Nine months Ended September 30, 2018	Nine months Ended September 30, 2017
Supplemental Disclosure of Cash Flow		
Cash paid during the period for:		
Interest	$ 855	$ 981
Income taxes	$ 1,480,868	$ -
Non-cash activities		
Carrying value of warrants exercised	$ 528,027	$ -
MMDC notes payable exchanged for common shares	$ 1,124,661	$ -
MMDC notes payable exchanged for restricted voting shares	$ 2,209,643	$ -
MMDC conversion of notes payable to restricted voting shares	$ 4,258,401	$ -
Shares issued to former Carpincho shareholders net of share issuance costs	$ 130,078	$ -

1) Nature of operations

Planet 13 Holdings Inc. (formerly Carpincho Capital Corp.) ("P13" or “the Company") was incorporated under the Canada Business Corporations Act on April 26, 2002, and on June 11, 2018 completed a reverse-takeover (“RTO”) acquisition of MM Development Company, Inc. (“MMDC”), a privately held corporation existing under the laws of the State of Nevada. MMDC, founded on March 20, 2014, is a vertically integrated cultivator and provider of cannabis and cannabis-infused products licensed under the laws of the State of Nevada, with two current licenses for cultivation, two licenses for production, and two dispensary licenses (one medical license and one recreational license). Upon completion of the RTO, the shareholders of MMDC obtained control of the consolidated entity. Under the purchase method of accounting, MMDC was identified as the acquirer, and, accordingly, P13 is considered to be a continuation of MMDC, with the net assets of the Company at the date of the RTO deemed to have been acquired by MMDC (Note 6). The 2017 comparative figures in the consolidated financial statements include the results of operations of MMDC prior to the RTO on June 11, 2018.

P13 is a public company which is listed on the Canadian Securities Exchange under the symbol “PLTH”, and the OTCQB exchange under the symbol PLNHF

The Company’s registered office is located at 4850 W. Sunset Road, Suite 130, Las Vegas, NV 89118.

2) Statement of Compliance

The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standard 34 – Interim Financial Reporting, following the same accounting policies and methods of application as disclosed in the annual audited consolidated financial statements for the years ended December 31, 2017 and 2016, except as described in Note 3 (c) (New Standards Adopted in the Current year) and Note 3(d) (Recent Accounting Pronouncements). These unaudited interim condensed financial statements should be read in conjunction with the annual audited consolidated financial statements of the Company for the years ended December 31, 2017 and 2016. These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and interpretations of the IFRS Interpretations Committee (“IFRIC”) as issued by the International Accounting Standards Board (“IASB”) in effect for the nine months ended September 30, 2018.

These Financial Statements were approved and authorized for issuance by the Board of Directors on November 12, 2018.

3) Summary of significant accounting policies

(a) Basis of Measurement

These unaudited interim condensed consolidated financial statements have been prepared on the going concern basis, under the historical cost convention except for certain financial instruments and biological assets that are measured at fair value less costs to sell, as described herein. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

(b) Functional Currency

The Company’s functional currency, as determined by management, is the United States (“US”) dollar. These interim condensed consolidated financial statements are presented in U.S. dollar values unless otherwise stated.

Foreign currency transactions are translated into US dollars at exchange rates in effect on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies in the condensed interim consolidated statements of financial position date are translated to US dollars at the foreign exchange rate applicable at that date.

Realized and unrealized exchange gains and losses are recognized in the condensed interim consolidated statements of changes in equity. Non-monetary assets and liabilities that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities are translated into US dollars at period end exchange rates. Income and expenses, and cash flows are translated into US dollars using the average exchange rate. Exchange differences resulting from the translation of foreign operations are recognized in other comprehensive income and accumulated in equity.

(c) New Standards Adopted in the Current Year

(i) *IFRS 7, Financial instruments: Disclosure*

IFRS 7 was amended to require additional disclosure on transition from IAS39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The adoption of this amendment did not have a material impact on the Company's unaudited interim condensed consolidated financial statements.

(ii) *IFRS 9, Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9*, Financial Instruments*, which reflects all phases of the financial instruments project and replaces *IAS 39, Financial Instruments: Recognition and Measurement*, and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The adoption of this amendment did not have a material impact on the Company's unaudited interim condensed consolidated financial statements.

(iii) *IFRS 15, Revenue from Contracts with Customers*

The IASB replaced IAS 18, *Revenue*, in its entirety with IFRS 15, *Revenue from Contracts with Customers*. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, with the underlying principle that revenue is recognized to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It also contains new disclosure requirement. Under IFRS 15, revenue from the sale of medicinal cannabis is recognized at a point in time when control over the goods have been transferred to the customer. The Company transfers control and satisfies its performance obligation upon delivery and acceptance by the customer, which is consistent with the Company's previous revenue recognition policy under IAS 18. The adoption of this new standard did not have a material impact on the Company's unaudited interim condensed consolidated financial statements.

(d) Recent Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. The Company is assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

(i) *IFRS 16, Leases*

In January 2016, the IASB issued IFRS 16, *Leases*, which will replace IAS 17, *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15, *Revenue from Contracts with Customers*, at or before the date of initial adoption of IFRS 16. The extent of the impact of adoption of the standard has not yet been determined.

4) Significant accounting judgements estimates and assumptions

The preparation of the Company's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Significant judgement, estimates and assumptions that have the most significant effect on the amounts recognized in the unaudited interim condensed consolidated financial statements are described below.

a) Critical estimates

Useful life of property, plant and equipment

The Company reviews the estimated lives of its property, plant and equipment at the end of each reporting period. There were no material changes in the lives of property and equipment during the nine months ended September 30, 2018 or the year ended December 31, 2017.

Share-based payments

Management uses the Black-Scholes option pricing model for valuation of share-based compensation, warrants and broker warrants which requires the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materiality affect the fair market value estimate and the Company's results and equity reserves.

Impairment of non-financial assets

Judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on the analysis of, among other factors, changes in the market and business environment, the events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

Income taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery.

b) Critical judgements

Inventories and Biological Assets

The Company's biological assets consist of cannabis plants. The Company capitalizes all direct and indirect costs as incurred related to the transformation of the biological assets between the point of initial recognition and the point of harvest, including labour related costs, grow consumables, materials, utilities, facilities costs, quality and testing costs, and production related depreciation. The Company then measures the biological assets at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Cost to sell includes post-harvest production, shipping and fulfilment costs. The net unrealized gains or losses arising from changes in fair value less cost to sell during the period are included in the results of operations of the related period. Seeds are measured at fair value.

Expressed in United States Dollars

Inventories of harvested work-in-process and finished goods are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value at harvest, which becomes the initial deemed cost. All subsequent direct and indirect post-harvest costs are capitalized to inventory as incurred, including labour related costs, consumables, materials, packaging supplies, utilities, facilities costs, quality and testing costs, and production related depreciation. Net realizable value is determined as the estimated selling price in the ordinary course of business and the estimated costs necessary to make the sale. Inventories for resale and supplies and consumables are valued at the lower of costs and net realizable value, with cost determined using the average cost basis.

5) Financial instruments and risk management

a) Fair value hierarchy

Financial instruments are recorded at fair value are classified using a fair value hierarchy that reflects the significant of the inputs used in making the measurements.

The fair value of hierarchy has the following levels:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in the markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's financial instruments include cash, accounts payable, accrued liabilities and notes payable. The carrying value of cash is carried at fair value. Accounts payable and accrued expenses, and notes payable approximate their fair value due to their short-term nature.

The following table summarizes the Company's financial instruments at September 30, 2018:

	September 30, 2018		December 31, 2017	
Amortized cost	**Fair Value**	**Carrying value**	**Fair Value**	**Carrying value**
Financial Assets:				
Cash	$ 8,566,712	$ 8,566,712	$ 451,869	$ 451,869
HST Receivable	72,831	72,831	-	-
Total	$ 8,639,543	$ 8,639,543	$ 451,869	$ 451,869
Financial Liabilities				
Accounts Payable and Accrued Expenses	$ 1,956,242	1,956,242	$ 1,734,148	$ 1,734,148
Current Portion of Notes Payable	14,389	14,389	14,182	14,182
Notes Payable, Net of Current Portion	917,408	917,408	925,980	925,980
Notes Payable Related Party	-	-	6,526,732	6,526,732
Total	$ 2,888,039	$ 2,888,039	$ 9,201,042	$ 9,201,042

b) Credit risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial instrument. Credit risk arises from cash with banks and financial institutions. It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties.

c) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

d) Currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Company primarily operates in Canada and the United States and incurs certain expenditures and obtains financing in both Canadian and US dollars. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the Company or subsidiary that holds the financial asset or liability. The Company's risk management policy is to review its exposure to non-US dollar forecast operating costs on a case-by-case basis. The majority of the Company's forecast operating costs are in US dollars and Canadian dollars. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of foreign currency financial assets and liabilities in US dollars as at September 30, 2018 is as follows:

US Dollar amounts of foreign currency assets and liabilities

	Assets	Liabilities
Canadian Dollars	$6,065,819	$23,646

Based on the financial instruments held as at September 30, 2018, the Company's deficit would have changed by $544,817 had the US dollar shifted by 10% as a result of foreign exchange effect on translation of non-US dollar denominated financial instruments.

e) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations. The Company has the following contractual obligations:

As at September 30, 2018

	<1 Year	1 to 3 Years	3 to 5 Years	Total
Accounts Payable and Accrued Expenses	$ 1,956,242	$ -	$ -	$ 1,956,242
Notes Payable	$ 14,389	$ 917,408	$ -	$ 931,797

f) Pricing risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. See Note 8 for the Company's assessment of certain changes in the fair value assumption used in the calculation of biological asset values.

Expressed in United States Dollars

g) Concentration risk

The Company operates exclusively in Southern Nevada. Should economic conditions deteriorate within that region, its results of operations and financial position would be negatively impacted.

h) Banking Risk

Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in US federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that US federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the US banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the business of the Company and leaves their cash holdings vulnerable.

i) Asset Forfeiture Risk

Because the cannabis industry remains illegal under US federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property was never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

6) Reverse take-over transaction

On June 11, 2018, MMDC and P13 (formerly Carpincho Capital Corp.) completed the definitive share exchange agreement entered into on April 26, 2018, (the “RTO Agreement”), whereby MMDC acquired all of the issued and outstanding shares of Carpincho Capital Corp, on the basis of 0.875 consolidated common shares of the resulting entity for every one (1) outstanding common share of Carpincho Capital Corp. In accordance with IFRS 3, the substance of the transaction was a reverse takeover (“RTO”) of a non-operating company. The transaction does not constitute a business combination since Carpincho Capital Corp did not meet the definition of a business under IFRS 3. As a result, the transaction has been accounted for as an asset acquisition with MMDC being identified as the acquirer (legal subsidiary) and Carpincho Capital Corp. being treated as the accounting subsidiary (legal parent) with the transaction being measured at the fair value of the equity consideration issued to Carpincho Capital Corp shareholders. The net assets acquired was the fair value of the net assets of Carpincho Capital Corp, which on June 10, 2018 was $11,544.

The amount charged to share issuance costs as part of the RTO for the share exchange was calculated as follows:

		June 11, 2018
Net assets acquired		
Cash and cash equivalents	$	34,678
HST receivable		8,020
Accounts payable and accrued liabilities		(31,154)
Net assets acquired	**$**	**11,544**
Share issuance costs on the RTO		
Fair value of 5,250,000 shares issued by MMDC at CAD$1.00 per share	$	4,040,637
Less book value of Carpincho equity		(130,078)
Net cost of RTO charged to share issuance costs	**$**	**3,910,559**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (UNAUDITED)
Expressed in United States Dollars

7) Inventories

The Company’s inventories are comprised of:

	September 30, 2018	December 31, 2017
Raw Material		
Harvested Cannabis	$ 633,653	$ 171,532
Packaging and miscellaneous	68,379	40,589
Total Raw Material	702,032	212,121
Work in Process	437,116	507,629
Finished Goods	1,083,237	246,872
Total Inventories	$ 2,222,385	$ 966,622

8) Biological Assets

Biological assets consist of cannabis plants. At September 30, 2018, the changes in the carrying value of biological assets are shown below:

Harvest in Process	September 30, 2018
Balance as at December 31, 2017	$ 2,706,335
Net change in fair value less costs to sell due to biological transformation	4,985,422
Transferred to inventory upon harvest	(4,752,463)
Ending balance September 30, 2018	$ 2,939,294

The Company values its biological assets at the end of each reporting period at fair value less costs to sell. This is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. This model also considers the progress in the plant life cycle.

The fair value of biological assets is categorized within Level 3 on the fair value hierarchy. The significant assumptions used in determining the fair value of biological assets include the following:

- The average number of weeks in the growing cycle is twelve weeks from propagation to harvest;
- The average harvest yield of whole flower per plant;
- The average selling price of whole flower per gram;
- Duration of the production cycle,
- The percentage of costs incurred as of this date compared to the total costs expected to be incurred;
- Processing costs include drying and curing, testing and packaging, post-harvest overhead allocation, and oil extraction costs per gram: and

- Selling costs include shipping, order fulfilment, and labelling costs per gram.

The estimates of growing cycle, harvest yield, and costs per gram are based on the Company's historical results. The estimate of the selling price per gram is based on the Company's historical sales in addition to the Company's expected sales price going forward. The Company's estimates are, by their nature, subject to change. Changes in the anticipated yield will be reflected in future changes in the gain or loss on biological assets. Once biological assets are harvested, they become inventory. On average the grow cycle is 12 weeks after the become established vegetative plants. All of the plants are to be harvested as agricultural and a plant on average produces 214 grams.

Management has quantified the sensitivity of the inputs in relation to the biological assets as at September 30, 2018 and December 31, 2017 and determined the following:

- Selling price per gram – a decrease in the selling price per active gram by 5% would result in the biological asset value decreasing by approximately $279,000 ($264,000 at December 31, 2017)
- Harvest of active yield per cohort – a decrease in the harvest of active grams per cohort of 5% would result in the biological asset value decreasing by approximately $147,000 ($164,000 at December 31, 2017)

These inputs are level 3 on the fair value hierarchy and are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

As at September 30, 2018, the weighted average fair value less cost to complete and cost to sell was $5.50 per gram (December 31, 2017 - $5.34 per gram) and the biological assets were, on average, 21.7% complete (December 31, 2017 – 59.0%), and are expected to ultimately yield approximately 535kg of cannabis (December 31, 2017- 374kg) for $5,570,198 ($5,274,673 as at December 31, 2017) of cannabis products.

Expressed in United States Dollars

9) Property and Equipment

	Land	Buildings	Equipment	Leasehold Improvements	Construction in Progress	Total Capital Assets
Cost						
At December 31, 2016	$ 312,581	$ 1,569,963	$ 840,819	$ 2,109,371	$ -	$ 4,832,734
Additions	54,095	128,114	139,625	349,985	-	671,819
Transfers & disposals	-	-	-	-	-	-
At December 31, 2017	366,676	1,698,077	980,444	2,459,356	-	5,504,553
Additions	2,500	-	667,333	-	6,711,390	7,381,223
Transfers & disposals	-	-	-	-		-
At September 30, 2018	$ 369,176	$ 1,698,077	$ 1,647,777	$ 2,459,356	$ 6,711,390	$ 12,885,776
Accumulated Depreciation						
At December 31, 2016	$ -	$ 36,169	$ 199,153	$ 321,876	$ -	$ 557,198
Additions	-	40,181	242,681	322,577	-	605,439
Transfers & disposals	-	-	-	-	-	-
At December 31, 2017	-	76,350	441,834	644,453	-	1,162,637
Additions	-	31,843	193,933	263,504		489,280
Transfers & disposals	-					-
At September 30, 2018	$ -	$ 108,193	$ 635,767	$ 907,957	$ -	$ 1,651,917
Net book value						
At December 31, 2017	$ 366,676	$ 1,621,727	$ 538,610	$ 1,814,903	$ -	$ 4,341,916
At September 30, 2018	$ 369,176	$ 1,589,884	$ 1,012,010	$ 1,551,399	$ 6,711,390	$ 11,233,859

For the three months ended September 30, 2018 and 2017, depreciation charged to the production of product was $153,226 and $163,302. For the nine months ended September 30, 2018 and 2017, depreciation charged to the production of product was $422,089 and $389,877.

Expressed in United States Dollars

10) Notes Payable

Notes payable consist of the following:

Related parties	September 30, 2018	December 31, 2017
Revolving notes payable due members, with deferred interest at 15.0%, compounded monthly, due December 31, 2019	$ -	$ 6,526,732

Non-related parties	September 30, 2018	December 31, 2017
Promisory note dated November 4, 2015, with semi-annual interest at 5.0%, secured by deed of trust, due December 1, 2019	$ 884,000	$ 884,000
Equipment financing note payable, due December 20, 2021, with monthly principal and interest of $1,265	47,797	56,072
	$ 931,797	$ 940,072
Less current portion	(14,389)	(14,182)
	$ 917,408	$ 925,890

In March 2014, the Company entered into promissory note agreements with its members (who are now shareholders) in order to provide funds to support operations of the Company. The advance period was from March 20, 2014 through December 31, 2017. The promissory notes mature on December 31, 2019 and interest accrues on each advance on the day an advance is made at a rate of 15%. On January 1, 2018, the holders of the notes converted an aggregate of $3,334,304 of principal into 75 million shares of common stock of MMDC that were then exchanged for 25,300,000 common shares of P13 and 49,700,000 Class A restricted shares of P13 on closing of the RTO. In addition, on closing of the RTO on June 11, 2018, the holders of the notes converted the remaining amounts of principal and accrued interest due them into 5,532,940 shares of Class A restricted shares of the Company. The shares issued on the conversion of the notes had a deemed value of CAD$1.00 per share. The ascribed value of the Class A restricted shares issued was $4,258,401 and the book value of the debt settled was $3,409,476 resulting in the Company recording a loss on the settlement of debt of $848,925.

The promissory note with outstanding balances at September 30, 2018 of $884,000 is collateralized by a deed of trust on the related land.

Stated maturities of debt obligations are as follows:

Next 12 months	$ 14,389
2 years	898,669
3 years	14,955
4 years	3,784
	$ 931,797

Expressed in United States Dollars

Payment of Former Shareholder Notes

On October 15, 2015, an original member of the MMDC, Ollehea, LLC, requested that MMDC repurchase its interest as allowed under the LLC operating agreement then in effect. However, MMDC at that time had not begun operations and had not yet generated positive cash flow. As a result, Ollehea was unwilling to accept a note from MMDC in repayment of its interest. Consequently, the remaining members, PRMN Investments LLC and Thirteen LLC, agreed to issue promissory notes to Ollehea on behalf of MMDC in the amount of $101,997 each to satisfy the repurchase requirement. In connection therewith, MMDC agreed to indemnify and reimburse the remaining members for any payments made to Ollehea under the notes. The amount was included as an accrued expense as at December 31, 2017 and was repaid by the Company on July 9, 2018.

11) General and Administrative Expenses

	For the three months ended September 30,		For the nine months ended September 30,	
	2018	2017	2018	2017
Salaries and wages	$ 839,302	$ 1,207,284	$ 2,387,621	$ 1,639,976
Executive compensation	123,493	16,711	276,843	135,211
Payroll taxes and benefits	227,882	228,882	536,147	302,380
Office expenses	212,552	41,091	369,751	73,152
Professional fees	195,012	409,014	430,399	481,076
All other general and administrative expenses	1,080,668	(323,109)	2,866,360	1,113,654
Direct expenses allocated to cost of sales	(639,112)	(717,477)	(2,071,822)	(1,861,265)
	$ 2,039,797	$ 862,396	$ 4,795,299	$ 1,884,184

Expressed in United States Dollars

12) Share Capital

a) Authorized

Unlimited number of common shares without par value.

	Number of Shares
Balance January 1, 2017	0
Balance at 31 December 2017	**0**
Balance at January 1, 2018	25,300,000
MMDC Shares exhanged for P13 shares	(25,300,000)
Shares issued to MMDC Shareholders on RTO closing	25,300,000
Shares issued to former Carpincho Capital Corp shareholders	5,250,000
Shares issued on private placement	31,458,400
Shares issued on exercise of warrants	1,338,622
Total Common shares outstanding	63,347,022
Balance at January 1, 2018	49,700,000
MMDC Shares exhanged for P13 shares	(49,700,000)
Class A Shares issued to MMDC shareholders on RTO closing	49,700,000
Class A Shares issued on exchange of notes payable	5,532,940
Total Class A Shares outstanding	55,232,940
Balance September 30, 2018	118,579,962

On June 11, 2018 the Company closed the RTO transaction, and it issued 5,250,000 common shares to former shareholders of Carpincho Capital Corp. (Note 6). The Company issued the shares at a deemed price of CAD$1.00 per share (the closing price of the Company's common shares on the first day of trading). The Company recorded Share capital in the amount of $4,040,637and share issuance costs of $3,910,559 associated with the issuance of shares to the former shareholders of Carpincho (see Note 6).

The RTO closing also triggered the closing of a private placement that was being held in escrow pending the closing of the RTO (see the Company's filing statement filed on SEDAR for additional details on the RTO transaction). The Company closed the private placement by issuing 31,458,400 units at a price of CAD$0.80 per unit for gross proceeds of $19,508,445 ($14,894,770 allocated to the common shares issued and $4,613,675 allocated to the warrants and broker warrants that were issued). Each unit was comprised of one common share and one-half of common share purchase warrant. Each whole warrant entitles the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$1.40 per common share. The warrants and broker warrants were estimated to have a fair value of $4,613,675 at the time of the closing of the RTO transaction. Share issuance costs recorded on the private placement were $1,871,884. Total share issuance costs were $5,782,443 (comprised of share issuance costs associated with both the private placement and the RTO), of which $365,897 was allocated to the issuance of warrants and $5,416,546 to the issuance of common shares and restricted shares.

During the nine months ended September 30, 2018, the Company issued 1,338,622 common shares to warrant holders who exercised 1,338,622 warrants at a weighted average price of CAD$1.04 resulting in cash proceeds of $1,058,418.

The Company issued 5,532,940 Class A restricted shares at a deemed value of CAD$1.00 per share for total equity of $4,258,401 on the settlement of notes held by related parties that were converted to equity on closing of the RTO at the option of the note holder.

Expressed in United States Dollars

Former shareholders of MMDC exchanged their 75,000,000 common shares of MMDC into 25,300,000 common shares and 49,700,000 Class A restricted shares on closing of the RTO.

b) Stock options

The Company has established an incentive stock option plan (the "Plan") for employees, management, directors, and consultants of the Company, as designated and administered by a committee of the Company's Board of Directors. Under the Plan, the Company may grant options for up to 10% of the issued and outstanding common shares of the Company.

On June 11, 2018 the Company granted 645,000 incentive stock options to employees of the Company. These options are exercisable at a price of CAD$0.80 per common share for a period of five years from the grant date.

On June 11, 2018 the Company granted 175,000 incentive stock options to consultants of the Company. These options are exercisable at a price of CAD$0.80 per common share for a period of three years from the grant date.

On July 31, 2018 the Company granted 25,000 incentive stock options to employees of the Company. These options are exercisable at a price of CAD$0.75 per common share for a period of 5 years from the grant date.

The following table summarizes information about stock options outstanding as at September 30, 2018:

Expiry date	Exercise Price CAD$	Septemebr 30, 2018 Outstanding	Septemebr 30, 2018 Exercisable
June 11, 2021	$0.80	175,000	43,750
June 11, 2023	$0.80	645,000	215,000
July 31, 2023	$0.75	25,000	8,333
		845,000	**267,083**

The employee options vest one third on the grant date and one third on the first and second anniversary of the grant date. The fair value ascribed to the options issued was $481,737 and is being recognized as non-cash compensation expense over the vesting period of the options. The following assumptions were used to arrive at the value ascribed to the options issued using a Black Scholes Option Pricing model:

Assumption	June 11, 2018	June 11, 2018	July 31, 2018
Share price CAD$	**$1.00**	**$1.00**	**$0.75**
Risk-free rate	**2.14%**	**1.99%**	**2.21%**
Expected dividend yield	**0.00%**	**0.00%**	**0.00%**
Expected volatility	**98.10%**	**98.10%**	**98.10%**
Option life in years	**5.00**	**3.00**	**5.00**

Share based compensation expense attributable to employee options was $92,373 for the three months ended September 30, 2018 (nil for the three months ended September 30, 2017) and was $241,995 for the nine months ended September 30, 2018 (nil for the nine months ended September 30, 2017.

The following table reflects the continuity of stock options for the periods presented:

Expressed in United States Dollars

Stock option activity	September 30, 2018	Weighted Average CAD$ Exercise price	December 31, 2017	Weighted Average CAD$ Exercise price
Balance – beginning of period	-	-	-	-
Granted	845,000	$0.80	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Forfeited	-	-	-	-
Balance – end of period	845,000	$0.80	-	NA

c) Warrants

The following table summarizes warrants outstanding at September 30, 2018:

Date of Issuance	Date of Expiry	CAD$ Exercise Price	September 30, 2018 Outstanding
June 11, 2018	June 11, 2020	$0.80	**674,523**
June 11, 2018	June 11, 2020	$1.40	**15,201,650**
			15,876,173

	September 30, 2018
The outstanding warrants have a weighted-average CAD$ exercise price of:	$1.37
The weighted average remaining life in years of the outstanding warrants is:	1.70

The following table reflects the continuity of warrants for the periods presented:

Warrant activity	September 30, 2018 Number	Weighted Average CAD$ Exercise price	December 31, 2017 Number	Weighted Average CAD$ Exercise price
Balance – beginning of period	-	-	-	-
Issued on private placements	15,729,150	$1.40	-	-
Issued to brokers on private placement	1,485,645	$0.80	-	-
Exercised	(1,338,622)	$1.04	-	-
Expired	-	-	-	-
Balance – end of period	**15,876,173**	**$1.37**	-	NA

The Company received cash proceeds of $1,058,418 from the exercise of warrants during the three and nine months ended September 30, 2018. The Company reduced the carrying value of warrants by $528,027 that was associated with the warrants that were exercised and reallocated this amount to common share capital.

The following assumptions were used to arrive at the value ascribed to the Warrants issued using a Black Scholes Option Pricing model:

Expressed in United States Dollars

Assumption	June 11, 2018
Share price - CAD$	**$1.00**
Risk-free rate	**1.90%**
Expected dividend yield	**0.00%**
Expected volatility	**98.10%**
Warrant life in years	**2.00**

d) Restricted Share Units

The Company has established a Restricted Share Unit incentive plan (the "RSU Plan") for employees, management, directors, and consultants of the Company, as designated and administered by a committee of the Company's Board of Directors. Under the RSU Plan, the Company may grant RSUs and/or options for up to 10% of the issued and outstanding common shares of the Company.

On June 11, 2018, the Company granted Management and Directors of the Company 5,638,358 Restricted Share Units under the RSU plan. The value ascribed to the RSU issued was CAD$1.00 per share, the closing share price of the Company's common shares on June 11, 2018. The RSUs vest 1/3 on the grant date and 1/3 on each of the first and second anniversaries of the grant date.

On July 31, 2018, the Company granted a member of Management of the Company 25,000 Restricted Share Units under the RSU plan. The value ascribed to the RSU issued was CAD$0.75 per share, the closing share price of the Company's common shares on July 31, 2018. The RSUs vest 1/3 on the grant date and 1/3 on each of the first and second anniversaries of the grant date.

The following table summarizes the RSUs that were granted during the nine months ended September 30, 2018:

Restricted Share Units (RSUs) Grant Date	Share Price on Grant Date	September 30, 2018 Outstanding	September 30, 2018 Vested
June 11, 2018	CAD $1.00	5,638,358	1,879,453
July 31, 2018	CAD$0.75	25,000	8,333
		5,663,358	**1,887,786**

The Company recognize $545,229 in share-based compensation expense attributable to RSUs vesting during the three months ended September 30, 2018 (nil for the three months ended September 30, 2017). For the nine months ended September 30, 2018 the Company recognized $1,991,741 in share-based compensation expense attributable to RSUs that vested during the period (nil for the nine months ended September 30, 2017).

13) Earnings per share

Net Income (Loss) per common share represents the net income (loss) attributable to common shareholders divided by the weighted average number of common shares outstanding during the period.

The weighted average number of fully dilutive common shares outstanding is derived by adding the effect of all dilutive securities (using the treasury method) to the weighted average number of common shares outstanding. As at September 30, 2018 the Company was in a loss position, such that the exercise of options and warrants and the issuance of RSUs would have been anti-dilutive.

Expressed in United States Dollars

14) Commitments and Contingencies

(a) Office and Operating Leases

The Company leases certain business facilities from third parties under operating lease agreements that specify minimum rentals. The leases expire through 2034 and contain renewal provisions. Additionally, certain leases provide for stated rent increases, and rent expense is calculated on a straight-line basis over the terms of the leases with the incentives reported as deferred rent. The Company's net rent expense for the nine months ended September 30, 2018 and 2017, was approximately $396,000 and $208,000, respectively. Of these amounts, $115,454 and $0, respectively, relate to the Company's Planet 13 Superstore retail location that opened on November 1, 2018. The Company's net rent expense for the three months ended September 30, 2018 and 2017 was approximately $78,880 and $55,558.

Certain facilities occupied under the terms of lease agreements that were with a related party (a company controlled by Larry Scheffler, Co-Chairman and Co-CEO) through September 26, 2018 when a third party acquired the property and assumed the leases. The leases expire through 2034 and contain certain renewal provisions. Rent expense under these leases totaled $29,000 and $23,922 for the three months ended September 30, 2918 and 2017 respectively. Rent expense under these leases totaled $76,844 and $71,766 for the nine months ended September 30, 2018, and 2017, respectively.

Future minimum lease payments under non-cancelable operating leases (including the Planet 13 Superstore) having an initial or remaining term of more than one year are as follows:

Next 12 months	$ 1,102,076
2 years	1,148,283
3 years	1,196,717
4 years	1,248,386
5 years	1,304,375
Thereafter	4,037,711
	$ 10,037,548

(b) Construction Commitments

At September 30, 2018 the Company had construction commitments outstanding of $3,637,321 (nil at December 31, 2017) related to the Phase 1 build-out of the Company's Planet 13 cannabis entertainment complex that opened on November 1, 2018.

(c) Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations at September 30, 2018, medical and adult use cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

(d) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At September 30, 2018, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

Expressed in United States Dollars

(e) Operating Licenses

Although the possession, cultivation and distribution of marijuana for medical and adult use is permitted in Nevada, marijuana is a Schedule-I controlled substance and its use remains a violation of federal law. Since federal law criminalizing the use of marijuana preempts state laws that legalize its use, strict enforcement of federal law regarding marijuana would likely result in the Company's inability to proceed with our business plans. In addition, the Company's assets, including real property, cash, equipment and other goods, could be subject to asset forfeiture because marijuana is still federally illegal.

(f) Employment Agreements

The Company has employment agreements in place with its Executive Management team and certain key employees. The annual salaries pursuant to such agreements range from $60,000 to $240,000.

15) Related party transactions

Related party transactions are summarized as follows:

(a) Notes Payable Related Party

The Company has funded a significant portion of its operating expenses and capital asset acquisitions through revolving loans from the Company's shareholders (Note 10). The following table reflects the changes in amounts due under such revolving loans for the nine months ended September 30, 2018:

	September 30, 2018
Balance as at December 31, 2017	$ 6,526,732
Advances	-
Repayments	-
Conversion of notes payable to common shares and class A restricted shares (Note 10)	(3,334,304)
Conversion of notes payable to class A restricted shares (Note 10)	(3,409,476)
Accrued interest	217,048
	$ -

On January 1, 2018, the members converted $3,334,304 of the above notes to equity. On June 11, 2018, the remaining balance of the notes were converted into shares of the Company.

b) Building Lease

See Note 14(a) for details on amounts paid to related parties under Office and Operating leases during the three and nine months ended September 30, 2018.

(c) Officer Compensation

The Company's Co-CEO's previously agreed to defer a portion of their agreed-upon salaries since inception. At September 30, 2018 all deferred compensation amounts were fully paid. The following table summarizes amounts paid to related parties as compensation for the nine-month periods ended September 30, 2018 and 2017:

Expressed in United States Dollars

Name and principal position	Year	Remuneration or fees (1)	Share based payments (1)	Included in accounts payable (1)
Larry Scheffler, Co-CEO	**2018**	**$403,777**	**$352,188**	**-**
	2017	$131,250	-	$131,250
Robert Groesbeck, Co- CEO	**2018**	**$251,842**	**$352,188**	**-**
	2017	$191,834	-	$43,328
Dennis Logan, CFO	**2018**	**$33,793**	**$130,662**	**-**
	2017	-	-	-
William Vargas, VP Finance	**2018**	**$43,057**	**$130,662**	**$3,000**
	2017	-	-	-
Tanya Lupien, VP Sales and Marketing[2]	**2018**	**$112,218**	**$174,685**	**-**
	2017	$194,342	-	-
Chris Wren, VP Operations	**2018**	**$164,364**	**$195,993**	**-**
	2017	$158,527	-	-
Leighton Koehler, General Counsel	**2018**	**$60,864**	**$87,021**	**-**
	2017	-	-	-
Greg Wilson, Director	**2018**	**-**	**$87,021**	**-**
	2017	-	-	-
Michael Harman, Director	**2018**	**-**	**$87,021**	**-**
	2017	-	-	-
Marc Lustig, Director	**2018**	**-**	**$87,021**	**-**
	2017	-	-	-

(1) Amounts disclosed were paid or accrued to the related party during the nine months ended September 30, 2018 and 2017.

(2) Ms. Lupien resigned from her position as VP Sales and Marketing on November 9, 2018.

(d) Strategic disbursement

On or around June 28, 2018, the landlord for the Company's Clark County cultivation facility notified that the Company that the mortgage holder of the loan secured by such location was considering foreclosure action against the facility due to the Company's business conducted therein. The landlord further indicated that the building was listed for sale and that it was anticipated that a sale would be completed before December 31, 2018. In connection therewith, and in order to ensure the Company's ability to continue to use the leased premises, the Company made a strategic disbursement of $1,254,862 to the holder of the note secured by the facility. This disbursement is secured by a promissory note bearing interest at 3.95% annually, a deed of trust and a personal guarantee. The note and accrued interest thereon, was repaid on September 28, 2018.

(e) Other

The Company sub-lets approximately 2,000 square feet of office space and purchases certain printed marketing collateral and stationery items from a company owned by Larry Scheffler, Co-CEO of the Company. Amounts paid to such company for rent for the nine months ended September 30, 2018 equaled $18,030 for rent and amounts paid for printed marketing collateral and stationery items equaled $64, 237.

16) Income Taxes

The components of the income tax provision (recovery) include:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Current	$ 497,487	$ 703,960	$ 1,352,215	$ 1,093,643
Deferred	4,892	(188,257)	48,922	619,466
	$ 502,379	$ 515,703	$ 1,401,137	$ 1,713,109

17) Segmented disclosure

a) Operating segments

The Company operates in a single reportable operating segment as a vertically integrated cannabis company with cultivation, production and distribution operations in the state of Nevada.

b) Geographic segments

As at September 30, 2018, all the Company's non-current assets were located in the United States.

18) Subsequent Events

The Company has entered into supply agreements with third-parties for a combined product value of approximately $20 million over the next 12 months to supplement its internal production capabilities in order to meet the anticipated inventory needs of the Planet 13 SuperStore that opened on November 1, 2018.

On November 1, 2018, the Company transferred its medical and recreational licenses from the Company's Medizin store location, which was closed on October 30, 2018 to the Planet 13 SuperStore. The Planet 13 SuperStore opened to the public on November 1, 2018.

On November 8, 2018, the Company announced a bought deal offering of units (the "Units") of the Company (the "Offering"). Under the amended terms of the Offering, a syndicate of underwriters (the "Underwriters") led by Beacon Securities Limited ("Beacon") agreed to purchase, on a bought deal basis, 8,335,000 Units at a price of $3.00 per Unit (the "Offering Price") for aggregate gross proceeds to the Company of $25,005,000. (All figures are in Canadian dollars unless otherwise stated). Each Unit shall consist of one common share (a "Common Share") in the capital of the Company and one-half (1/2) of one common share purchase warrant (each whole warrant, a "Warrant") of the Company. Each whole Warrant shall entitle the holder thereof to acquire one Common Share at an exercise price per Common Share of $3.75 for a period of 36 months from the Closing Date (as defined below). The Warrants may be accelerated by the Company, at its sole option, at any time in the event that the volume-weighted average closing price of the Common Shares on the Canadian Securities Exchange is greater than or equal to $5.00 for a period of 20 consecutive trading days, by giving notice to the holders thereof and, in such case, the Warrants will expire at 4:00 pm (Toronto time) on the earlier of: (i) the 30th day after the date on which such notice is given by the Company in accordance with the terms of the Warrants, and (ii) the actual expiry date of the Warrants. The closing of the Offering is expected to occur on or about December 4, 2018 (the "Closing Date") and is subject to the completion of formal documentation and receipt of all regulatory approvals, including the approval of the Canadian Securities Exchange. The net proceeds from the Offering will be used for working capital and general corporate purposes.