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IGC RESOURCES INC.

Condensed Interim Consolidated Financial Statements

As at and for the three month period ended October 31, 2018 - Unaudited

(Expressed in Canadian Dollars)

Notice to Reader: As required by National Instrument 51-102 subsection 4.3(3)(a), readers are advised that an auditor has not performed a review of these interim financial statements.

IGC RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION - UNAUDITED

Expressed in Canadian Dollars

	October 31, 2018	July 31, 2018
Current assets		
Cash	\$ 187,669	\$ 424,553
GST receivable	12,917	199
Prepaid expenses	833	833
Total assets	\$ 201,419	\$ 425,585
Current liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 43,241	\$ 101,392
Total liabilities	43,241	101,392
Shareholders' equity		
Share capital (note 7)	11,346,618	11,346,618
Reserves	1,772,080	1,772,080
Deficit	(12,960,520)	(12,794,505)
Total shareholders' equity	158,178	324,193
Total liabilities and shareholders' equity	\$ 201,419	\$ 425,585

Nature of operations and going concern (note 1)
Subsequent events (note 10)

Approved on behalf of the Board:

(signed) Scott Hurd Director

(signed) Jacqueline M. Tucker Director

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

IGC RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT) - UNAUDITED

Expressed in Canadian Dollars

	Share Capital		Reserves		Deficit	Total
	Number of Shares	Amount	Warrants	Contributed surplus		
Balance - July 31, 2017	2,656,443	\$ 11,035,454	\$ -	\$ 1,493,708	\$ (12,585,590)	\$ (56,428)
Net loss for period		-	-	-	(2,399)	(2,399)
Balance - October 31, 2017	2,656,443	\$ 11,035,454	\$ -	\$ 1,493,708	\$ (12,587,989)	\$ (58,827)
Balance - July 31, 2018	10,656,442	\$ 11,346,618	\$ 278,372	\$ 1,493,708	\$ (12,794,505)	\$ 324,193
Net loss for period		-	-	-	(166,015)	(166,015)
Balance - October 31, 2018	10,656,442	\$ 11,346,618	\$ 278,372	\$ 1,493,708	\$ (12,960,520)	\$ 158,178

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

IGC RESOURCES INC.**CONDENSED INTERIM CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS - UNAUDITED**

Expressed in Canadian Dollars

	For the three month period ended October 31,	
	2018	2017
Operating expenses		
Accounting and audit (note 6)	\$ 5,000	\$ -
General and administrative	34	18
Legal	56,991	-
Management consulting fees	78,813	-
Office rental and services	22,500	-
Transfer agent, listing and filing fees	2,677	2,381
Net loss and comprehensive loss for period	\$ (166,015)	\$ (2,399)
Loss per share - basic and diluted	\$ (0.02)	\$ (0.00)
Weighted average number of shares outstanding - basic and fully diluted	10,656,442	2,656,443

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

IGC RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED

Expressed in Canadian Dollars

	For the three month period ended October 31,	
	2018	2017
Operating activities		
Net loss for period	\$ (166,015)	\$ (2,399)
Changes in non-cash working capital items		
GST receivable	(12,718)	141
Accounts payable and accrued liabilities	(58,151)	364
Cash provided by (used in) operating activities	(236,884)	(1,894)
Financing activities		
Loan advances	-	1,923
Cash provided by (used in) financing activities	-	1,923
Increase (decrease) in cash	(236,884)	29
Cash - beginning of period	424,553	52
Cash - end of period	\$ 187,669	\$ 81

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**IGC RESOURCES INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE THREE MONTH PERIOD ENDED OCTOBER 31, 2018 - UNAUDITED**

Expressed in Canadian Dollars

1. NATURE OF OPERATIONS AND GOING CONCERN

IGC Resources Inc. (the “Company” or “IGC”) was incorporated under the laws of British Columbia in 1992. On July 21, 2004, the Company changed its name from International Green Ice Inc. to IGC Resources Inc. Its principal business activities historically included the exploration and evaluation of natural resource properties in Canada. Presently, the Company is looking for a high-quality investment opportunity (note 11(b)). The Company was moved from the TSX Venture Exchange (“TSXV”) to the NEX on July 10, 2014 due to its inability to meet its Tier 2 listing requirements. The Company is currently trading under the symbol IGC.H.

The address of the Company’s corporate office is 228 16th Street Northwest, Calgary, Alberta T2N 2B9.

These condensed interim consolidated financial statements include the accounts of IGC Resources Inc. and its wholly owned subsidiary from the date of formation on October 4, 2018, as detailed below:

Subsidiary	Jurisdiction of Incorporation & Domiciled	Functional Currency
2147378 Alberta Ltd.	Alberta, Canada	CAD

These interim financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At October 31, 2018, the Company had working capital of \$158,178. During the three month period ended October 31, 2018, the Company had incurred a net loss totalling \$166,015. The accumulated deficit at July October 31, 2018 is \$12,960,520. The Company has limited financial resources and has not been able to pay all of its accounts payable as they become due.

The ability of the Company to meet its commitments and ongoing operating expenses will depend upon the following:

- The ability to raise further funds through the issue of equity financing (note 10(b)); and,
- Continued financial support from the creditors.

Although the Company has been successful in obtaining the necessary financing to continue operations in the past, there can be no assurance that it will be able to continue to do so in the future and such funds will be available on terms acceptable by the Company. These conditions cast significant doubt on the Company’s ability to continue as a going concern.

While these interim financial statements have been prepared on the assumption that the Company is a going concern and will be able to realize its assets and meet its obligations in the normal course of operations, there are significant conditions and events that cast significant doubt on the validity of that assumption. These interim financial statements do not reflect all the adjustments to the carrying value of assets and liabilities and the reported expenses that would be necessary should the going concern assumption become inappropriate. These adjustments could be material.

2. STATEMENT OF COMPLIANCE

These interim financial statements are prepared in accordance with IAS 34 - Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted.

These interim financial statements follow the same accounting policies and methods of application as the Company’s audited financial statements for the year ended July 31, 2018. The policies applied in these interim financial statements are based on IFRS issued as of December 10, 2018, the date the Board of Directors approved the financial statements. These interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended July 31, 2018.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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3. ACCOUNTING POLICIES

Basis of presentation

These interim financial statements have been prepared on a historical cost basis except for certain assets which are measured at fair value. These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

The preparation of these interim financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

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

The Company has identified the following accounting policies under which significant judgments, estimates and assumptions are made where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the Company's statement of financial position within the next years. Actual results may differ from these estimates.

Going concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available to pursue other investment opportunities and for working capital requirements.

Deferred tax assets and liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2018	July 31, 2018
Accounts payable	\$ 35,741	\$ 2,205
Accrued liabilities (note 6)	7,500	99,187
	\$ 43,241	\$ 101,391

**IGC RESOURCES INC.
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6. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the financial statements not disclosed elsewhere in these financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management personnel include the Company's directors and members of the senior management group.

Remuneration attributed to key management personnel is as follows:

	October 31, 2018	October 31, 2017
Services provided:		
Accounting fees	\$ 5,000	\$ -
Management consulting fees	-	-
	\$ 5,000	\$ -

During the three month period ended October 31, 2018 \$Nil (2017- \$1,923) in loan proceeds were advanced to the Company to pay creditors.

Amounts due to related parties included in accounts payable and accrued liabilities are as follows:

	October 31, 2018	July 31, 2018
Balances accrued or payable to key management personnel for compensation	\$ -	\$ 12,000

7. EQUITY

a) Authorized

An unlimited number of common shares without par value

b) Reserves

Reserves consist of share purchase warrants and the accumulated fair value of common share stock options recognized as share-based compensation.

Warrants

	October 31, 2018		July 31, 2018	
	Number of warrants	Amount	Number of warrants	Amount
Opening balance	7,999,999	\$ 278,372	-	\$ -
Warrants issued	-	-	7,999,999	278,372
Closing balance	7,999,999	\$ 278,372	7,999,999	\$ 278,372

The fair value of the 7,999,999 warrants issued in connection with the unit private placement completed during the year ended July 31, 2018 totalled \$278,372. The warrants were valued using the Black-Scholes valuation model using the following assumptions:

Warrant term	Volatility	Dividend yield	Risk-free interest rate	Warrants Issued	Fair value	Warrant issue costs	Net
1 year	286%	0%	1.09%	7,999,999	\$ 283,313	\$ 4,941	\$ 278,372

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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7. EQUITY-CONTINUED

At October 31, 2018, the following share purchase warrants are outstanding:

Number of warrants outstanding	Exercise price	Expiry date	Remaining contractual life
7,999,999	\$0.10	22-March-2019	0.39 years

8. CAPITAL MANAGEMENT

The Company's objectives when managing its capital is to maintain the ability to continue as a going concern in order to pursue a business development opportunity for the benefits of its stakeholders and to maintain flexible capital structure, which optimizes the costs of capital at an acceptable risk level.

In the management of capital, the Company includes the components of shareholders' deficit.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company is not subject to externally imposed capital requirements. In addition, there have been no changes to the Company's approach to capital management during the three month period ended October 31, 2018.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value of the Company's accounts payable and accrued liabilities approximate carrying value, due to their short-term nature. The Company's cash is measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and price risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Since the Company's only receivables are GST, it is not subject to significant credit risk.

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9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - CONTINUED

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company manages liquidity risk through its capital management as outlined in note 8.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and foreign exchange rates.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk from any of its financial instruments.

b) Price risk

The Company is not exposed to price risk as it does not hold any investments in publicly traded securities.

c) Currency risk

The Company's expenditures are predominantly in Canadian dollars, and therefore is not exposed to foreign currency risk.

10. SUBSEQUENT EVENTS

From November 1, 2018 to December 10, 2018, the following events occurred:

- a) On October 4, 2018, IGC entered into an amalgamation agreement with Westleaf Cannabis Inc. ("Westleaf") and IGC Subco, (the "Amalgamation Agreement") whereby the business and assets of Westleaf and IGC will be combined by way of a three cornered amalgamation between Westleaf, IGC and IGC Subco in accordance with the Business Corporations Act (Alberta) (the "Proposed Transaction"). Upon completion of the Proposed Transaction, the issuer resulting from the Proposed Transaction (the "Resulting Issuer") will carry on the business previously carried on by Westleaf. Completion of the Proposed Transaction is subject to a number of conditions including, but not limited to, completion of a private placement (note 10(b)), approvals of all regulatory bodies having jurisdiction in connection with the Proposed Transaction, TSXV acceptance of the Proposed Transaction (conditional approval received November 29, 2018) and, if applicable pursuant to TSXV requirements, shareholder approval. In connection with the Proposed Transaction, it is expected that the Company will consolidate its issued and outstanding common shares on the basis of 2.9233 post-consolidation share for each pre-consolidation share prior to closing of the transaction (shareholder approval received at the Company's Annual General and Special Meeting held on November 22, 2018).

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10. SUBSEQUENT EVENTS – CONTINUED

- b) On December 4, 2018, the Company closed a brokered private placement of subscription receipts of IGC (the “Subscription Receipts”) for gross proceeds of \$20,108,403 (the “Offering”) resulting in 23,656,945 Subscription Receipts being issued, including the exercise in full of the over-allotment option (6,008,945 Subscription Receipts).

Each Subscription Receipt will be automatically exchanged, upon satisfaction of certain escrow release conditions, into one unit of the Company (a “Unit”). Each Unit shall consist of one post-consolidation common share of the Resulting Issuer and one-half of one common share purchase warrant (each whole warrant, a “Warrant”). Each warrant shall be exercisable to acquire one Resulting Issuer Share (a “Warrant Share”) for a period of 24 months from closing at an exercise price of \$1.30 per Warrant, subject to adjustment in certain events and an acceleration clause. The proceeds of the Offering have been deposited into escrow pursuant to a subscription receipt agreement (“Subscription Receipt Agreement”) between the Company, Westleaf, Cannacord Capital Corp. and Computershare Trust Company of Canada, as registrar and transfer agent for the Subscription Receipts and as escrow agent to receive the Escrowed Funds. If the escrow conditions are not met by December 31, 2018, all funds will be returned to the subscribers without deduction and Subscription Receipts will be cancelled and of no further force or effect. .

The Resulting Issuer Shares issued in exchange for the Subscription Receipts, the Warrants, the Warrant Shares, the Broker Warrants, as defined below, and the Resulting Issuer Shares issuable on the exercise of the Broker Warrants shall have a four month hold period from the closing of the Proposed Transaction.

The Agents will receive a cash commission equal to 6% of the gross proceeds of the Offering and such number of Agent’s compensation warrants (“Broker Warrants”) equal to 6% of the number of Subscription Receipts issued under the Offering. Each Broker Warrant shall entitle the holder to acquire one Resulting Issuer Share at an exercise price of \$0.85 for a period of 24 months following the closing of the Offering.