

Halo Labs, Inc.

(Formerly Apogee Opportunities, Inc.)

Condensed Interim Consolidated Financial Statements

For the three and nine months ending September 30, 2018 and 2017
Unaudited, expressed in US dollars

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(Unaudited) - Expressed in US dollars

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Halo Labs, Inc.
Condensed Interim Consolidated Statements of Financial Position

Expressed in US dollars

Unaudited

September 30, 2018 December 31, 2017

Assets			
Current			
Cash		12,157,470	144,255
Accounts receivable	Note 6	986,966	381,402
Inventory	Note 7	4,587,592	3,636,117
Biological assets	Note 8	928,491	-
Notes receivable	Note 9	430,998	510,837
Available-for-sale investments		55,620	-
Pre-paid expenses and other		589,498	166,056
Total current assets		19,736,635	4,838,667
Long-term			
Property, plant and equipment	Note 10	2,981,828	2,444,692
Intangibles	Note 11	5,021,398	2,130,444
Total long-term assets		8,003,226	4,575,136
Total assets		27,739,861	9,413,803
Liabilities			
Current			
Accounts payable and accrued liabilities		6,277,374	2,393,283
Convertible debentures	Note 13	-	3,504,048
Other loans	Note 15	2,825,849	2,293,744
Income tax payable	Note 18	352,329	322,328
Deferred tax liability		140,000	140,000
Embedded derivative liability	Note 13	-	134,463
Total current liabilities		9,595,552	8,787,866
Shareholders' equity			
Share capital	Note 14	23,181,281	5,443,337
Warrant and option reserve	Note 14	12,744,692	3,724,835
Convertible debenture conversion option	Note 13	-	150,193
Accumulated other comprehensive loss		(8,683)	-
Deficit		(17,772,980)	(8,692,428)
Total shareholders' equity		18,144,309	625,936
Total shareholders' equity and liabilities		27,739,861	9,413,803

Going concern Note 2

Commitments and contingencies Note 13, 15, 19

Subsequent events Note 20

These notes are an integral part of the condensed consolidated interim financial statements

Approved on behalf of the Board of Directors:

Kiran Sidhu
 CEO and Director

Philip van den Berg
 CFO and Director

Halo Labs, Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
Expressed in US dollars
Unaudited

	<i>For the three months ending:</i>		<i>For the nine months ending:</i>	
	<i>September 30, 2018</i>	<i>September 30, 2017</i>	<i>September 30, 2018</i>	<i>September 30, 2017</i>
Revenue	3,595,907	3,264,728	7,858,350	7,985,721
Cost of finished cannabis inventory sold Note 7, 8	4,001,075	2,663,526	7,654,002	6,073,894
Gross profit / (loss), excluding fair value items	(405,168)	601,202	204,349	1,911,828
Unrealized fair value gain on growth of biological assets Note 8	928,491	-	459,456	-
Gross profit	523,323	601,202	663,805	1,911,828
Operating expenses				
General and administration	711,812	516,042	1,813,533	1,269,466
Salaries	752,515	209,633	1,138,285	666,984
Professional fees	1,062,016	308,882	1,980,834	1,180,887
Sales and marketing	486,949	393,015	1,035,662	1,304,511
Investor relations	56,157	-	174,392	-
Share based compensation Note 14	199,908	-	487,856	-
Total operating expenses	3,269,358	1,427,572	6,630,563	4,421,849
Loss before undernoted items	(2,746,035)	(826,370)	(5,966,758)	(2,510,022)
Accretion expense (recovery)	(48,836)	-	143,029	146,472
Change in fair value of embedded derivative Note 13	-	-	(134,463)	(218,339)
Transaction expense in relation to reverse take-over Note 5	2,379,034	-	2,379,034	-
Discontinued operations	-	298,708	-	298,708
Interest expense	398,807	48,028	888,229	77,287
Loss before income taxes	(5,475,040)	(1,173,106)	(9,242,588)	(2,814,150)
Income tax expense / (recovery) Note 18	(100,000)	-	31,341	312,000
Net loss	(5,375,040)	(1,173,106)	(9,273,929)	(3,126,150)
Other comprehensive loss				
Items that subsequently will be reclassified to operations				
Unrealized loss on foreign currency translation	8,683	-	8,683	-
Comprehensive loss	(5,383,724)	(1,173,106)	(9,282,612)	(3,126,150)
Net loss per share, basic and diluted:	\$(0.19)	\$(0.07)	\$(0.34)	\$(0.18)
Weighted average number of outstanding common shares, basic and diluted:	28,163,984	17,348,438	27,661,412	17,522,682

Halo Labs, Inc.
Condensed Interim Statements of Change in Shareholders' Equity
Expressed in US Dollars
(Unaudited)

		Common shares	Common shares \$	Options \$	Warrants \$	Convertible debenture conversion option \$	Accumulated OCI \$	Deficit \$	Total \$
Shareholders equity (deficiency) December 31, 2016		15,385,625	131,047	-	-	-	-	(300,312)	(169,265)
Convertible debt converted into shares	Note 14	1,527,611	1,176,260	-	-	-	-	-	1,176,260
Shares issued in private placements	Note 14	5,217,969	4,208,877	-	-	-	-	-	4,208,877
Share issue costs	Note 14	-	(177,868)	-	-	-	-	-	(177,868)
Shares issued in settlement of debt	Note 13	116,279	100,000	-	-	-	-	-	100,000
Common shares repurchased and cancelled	Note 14	(1,900,000)	(16,183)	-	-	-	-	-	(16,183)
Share-based compensation	Note 14	-	-	-	-	-	-	-	-
Share-based payments issued for services	Note 14	-	-	-	-	-	-	-	-
Forfeitures of options and warrants	Note 14	-	-	-	-	-	-	-	-
Net income / (loss) and other comprehensive income / (loss)		-	-	-	-	-	-	(3,126,150)	(3,126,150)
Shareholders equity (deficiency) September 30, 2017		20,347,484	5,422,133	-	-	-	-	(3,426,462)	1,995,670
		Common shares	Common shares \$	Options \$	Warrants \$	Convertible debenture conversion option \$	Accumulated OCI \$	Deficit \$	Total \$
Shareholders equity (deficiency) December 31, 2017		20,347,484	5,443,337	806,926	2,917,909	150,193	-	(8,692,428)	625,936
ANM shares repurchased and cancelled	Note 14	(266,672)	(54,094)	-	-	-	-	-	(54,094)
ANM shares cancelled and repurchased for the RTO	Note 14	(20,080,812)	(5,389,242)	-	-	-	-	-	(5,389,242)
Shares issued to ANM shareholders	Note 14	27,108,948	4,037,033	-	-	-	-	-	4,037,033
Restricted shares issued to ANM shareholders	Note 14	8,969,258	1,352,209	-	-	-	-	-	1,352,209
Shares issued on conversion of 2017 convertible	Note 14	9,771,981	1,797,835	-	-	-	-	-	1,797,835
Shares issued on conversion of 2018 convertible	Note 14	26,120,191	1,934,829	-	-	-	-	-	1,934,829
Shares issued on conversion of loans by related parties	Note 14	7,885,884	1,455,856	-	-	-	-	-	1,455,856
Shares issued to Apogee shareholders	Note 5	8,975,607	2,235,397	-	-	-	-	-	2,235,397
Warrants issued to Apogee warrant holders	Note 5	-	-	-	4,547	-	-	-	4,547
Shares issued in Apogee offerings	Note 14	36,414,620	9,041,831	-	2,205,166	-	-	-	11,246,997
Shares issued in Pre-RTO regulated offering	Note 14	32,658,734	3,517,322	-	6,159,340	-	-	-	9,676,662
Share issue costs	Note 14	-	(2,341,223)	-	-	-	-	-	(2,341,223)
Share-based compensation	Note 14	-	-	109,652	378,242	-	-	-	487,894
Share-based payments issued for services	Note 14	-	-	-	356,285	-	-	-	356,285
Forfeitures of options and warrants	Note 14	-	-	(193,376)	-	-	-	193,376	-
Conversion of convertible debt	Note 13	-	150,192	-	-	(150,192)	-	-	-
Net income / (loss) and other comprehensive income / (loss)		-	-	-	-	-	(8,683)	(9,273,929)	(9,282,612)
Shareholders equity (deficiency) September 30, 2018		157,905,223	23,181,281	723,202	12,021,490	-	(8,683)	(17,772,980)	18,144,309

Halo Labs, Inc.
Condensed Interim Consolidated Statements of Cash Flow
Expressed in US dollars
Unaudited

For the three months ending: For the nine months ending:
September 30, 2018 September 30, 2017 September 30, 2018 September 30, 2017

Cash provided by (used in)

Operating activities:

Net comprehensive loss	(5,383,724)	(1,173,106)	(9,282,612)	(3,126,150)
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Items not involving cash

Depreciation	84,551	98,560	271,453	349,366
Accrued interest	398,807	48,028	888,229	77,287
Accretion expense	(48,836)	-	143,029	146,472
Income tax	(100,000)	-	31,341	-
(Gain) / loss in fair value of biological assets	(928,491)	-	459,456	-
Change in the fair value of embedded derivative	-	-	(134,463)	(218,339)
Transaction expense in relation to reverse take-over	2,379,034	-	2,379,034	-
Share-based compensation	199,908	-	487,856	-

Changes in working capital items

Accounts receivable	(454,334)	63,259	(438,831)	571,140
Notes receivable	-	(6,239)	79,838	71,542
Accounts payable and accrued liabilities	3,700,258	(674,627)	3,503,177	639,525
Income tax payable	-	-	-	24,567
Inventory	(588,623)	(1,365,992)	(2,344,816)	(3,574,894)
Pre-paid expenses and other	(352,117)	17,054	(423,442)	7,005
Cash used in operating activities	(1,093,566)	(2,993,064)	(4,380,749)	(5,032,480)

Investing activities

Intangibles	(500,000)	(1,225)	(500,000)	(124,888)
Purchase of property, plant and equipment	(533,538)	128,688	(808,588)	(1,601,948)
Cash used in investing activities	(1,033,538)	127,463	(1,308,588)	(1,726,836)

Financing activities

Issuance of convertible debentures	-	1,701,271	-	1,701,271
Increase in loans	-	945,064	11,343	1,143,137
Issuance of common shares	15,177,762	39,600	20,032,433	4,065,087
Share issuance costs	(2,341,224)	-	(2,341,224)	-
Cash raised in finance activities	12,836,538	2,685,935	17,702,552	6,909,495

Change in cash in during the period	10,709,434	(179,666)	12,013,215	150,180
Cash, beginning of the period	1,448,036	629,299	144,255	299,453
Cash end of the period	12,157,470	449,633	12,157,470	449,633

Supplemental information: Notes 5, 13

1. Nature of operations and background information

ANM, Inc. (“ANM”) was incorporated under the laws of the state of Oregon in the United States of America (“USA” or “US”) on March 18, 2016. The Company operates under the assumed business names Hush Canna and Halo Labs. The Company’s business operations entail processing and distributing cannabis products for recreational use in the state of Oregon. The Company’s corporate office and its principal place of business is 130 West Clark Street, Medford, Oregon, USA 97501.

Apogee Opportunities Inc. (“Apogee”) was incorporated under the laws of the Province of British Columbia on May 25, 1987 to engage in mineral exploration and development. The Company was continued under the laws of the Province of Ontario on January 21, 2005. Apogee is listed on the NEO Exchange (“NEO”) under the symbol “APE”. The Company’s head office is located at 65 Queen Street West, Suite 805, Toronto, Ontario M5H 2M5.

On August 14, 2018, ANM and Apogee entered into a definite agreement to complete a business combination among Apogee Opportunities (USA), Inc., a wholly-owned subsidiary of Apogee incorporated in Delaware, and ANM pursuant to which Apogee acquired all of the outstanding shares of capital stock of ANM by way of a merger between Apogee Opportunities (USA), Inc. and ANM under Delaware General Corporate Law (“DGCL”) and the Oregon Business Corporation Act (“ORBCA”).

The business combination became effective on September 28, 2018, when the newly incorporated subsidiary of Apogee, Apogee Opportunities (USA), Inc. amalgamated with ANM, and Apogee acquired 100% of the shares of the amalgamated entity, and the resulting issuer changed its name from Apogee to Halo Labs, Inc. (“Halo Labs” or the “Company”) and continued with the business of ANM.

Management determined that this transaction constituted a reverse acquisition for accounting purposes whereby ANM acquired Apogee Opportunities (USA), Inc. and Apogee. For accounting purposes, ANM is treated as the accounting acquirer (legal subsidiary), and Apogee is treated as the accounting acquiree (legal parent) in these consolidated interim financial statements. As ANM was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these financial statements at their historical carrying values. Apogee’s results of operations and those of Apogee Opportunities (USA), Inc. are included from the transaction date, September 28, 2018. The comparative figures are those of ANM prior to the reverse acquisition. The Company has adopted the fiscal year end of ANM, which is December 31.

These condensed interim consolidated financial statements present the financial position of the resulting issuer, Halo Labs at September 30, 2018 and December 31, 2017. All amounts in these financial statements have been presented in US dollars and indicated as “\$”.

2. Going concern

These condensed interim financial statements have been prepared on a going concern basis, which

assume that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on generating profitable operations, raising additional financing, and continuing to manufacture its products. Having been prepared giving effect to the going concern assumption, these financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and balance sheet classifications that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

Historically, management has been successful in obtaining sufficient funding for operating and capital requirements. There is, however, no assurance that the Company will continue to generate profits from operations or that additional future funding will be available to the Company, or that such funding will be both adequate to cover its obligations and available on terms which are acceptable to the management of the Company.

As at September 30, 2018 the Company had continued losses and an accumulated deficit.

In the United States, 30 states, the District of Columbia, and the U.S. territories of Guam and Puerto Rico allow the use of medical cannabis. Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon, and the District of Columbia legalized the sale and adult-use of recreational cannabis.

At the federal level, however, cannabis currently remains a Schedule I controlled substance under the Federal Controlled Substances Act of 1970 ("Federal CSA"). Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, even in those states in which marijuana is legalized under state law, the manufacture, importation, possession, use or distribution of cannabis remains illegal under U.S. federal law. This has created a dichotomy between state and federal law, whereby many states have elected to regulate and remove state-level penalties regarding a substance which is still illegal at the federal level.

There remains uncertainty about the US federal government's position on cannabis with respect to cannabis-legal states. A change in its enforcement policies could impact the ability of the Company to continue as a going concern.

These items represent material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern. See note 20 for subsequent events.

3. Basis of preparation

3.1 Basis of presentation and statement of compliance

The accounting standard IAS 34 sets out the minimum content of an interim financial report and

the principles for recognition and measurement in complete or condensed financial statements for an interim period. IAS 34 *Interim Financial Reporting* applies when an entity prepares an interim financial report, without mandating when an entity should prepare such a report. Permitting less information to be reported than in annual financial statements (on the basis of providing an update to those financial statements), the standard outlines the recognition, measurement and disclosure requirements for interim reports.

Applicable to the preparation of interim financial statements, including IAS 34, the condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements of ANM for the year ended December 31, 2017 filed with the management information circular on August 31, 2018 on the system for electronic document analysis and retrieval ("SEDAR"), which have been prepared in accordance with IFRS as issued by the IASB.

The principal accounting policies adopted in the preparation of the condensed interim consolidated financial statements are set forth below. The condensed interim consolidated financial statements are presented in US dollars. Currently, US dollars serve as both the Company's functional and reporting currency.

These condensed interim consolidated financial statements have been approved by the Company's Board of Directors on November 14, 2018. The consolidated interim financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed interim consolidated financial statements are comprised of the financial results of the Company and its subsidiaries, which are the entities over which the Company has control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Non-controlling interests in the equity of the Company's subsidiaries are shown separately in equity in the consolidated statements of financial position.

The table below lists the Company's subsidiaries that are consolidated in these financial statements and the ownership interest held by non-controlling interests. On September 13, 2018, East Evans Creek Farm LLC was dissolved.

Equity interests of Halo Labs, Inc.	September 30, 2018	December 31, 2017
ANM, Inc.	100%	-
PSG Coastal Harvest LLC	100%	100%
Coastal Harvest LLC	100%	100%
East Evans Creek Farm LLC	-	100%

3.2 Critical judgements and estimations uncertainties

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the condensed interim consolidated financial statements and related notes to the condensed interim consolidated financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets carrying values and impairment charge

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make decisions based on the best available information at each reporting period.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such

differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made. See note 18.

Allowance for doubtful accounts

The Company makes an assessment of whether accounts receivable are collectible from customers. Accordingly, an allowance is established for estimated losses arising from non-payment and other sales adjustments, taking into consideration customer credit-worthiness, current economic trends and past experiences. If future collections differ from estimates, future earnings would be affected.

Share-based payment transactions and warrants

The Company measures the cost of equity-settled transactions with employees and directors by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield of the share option and forfeiture rate. Similar calculations are made in order to value warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

To calculate the share-based compensation expense related to key employee performance milestones associated with the terms of an acquisition, the Company must estimate the number of shares that will be earned and when they will be issued based on estimated discounted probabilities.

Fair value of financial instruments

Certain of the Company's assets and liabilities are measured at fair value. In estimating fair value, the Company uses market-observable data to the extent it is available. In certain cases where Level 1 inputs are not available the Company expects to engage third party qualified valuers to perform the valuation.

Intangible assets

Purchased intangible assets are recognized as assets in accordance with IAS 38, Intangible Assets, where it is probable that the use of the asset will generate future economic benefits and where the cost of the asset can be determined reliably. Intangible assets acquired are initially recognized at cost of purchase and are subsequently carried at cost less accumulated amortization, if applicable, and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Licenses and trade names have an indefinite useful life and are tested for impairment annually.

Impairment of non-financial assets

Non-financial assets include Property, Plant and Equipment ("PPE") and intangible assets. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate.

Biological assets and inventory

In calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, average or expected selling prices and list prices, expected yields for the cannabis plants, and oil conversion factors. In calculating final inventory values, management compares the inventory costs to estimated realizable value. Further information on estimates used in determining the fair value of biological assets is contained in Note 8.

Useful lives of property, plant and equipment and intangible assets

The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease non-current assets.

Contingencies

Refer to Notes 2 and 19.

3.3 New standards adopted

IFRS 15 - The Company has initially adopted IFRS 15, Revenue from Contracts with Customers ("IFRS 15") and IFRS 9, Financial Instruments ("IFRS 9") from January 1, 2018. a) IFRS 15, Revenue from Contracts with Customers IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control-based approach to recognize revenue which is a change from the risk and reward approach under the previous standard, IAS 18, Revenue. The Company adopted IFRS 15 using the modified retrospective (cumulative effect) method, with the effect of initially applying this standard recognized at January 1, 2018. The adoption of IFRS 15 did not have a significant impact on the Company's unaudited condensed interim consolidated financial statements and there were no adjustments required to be recognized at January 1, 2018.

IFRS 9 - Financial Instruments IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities. The Company adopted all of the requirements of IFRS 9 at January 1, 2018. IFRS 9 does not require the restatement of comparative periods. Accordingly, the Company is required to reflect the retrospective impact of the adoption of IFRS 9 as an adjustment to opening components of equity at January 1, 2018. There were no adjustments required to be recognized at January 1, 2018 upon the Company's adoption of IFRS 9. As a result of adopting this standard, the Company has changed its accounting with respect to financial instruments. The Company's financial instruments are accounted for as follows under IFRS 9 as compared to the Company's previous policy in accordance with IAS 39.

3.4 New standards and interpretations to be adopted in future periods

At the date of authorization of these financial statements, the IASB and IFRS Interpretations Committee (IFRIC) have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted. However, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements.

IFRS 16 - Leases replaces IAS 17, Leases. The new model requires the recognition of almost all lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a "right-of-use asset" with exception for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within the operating and financing activities for the interest and principal portions,

respectively. IFRS 16 is effective for annual period beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, Revenue of Contracts with Customers, is also applied. The Company has yet to evaluate the impact of the new standard.

IFRS 23 – Uncertainty over income tax treatments. In June 2017 the IASB issued IFRIC 23, “Uncertainty over income tax treatments (“IFRIC 23”), to clarify the accounting of uncertainties in income taxes. The interpretation provides guidance and clarifies the application of recognition and measurement criteria in IAS 12 “Income Taxes” when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning January 1, 2019. The Company is currently assessing the impact of IFRIC 23 on its consolidated financial statements.

Adoption IAS 39 and IFRS 9

	January 1, 2018	
	IAS 39	IFRS 9
Assets		
Cash and investments	Fair value through profit or loss	Fair value through profit or loss
Restricted cash	Fair value through profit or loss	Fair value through profit or loss
Accounts receivable	Amortized costs	Fair value through profit or loss
Notes receivable	Amortized costs	Amortized costs
Current taxes recoverable and other receivables	Amortized costs	Amortized costs
Liabilities		
Accounts payable	Amortized costs	Amortized costs
Long-term debt	Amortized costs	Amortized costs
Other loans	Amortized costs	Amortized costs
Convertible debentures	Amortized costs	Amortized costs
Convertible derivative liabilities	Amortized costs	Amortized costs

4. Summary of significant accounting policies

For a summary of significant accounting policies, refer to the annual consolidated financial statements of ANM for the year ending December 31, 2017.

5. Reverse acquisition

On August 10, 2018, ANM and Apogee entered into a definite agreement to complete a business combination among Apogee Opportunities (USA), Inc. and ANM pursuant to which Apogee acquired all of the outstanding shares of capital stock of ANM by way of a merger between Apogee Opportunities (USA), Inc. and ANM under the DGCL and the ORBCA.

On September 28, 2018, the business combination became effective through a three-way amalgamation, pursuant to which Apogee acquired all of the outstanding shares of capital stock of ANM

by way of a merger between Apogee Opportunities (USA), Inc. and ANM. Apogee Opportunities (USA) Inc., is a wholly-owned subsidiary of Apogee incorporated in the State of Delaware. The resulting issuer changed its name from Apogee to Halo Labs and continued with the business of ANM. Apogee did not meet the definition of a business under IFRS.

Purchase price allocation

Cash and marketable securities	\$ 75,090
Amounts receivable	166,734
Accounts payable and accrued liabilities	(380,914)
Net liabilities assumed	(139,090)
Purchase price paid:	
Fair value of 8,975,607 common shares at \$0.076 per share	2,235,397
Fair value of 1,123,077 warrants at \$0.004 per share	4,547
Total consideration	2,239,944
Excess of purchase price paid over net assets acquired, allocated to transaction costs	2,379,034

The fair value, of the acquisition of 8,975,607 shares of Apogee at a fair value per share of \$0.076 and 1,123,077 warrants with fair value \$0.04 was \$2,239,944. The purchase price allocation of the reverse take-over includes net liabilities assumed of \$(139,090) and transaction costs of \$2,379,034.

Expenses in relation to the business combination were \$3,121,936 of which \$955,022 were charged to the consolidated statement of loss and \$2,166,914 went through the consolidated statement of change in equity. \$1,094,760 were for legal expenses, \$70,376 were in relation to the review by the auditors of the Company, and \$1,956,799 were fees in relation to share issuance in conjunction with the business combination.

6. Accounts receivable

Accounts receivable are measured at amortized cost net of allowance for uncollectible amounts. The Company determines its allowance based on a number of factors, including length of time an account is past due, the customer's previous loss history, and the ability of the customer to pay its obligation to the Company. The Company writes off receivables when they become uncollectible.

Accounts receivable

As at:	September 30, 2018 December 31, 2017	
1 - 30 days	\$ 120,850	\$ 335,535
30 - 60 days	483,109	28,387
60 - 90 days	146,361	-
> 90 days	236,647	17,480
Total	986,966	381,402

Bad debt expense amounts are included in general and administration expenses. All the Company's trade and other receivables have been reviewed for indicators of impairment.

Accounts receivable

As at:	September 30, 2018 December 31, 2017	
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Accounts receivable

Accounts receivable - trade	\$ 1,000,619	\$ 390,055
Allowance for doubtful accounts	(13,653)	(8,653)
Accounts receivable - other	-	-
Total accounts receivable	986,966	381,402

Continuity of allowance for doubtful accounts

Beginning balance	(8,653)	(5,241)
Increase in provision for doubtful accounts	(5,000)	(14,114)
Provision used to write-off receivables	-	10,702
Ending balance	(13,653)	(8,653)

7. Inventory

Inventory by class

As at:	September 30, 2018 December 31, 2017	
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Raw materials	\$ 923,522	\$ 981,945
Work in progress	1,781,794	895,165
Finished goods	1,882,276	1,759,007
Total	4,587,592	3,636,117

The Company maintains three classes of inventory: raw materials, work in process ("WIP") and finished goods. Raw materials consist of cannabis "trim" and various packaging and incidental items. WIP consists primarily of inventory in the process of being converted from trim to oil. Finished goods inventory includes cannabis oil in cartridges, batteries for vaporizer pen cartridges, and packages of solidified

cannabis oil (“shatter”).

The Company allocates various production and overhead costs and expenses to inventory items. As such, the cost of inventory is recognized as an expense, and included in cost of goods sold for the three months ending September 30, 2018, in the amount of \$1,163,623 (three months ending September 30, 2017: \$1,459,411) and valued at cost. For the nine months ending September 30, 2018 the amount was \$ 6,090,182 (nine months ending September 30, 2017: \$5,210,264). Direct product costs are valued on a FIFO basis (first in first out) and major production cost such as labor and testing are allocated to inventory.

8. Biological assets

Biological assets

	<i>September 30, 2018</i>	<i>December 31, 2017</i>
Cannabis plants	\$ 928,491	\$ -

While the Company’s biological assets are within the scope of IAS 41 Agriculture, the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2 Inventories. They include the direct cost of seeds and growing materials as well as other indirect costs such as utilities and supplies used in the growing process. Labor for individuals involved in the growing and quality control process is also included, as well as depreciation on production equipment and overhead costs such as rent to the extent it is associated with the growing space. All direct and indirect costs of biological assets are capitalized as they are incurred and they are all subsequently recorded within the line item ‘cost of goods sold’ on the consolidated statement of loss and comprehensive loss in the period that the related product is sold. Unrealized fair value gains/losses on growth of biological assets are recorded in a separate line on the face of the consolidated statement of loss and comprehensive loss. Biological assets are measured at their fair value less costs to sell on the statement of financial position.

The following significant unobservable inputs, all of which are classified as Level 3 on the fair value hierarchy, were used by management as part of this model:

- Selling price: calculated as the weighted average historical selling price for all strains of cannabis sold by the Company, which is expected to approximate future selling prices.
- Stage of growth; represents the weighted average number of weeks out of the 14 weeks growing cycle that biological assets have reached as of the measurement date.
- Yield by plant: represents the expected number of grams of finished cannabis inventory which are

expected to be obtained from each harvested cannabis plant.

- Wastage: represents the weighted average percentage of biological assets which are expected to fail to mature into cannabis plants that can be harvested.
- Post-harvest costs: calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants. Post-harvest, consisting of the cost of direct and indirect materials and labor related to labelling and packaging. A 10% post-harvest distribution fee is added.

Significant assumptions utilized in cannabis plant model

Assumption:	September 30, 2018	December 31, 2017
Expected yields for cannabis plants (average pounds per plant)		
Dry flower	0.48 Lb per plant	-
Trim	2.05 Lb per plant	-
Expected number of growing weeks	14 weeks	-
Weighted average number of growing weeks completed as a percentage	87%	-
Estimated selling price (per pound)		
Dry flower (a)	\$ 300.00	-
Trim (b)	\$ 115.00	-
After harvest cost to complete and sell (per gram)		
Dry flower	\$ 131.22	-
Trim	\$ 2.88	-
Distribution margin on after harvest costs to complete and sell (per gram)		
Dry flower	\$ 13.12	-
Trim	\$ 0.29	-

The direct and indirect costs of inventory initially include the fair value of the biological asset at the time of harvest. They also include subsequent costs such as materials, labor and depreciation expense on equipment involved in packaging, labeling and inspection. All direct and indirect costs related to inventory are capitalized as they are incurred and they are subsequently recorded within 'cost of goods sold' on the consolidated statement of loss and comprehensive loss at the time cannabis is sold. Inventory is measured at lower of cost or net realizable value on the statement of financial position.

The fair value was determined using an expected cash flow model which assumes the biological assets at the date of statement of financial position will grow to maturity, be harvested and converted into finished goods inventory and sold in the medical and recreational market. The Company's method of accounting for biological assets attributes value accretion on a straight-line basis throughout the life of the biological asset from initial cloning to the point of harvest. These estimates are subject to volatility in market prices and uncontrollable factors, which could affect the fair value of biological assets.

The Company estimates the harvest yields for medical cannabis at various stages of growth. As of September 30, 2018, it is expected that the Company's cannabis plants biological assets will yield approximately 1,679 pounds of dry flower and 7,169 pounds of trim when harvested (December 31, 2017: nil).

Cost of producing and selling flower and trim (\$/pound)

	Flower	Trim
Expected selling price per pound	\$ 300	\$ 115
Costs to sell:		
Testing (per pound)	42.67	-
Shipping from farm to facility	-	-
Packaging material	-	-
Sales commission	7.50	2.88
Shipping costs to customer		-
Distribution costs	26.05	-
Labour for trimming	55.00	-
Total costs	\$ 131.22	\$ 2.88
Reasonable margin	13.12	0.29
Total costs to sell	\$ 144.34	\$ 3.17

The changes in the carrying value of biological assets, which consist of cannabis plants, are as follows:

Change in carrying value of biological assets

Balance at December 31, 2016	
Biological assets	\$ 1,016,172
Net increase in fair value less costs to sell due to biological transformation	742,630
Transferred to inventory upon harvest	(1,758,802)
Balance at December 31, 2017	-
Cost of biological assets:	
Net increase in the fair value to sell due to biological assets transformation	1,160,672
Costs to sell due to biological transformation	(232,181)
Net increase in the fair value minus costs to sell due to biological assets transformation	928,491
Transferred to inventory upon harvest	-
Balance at September 30, 2018	928,491

The following table presents the effect of 10% positive change and 10% negative change on the fair valuation of cannabis plants biological assets as at September 30, 2018. A 10% positive or negative change in yield or number of growing weeks has the same impact on the fair value of biological assets.

Effect on the fair value of biological assets of 10% positive change and 10% negative change

Assumption:	10% pos change	10% neg change
	US\$	US\$
Change in expected yields for cannabis plants	92,849	(92,849)
Change in weighted average number of growing weeks completed	92,849	(92,849)
Change in estimated selling price	112,875	(112,875)
Change in after harvest cost to complete and sell	23,218	(23,218)
Change in distribution margin	2,111	(2,111)

9. Notes receivable

Notes receivable were \$430,998 (December 31, 2017: \$510,837). A note receivable is due from a founding shareholder of the Company in the amount of \$17,632 (December 31, 2017: \$17,632). In addition, is the note receivable from Emerald Green Gardens Inc., a supplier to the Company in the amount of \$413,366 (December 31, 2017: \$493,204). The notes are non-interest bearing, unsecured and have no fixed terms for repayment.

10. Property, plant and equipment

Property, plant and equipment	Production equipment US\$	Leasehold improvements US\$	Office equipment US\$	Total US\$
Cost:				
Balance as at December 31, 2017	1,369,350	1,542,365	36,351	2,948,066
Additions	57,374	771,155	10,708	839,237
Dispositions	(64,655)	-	-	(64,655)
Balance as at September 30, 2018	1,362,069	2,313,520	47,059	3,722,647
Accumulated depreciation:				
Balance as at December 31, 2017	(443,034)	(53,975)	(6,364)	(503,373)
Depreciation	(153,116)	(80,114)	(4,216)	(237,446)
Balance as at September 30, 2018	(596,150)	(134,089)	(10,580)	(740,819)
Net book value:				
Net book value December 31, 2017	926,315	1,488,390	29,987	2,444,692
Net book value September 30, 2018	765,918	2,179,431	36,479	2,981,828

Total depreciation expense for the three months ended September 30, 2018, included in cost of goods sold was \$84,551 (three months ended September 30, 2017: \$98,560). For the nine months ending September 30, 2018 the depreciation expense was \$271,453 (nine months ending September 30, 2017: \$349,366).

11. Intangible assets

The Company has four producer licenses for its wholly owned farm East Evans Creek Farm LLC. The Company also has a wholesale distribution license and a producer license for its production facility in Medford. The licenses are renewed each year. They are valued at their cost of \$23,663.

On June 20, 2017, the Company signed a Membership Interest Purchase Agreement for the purchase by the Company (through a holding company) of a volatile extraction license for Cathedral City, California. The transaction was recorded as an asset acquisition. The purchase price of the license was \$2.0 million. The license is renewed each year. The payment was effected by a \$100,000 cash down payment and the issuance of convertible promissory notes for the balance of \$1.9 million (Note 13). The value of the consideration paid in addition to transaction costs of \$163,069 were attributed to the intangibles in the amount of \$2,129,219 and to prepaid expenses in the amount of \$33,850 for certain lease deposits acquired in the same transaction.

On June 30, 2018, the Company, entered an agreement to terminate certain intangibles acquired in 2017 (Note 13) and the termination of the Suite E sublease. The corresponding reduction in intangible assets was \$923,575. Pursuant to a letter agreement dated effective June 30, 2018, the Company, Elemental Concepts, LLC and Compass Point, LLC agreed to amend the promissory notes owed to each, to a restated principal amount of \$479,500, a reduction from the amount of \$950,000 to each before the amendment. The maturity date was the earlier of (a) the consummation of the proposed business combination transaction between or involving Apogee and the Company or (b) December 28, 2018. This aggregate amount was subsequently reduced from \$1.9 million to \$959,000 effective June 30, 2018 and was repaid in October 2018.

Intangibles

	License US\$	Brand names US\$	Total US\$
Cost:			
Balance as at December 31, 2017	2,129,219	1,225	2,130,444
Purchase agreement modification	(923,575)	-	(923,575)
Additions	3,807,320	5,476	3,812,796
Balance as at September 30, 2018	5,012,964	8,434	5,021,398
Accumulated amortization:			
Balance as at December 31, 2017	-	-	-
Amortisation	-	-	-
Balance September 30, 2018	-	-	-
Net book value:			
Net book value December 31, 2017	2,129,219	1,225	2,130,444
Net book value September 30, 2018	5,012,964	8,434	5,021,398

On July 9, 2018 the Company signed a membership interest contribution agreement with Elemental Concepts, LLC and Compass Point, LLC, the members of Industrial Court L9, LLC ("L9"). The Company issued convertible promissory notes in the aggregate principle amount of \$2 million as well as common share purchase warrants of ANM for the purchase of the L9 interests, which includes two pending licenses for manufacturing and distribution in Cathedral City, California. An amount of \$2,015,890 was added to intangible assets.

On July 19, 2018, the Company signed a binding term sheet with Just Quality, LLC for the purchase of

a Nevada marijuana product manufacturing license, a medical marijuana cultivation establishment certificate, a Nevada marijuana cultivation facility license and a Nevada marijuana distribution license, together with all the assets used in the operation of the businesses operating under or in connection with the licenses. The transaction was finalized when the business combination was completed on September 28, 2018. The purchase price is \$4,900,000, of which \$500,000 was paid and \$1,291,430 was paid in shares. The balance of \$3,108,570 is to be paid in January, 2019, which is currently under negotiation for payment in cash or in shares. An amount of \$1,791,430 was added to intangible assets.

The purchase price is allocated as follows:

- \$1,900,000: production facility license
- \$2,000,000: cultivation facility licenses
- \$1,000,000: distribution license

12. Related party relationships, transactions and balances

Key employees include the Company's directors, senior officers and any employees with authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Compensation key executives

Three months ending:	<i>September 30, 2018</i> <i>September 30, 2017</i>	
Salaries, commissions, bonuses, consulting fees	\$ 397,500	\$ 101,132
Share-based compensation	137,308	137,308
Total	534,808	238,440

In the three months ending September 30, 2018, remuneration to executives was \$397,500 (three months ending September 30, 2017: \$101,132). For the nine months ending September 30, 2018, remuneration was \$906,966 (nine months ending September 30, 2017: \$334,440).

Options and warrants were granted on May 12, 2017 and September 28, 2018 to staff, directors and consultants. Options and warrants granted to employees and directors vest over a period of two years every three months in equal amounts. Share-based compensation is recognized on a graded vesting basis and is expensed and included in operations.

Related parties

As at:	<i>September 30, 2018</i>	<i>December 31, 2017</i>
Due from shareholders and other related parties	\$ 17,632	\$ 80,278
Shareholder loans due to directors, officers and their close family	1,057,654	1,337,065

At the end of September 30, 2018, due from shareholders and related parties is \$17,632 (December 31, 2017: \$80,278) in relation to a note receivable from a founding shareholder (see note 9). At the end of September 30, 2018, due to shareholders and related parties was \$1,057,654 (December 31, 2017: \$1,337,065), primarily related to advances to the Company by shareholders, executives and directors (See Note 15 for terms shareholder loans). Aspen Communications Ltd is a service provider to the Company and a related party.

13. Convertible debentures

Convertible debentures

As at:		<i>September 30, 2018</i>	<i>December 31, 2017</i>
Convertible loan 2017	Note 13.1	\$ -	\$ 1,681,810
Convertible loan 2018	Note 13.4	-	-
Convertible promissory note Coastal Harvest	Note 13.2	-	1,822,238
Total		-	3,504,048

13.1 Convertible loan 2017

During the year ended December 31, 2017, the Company issued new convertible debentures in four tranches. The note purchase agreement was dated July 13, 2017. Unless and until converted, these instruments bear interest at the rate of 12% per annum. Interest on these debentures is computed monthly and, at the Company's discretion, may be accrued or paid monthly. In the event the Company consummates a qualifying equity financing, the outstanding principal and any accrued and unpaid interest under this issuance automatically converts into common shares at a price per share equal to 95% of the price per share paid by cash investors in the qualifying equity financing. The discount was amended to 60% of the price paid by cash investors on January 8, 2018. The conversion feature of the convertible debt is considered an embedded derivative liability because the conversion price varies based on the conversion date and closing sales price of the Company's common shares.

Continuity 2017 convertible debentures

Balance December 31, 2017	\$	1,681,810
Accrued interest		116,025
Convertible debentures converted		(1,797,835)
<hr/>		
Balance at September 30, 2018	\$	-

As at September 30, 2018, the embedded derivative liability is classified as a current liability on the statement of financial position and is carried at a fair value of nil (December 31, 2017: \$134,463).

As at September 30, 2018, the convertible debentures automatically converted as all conditions of the proposed business combination between ANM and Apogee were met.

The Black-Scholes option pricing model was used to estimate the value of the embedded derivative with the following assumptions:

- Expected lives of the four tranches are 1.21 years, 1.18 years, 1.15 years and 1.04 years;
- Risk-free interest rate 1.66%;
- Expected dividend yield 0%;
- Expected volatility 70%;
- Share price \$0.64 (post exchange)

The date used for the assumptions to estimate the value of the embedded derivative was March 18, 2016. Volatility was estimated by using the historical volatility of publicly traded companies that the Company considers comparable that have trading and volatility history. The expected life in years represents the contractual period of time that the embedded derivatives were expected to be outstanding. The risk-free rate is based on zero coupon Canada government bonds with a remaining term equal to the expected life of the embedded derivatives.

13.2 Convertible promissory note

On June 20, 2017, the Company signed a membership interest purchase agreement among multiple parties (see note 11). In connection with the agreement, the Company issued convertible promissory notes with a face value of \$1.9 million.

Continuity Coastal Harvest promissory notes

Balance December 31, 2017	\$ 1,822,238
Accrued interest	9,422
Reduction in promissory note June 30, 2018	(947,469)
Conversion to non-interest bearing loan June 30, 2018	(884,191)
<hr/>	
Balance September 30, 2018	\$ -

The convertible promissory notes have been treated as compound financial instruments, as the notes could be settled through the issuance of common shares. The conversion feature was recognized in equity as it met the definition of an equity instrument. The liability component was recognized at its fair value, calculated as the present value of its contractually determined future cash flows discounted at a rate of 20%, which is deemed to be a reasonable approximation of the rate applied to instruments having similar terms, credit status and cash flows that do not have a conversion feature. In accordance with IAS 32, the residual amount after deducting the fair value of the liability component from the fair value of the instrument as a whole was assigned to the equity component.

The convertible promissory notes matured on April 15, 2018 but were extended on June 30, 2018. The promissory note was to be repaid at the earlier date of the business combination of Apogee and ANM becoming effective or December 31, 2018. On June 30, 2018 the promissory notes were reduced to a non-interest-bearing loan of \$884,191. The value of the license to operate Suite E was revoked and the intangibles assets were amended. This followed from the termination of the sub-lease agreement of Suite E in Cathedral City, California. The promissory note was repaid on October 11, 2018.

13.3 Convertible promissory note L9 interest

On July 9, 2018, the Company signed a membership interest contribution agreement with Elemental Concepts, LLC and Compass Point, LLC, the members of Industrial Court L9, LLC ("L9"). The Company issued 10% convertible promissory notes in the aggregate principle amount of \$2 million on August 20, 2018, that converted into 3,262,143 shares and 6,499,143 share purchase warrants of the Company on September 28, 2018 upon completion of the reverse take-over. This was for the purchase of the L9 interests, which includes two pending licenses for manufacturing and distribution in Cathedral City, California. Interest in the amount of \$7,945 was paid.

13.4 Convertible loan 2018

Continuity 2018 convertible debenture

2018 Convertible debenture May 21, 2018	\$ 1,679,900
Accrued interest	255,029
Convertible debenture converted	(1,934,929)
Balance September 30, 2018	\$ -

On May 21, 2018, the Company closed a new convertible debenture. Unless and until converted, these instruments bear interest at the rate of 28% per annum. Interest on these debentures is computed monthly and, at the Company's discretion, may be accrued or paid monthly. In the event the Company consummates a qualifying equity financing, the outstanding principal and any accrued and unpaid interest under this issuance automatically converts into common shares at a price per share equal to \$0.10 (C\$0.13). The 2018 convertible was automatically converted in common shares of Halo Labs when all conditions of business combination between ANM and Apogee were met.

The convertible promissory notes have been treated as compound financial instruments, as the notes could be settled through the issuance of common shares. The conversion feature has been recognized in equity as it meets the definition of an equity instrument. The liability component was recognized at its fair value, calculated as the present value of its contractually determined future cash flows discounted at a rate of 35%, which was deemed to be a reasonable approximation of the rate applied to instruments having similar terms, credit status and cash flows that do not have a conversion feature. In accordance with IAS 32, the residual amount after deducting the fair value of the liability component from the fair value of the instrument as a whole was assigned to the conversion option of the equity component.

14. Share capital

14.1 Share capital

Authorized shares

Class	September 30, 2018	September 30, 2017
Common shares, no par value	200,000,000	20,000,000
Preferred, no par value	5,000,000	5,000,000

Share capital consists of two classes of shares. On September 5, 2018, the shareholders of the Company approved an increase in the number of authorized common shares to 200,000,000.

Upon completion of the reverse take-over, shares held by former ANM shareholders were repurchased and cancelled and investors were issued Halo Labs shares at an exchange ratio of 1.35 for each ANM share. The 2017 convertible, the 2018 convertible and the related party loans automatically converted into shares of Halo Labs.

There were also the conversions of the Pre-RTO offer into Halo Labs shares and the issuance and conversion of special units and subscription receipts in the Apogee offerings in shares in Halo Labs. The pre-RTO offering of 32,658,734 units post completion of the reverse take-over, consisted of 32,658,734 shares at \$0.31 (C\$0.40) and 32,658,734 warrants with exercise price \$0.62 (C\$0.80).

Former Apogee shareholders received 8,975,607 Halo Labs shares. The Apogee offering post reverse take-over of 9,908,250 special units consisted of 9,908,250 shares at \$0.32 (C\$0.40) and 9,908,250 warrants with exercise price \$0.62 (C\$0.80). The Apogee offering post reverse take-over of 25,558,790 subscription receipts consisted of 25,558,790 shares at \$0.31 (C\$0.40) and 25,558,790 warrants with exercise price \$0.62 (C\$0.80).

At September 30, 2018 the Company had 157,905,223 (December 31, 2017: 27,469,103) shares of common stock outstanding and no outstanding shares of preferred stock.

The Company issued the following shares:

Continuity of common shares as at September 30, 2018

	Shares	Amount
Balance December 31, 2017	20,347,484	\$ 5,443,337
ANM shares repurchased and cancelled	(266,672)	(54,094)
ANM shares cancelled and repurchased for the RTO	(20,080,812)	(5,389,242)
Shares issued to ANM shareholders	27,108,948	4,037,033
Restricted shares issued to ANM shareholders	8,969,258	1,352,209
Shares issued on conversion of 2017 convertible	9,771,981	1,797,835
Shares issued on conversion of 2018 convertible	26,120,191	1,934,829
Shares issued on conversion of loans by related parties	7,885,884	1,455,856
Shares issued to Apogee shareholders	8,975,607	2,235,397
Shares issued in Apogee offerings	36,414,620	9,041,831
Shares issued in Pre-RTO regulated offering	32,658,734	3,517,322
Share issue costs	-	(2,341,223)
Conversion options on convertible debt	-	150,192
Balance September 30, 2018	157,905,223	23,181,281

14.2 Share purchase warrants

During 2017, 6,768,333 warrants were granted to staff, directors and service providers. Of these warrants, 5,585,000 warrants having a life of 10 years were granted to employees and directors on May 12, 2017, and the remainder to service providers. Of the 5,585,000 warrants issued, 2,650,000 vested immediately and the remainder vest on a quarterly basis over a period of two years with the first tranche vesting on grant. In the year ended December 31, 2017, 650,000 of these warrants were forfeited.

On July 12, 2017, 350,000 warrants exercisable until the date that is two year from the date of issuance were granted to a service provider. These vest quarterly over a period of one year beginning from the date that is three months after issuance.

Warrants outstanding at September 30, 2018

Grant date	Expiry date	Term - years	Number of warrants outstanding	Number of warrants exercisable	Exercise price post-exchange	Fair value post-exchange	Description
30-Sep-18	12-May-24	6	6,662,250	6,276,656	\$ 0.67	\$ 0.46	Warrants to former holders of ANM warrants
30-Sep-18	14-Jul-19	2	472,500	472,500	\$ 0.67	\$ 0.46	Warrants to former holders of ANM warrants
30-Sep-18	13-May-22	4	135,000	135,000	\$ 0.59	\$ 0.59	Warrants to former holders of AN warrants
30-Sep-18	13-May-20	2	911,250	911,250	\$ 0.17	\$ 0.17	Warrants to former holders of ANM warrants
30-Sep-18	10-Oct-19	2	1,012,500	1,012,500	\$ 0.09	\$ 0.09	Warrants to former holders of ANM warrants
30-Sep-18	30-Sep-23	5	299,999	206,250	\$ 0.31	\$ 0.31	Warrants to former holders of ANM warrants
30-Sep-18	30-Sep-20	2	866,500	866,500	\$ 0.31	\$ 0.31	Warrants to former holders of ANM warrants
30-Sep-18	30-Sep-21	3	100,000	100,000	\$ 0.31	\$ 0.31	Warrants to former Apogee service providers
30-Sep-18	30-Sep-21	3	425,000	425,000	\$ 0.38	\$ 0.38	Warrants to former Apogee service providers
30-Sep-18	30-Sep-21	3	100,000	100,000	\$ 0.62	\$ 0.62	Warrants to former Apogee service providers
30-Sep-18	30-Sep-24	6	500,000	62,500	\$ 0.31	\$ 0.31	Warrants to former ANM service providers
30-Sep-18	30-Sep-21	3	300,000	150,000	\$ 0.38	\$ 0.38	Warrants to former Apogee service providers
30-Sep-18	30-Sep-20	2	32,303,567	32,303,567	\$ 0.38	\$ 0.38	Warrants issued to holders of pre-RTO notes
30-Sep-18	30-Sep-20	2	48,399,135	48,399,135	\$ 0.62	\$ 0.46	Warrants issued to holders of pre-RTO notes
30-Sep-18	30-Sep-20	2	1,123,077	1,123,077	\$ 2.69	\$ 2.69	Warrants to former Apogee holders of warrants
30-Sep-18	30-Sep-20	2	36,414,620	36,414,620	\$ 0.62	\$ 0.46	Warrants in connection with the Apogee offerings
30-Sep-18	30-Sep-20	2	5,323,038	5,323,038	\$ 0.62	\$ 0.46	Broker and finder warrants
Total		2-6 years	135,348,437	134,281,593	\$ 0.57	\$ 0.45	

On October 10, 2017, 833,000 warrants were granted to a lender to the Company in conjunction with a loan provided to ANM. These warrants vest immediately and may be exercised up until the date that is two years from the grant date.

At September 28, 2018, the business combination became effective. ANM warrants were exchanged for warrants of Halo Labs. In addition, warrants were issued to investors in the Pre-RTO offer and the Apogee offerings. 6,810,000 ANM warrants with exercise price of \$0.90 (C\$1.17), were exchanged for warrants of Halo Labs with exercise price \$0.67 (C\$0.87). Each ANM warrant was exchanged for a new warrant in Halo Labs applying a 1.35 exchange ratio to the number of warrants previously held by ANM shareholders. Each Apogee warrant was exchanged for a new Halo Labs warrant at an exchange ratio of 1.00.

As at September 30, 2018 the average exercise price of each Halo Labs warrant is \$0.60 (C\$0.78).

Warrants outstanding

	<i>9m ending September 30, 2018</i>		<i>9m ending September 30, 2017</i>	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	6,810,000	\$ 0.90	-	\$ -
Granted	135,348,437	\$ 0.57	5,935,000	\$ 0.90
Exercised	-	\$ -	-	\$ -
Forfeited	(6,810,000)	\$ 0.90	(250,000)	\$ 0.90
Outstanding, end of period	135,348,437	\$ 0.57	5,685,000	\$ 0.90

There were 135,348,437 new warrants issued by Halo Labs. Of this, 11,785,000 warrants were issued to ANM shareholders who held ANM warrants before the business combination became effective, and 1,123,077 warrants were issued to former Apogee shareholders (see note 5). 48,399,135 warrants were issued in relation to the Pre-RTO offer and 32,303,567 warrants were issued to investors in the Apogee subscription receipts and special units. To brokers and finders, 5,323,038 warrants were issued.

As at September 30, 2018, the weighted average fair value of each Halo Labs warrant granted post-exchange is \$0.09 (C\$0.12) using the Black-Scholes Option Pricing Model.

The Company recognized \$125,276 in share-based compensation for staff and \$327,879 share-based compensation for services other than staff compensation during the three months ending September 30, 2018 (September 30, 2017: nil) at the value of the warrants earned as at September 30, 2018.

As at September 30, 2018, the weighted average remaining contractual life of the warrants is 2.15 years (December 31, 2017: 5.36 years). As at September 30, 2018, 134,281,593 (September 30, 2017: 3,594,375) of the issued and outstanding warrants were exercisable.

The assumptions used for the calculation of the grant date fair value of warrants granted during the three months and nine months ended September 30, 2018 are:

Black-Scholes assumptions for warrants

	<i>Three months ending</i>		<i>Nine months ending</i>	
	<i>September 30, 2018</i>	<i>September 30, 2017</i>	<i>September 30, 2018</i>	<i>September 30, 2017</i>
Risk free rate	2.21% - 2.40%	-	1.99% - 2.40%	1.54% - 2.24%
Expected life	2 - 6 years	-	2 - 6 years	2 - 6 years
Expected volatility	70%	-	70%	70%
Expected dividend per share	Nil	-	Nil	Nil
Share price	\$0.31 - \$0.62	-	\$0.17 - \$0.62	\$0.67

Volatility is calculated by using the historical volatility of other companies that the Company considers comparable that have trading and volatility history. The expected life in years represents the time that the options granted are expected to be outstanding. The risk-free rate is based on zero coupon Canada government bonds with a remaining term equal to the expected life of the options.

14.3 Options

The Company has established a stock option plan for directors, employees, and consultants. The aggregate number of common shares issuable pursuant to options granted under the plan is 10,000,000 common shares. The board of directors has the exclusive power over the granting of options, the exercise price and their vesting and cancellation provisions.

In the event of a change of control, unless otherwise specified in the stock option agreement for a particular grant, any right to repurchase an optionee's shares at the original exercise price shall lapse and all such shares shall become vested if such change of control occurs during the optionee's term of service and the repurchase right is not assigned to the entity immediately after the change of control.

On May 12, 2017, 2,725,000 options with an exercise price of \$0.90 (C\$1.17) and expiring on the date that is ten years from the date of issuance were granted to employees and consultants with a weighted average fair value of options granted of \$0.65 (C\$0.84) using the Black-Scholes Option Pricing Model. Options granted vest over a period of two years on a quarterly basis.

In 2017, 715,000 options forfeited and \$106,130 was transferred to the deficit.

During the three months ended March 31, 2018, 390,000 options were forfeited as employees left the Company and \$112,932 was transferred to the deficit.

During the three months ended June 30, 2018, 150,000 options were forfeited as employees left

the Company and \$101,551 was transferred to the deficit.

As at September 28, 2018, the business combination became effective. ANM options were exchanged for options of Halo Labs applying the exchange ratio of 1.35 to each old ANM Inc. option. This resulted in the cancellation of 1,470,000 options under the old option grant and the issuance of 12,268,848 Halo Labs options to ANM. This includes the exchange of the balance of the option grant dated May 12, 2017 that had not forfeited, into Halo Labs options, and the option grant dated September 26, 2018 into 10,311,362 options of Halo Labs. The exercise price pre reverse take-over was \$0.90 (C\$1.17) and post exchange of the option grant dated May 12, 2017 it was \$0.67 (C\$0.87) and the exercise price of the September 26, 2018 option grant is \$0.36 (C\$0.40). The average exercise price post exchange of all 12,268,848 Halo Labs options is \$0.36 (C\$0.40).

The following is a summary of the changes in the Company's stock option plan for the three months ending September 30, 2018.

Options outstanding

	<i>9m ending September 30, 2018</i>		<i>9m ending September 30, 2017</i>	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	1,970,000	\$ 0.90	-	\$ -
Granted	12,268,848	\$ 0.36	2,725,000	\$ 0.90
Exercised	-	\$ -	-	\$ -
Forfeited/cancelled	(1,970,000)	\$ 0.90	(130,000)	\$ 0.90
Outstanding, end of period	12,268,848	\$ 0.36	2,595,000	\$ 0.90

As at September 30, 2018, the weighted average fair value of each Halo Labs option granted post exchange is \$0.20 (C\$0.26) using the Black-Scholes Option Pricing Model.

The Company recognized \$79,497 in share-based compensation for the three months ended September 30, 2018. This reflects the balance of the option grant dated May 12, 2017. The option grant dated September 28, 2018, does not vest until December 31, 2018.

As at September 30, 2018, the weighted average remaining contractual life of the options is 6.42 years (September 30, 2017: 8.49 years). This reflects the issuance of options to staff with a term of six years. The previous grant had a term of ten years. As at September 30, 2018, 3,013,554 (September 30, 2017: 973,125) of the issued and outstanding options were exercisable.

The Company recognized share-based compensation expense of \$79,324 during the three months ended September 30, 2018, for the value of stock options earned (September 30, 2017: nil). The weighted average fair value pre-exchange of each option that vested is \$0.65 (C\$0.84). Post-exchange the fair value is \$0.48 (C\$0.64).

The following table summarizes information regarding stock options outstanding by exercise price and number of options exercisable as at September 30, 2018:

Options outstanding by exercise price - September 30, 2018

Number of options outstanding	12,268,848
Number of options exercisable	3,013,554
Weighted average life (years)	6.4
Weighted average exercise price	\$ 0.36

The assumptions used for the calculation of the fair value of options at grant date during the three and nine months ended September 30, 2018, are:

Black-Scholes assumptions for options

	<i>Three months ending</i>		<i>Nine months ending</i>	
	<i>September 30, 2018</i>	<i>September 30, 2017</i>	<i>September 30, 2018</i>	<i>September 30, 2017</i>
Risk free rate	2.40%	-	2.40%	1.57%
Expected life	6 years	-	6 years	10 years
Expected volatility	70%	-	70%	70%
Expected dividend per share	Nil	-	Nil	Nil
Share price	\$ 0.31	-	\$ 0.31	\$ 0.67

Volatility is calculated by using the historical volatility of other companies that the Company considers comparable that have trading and volatility history. The expected life in years represents the time that the options granted are expected to be outstanding. The risk-free rate is based on zero coupon Canada government bonds with a remaining term equal to the expected life of the options.

15. Other loans

Other loans		
As at:	September 30, 2018	December 31, 2017
AV Oregon LLC	\$ 806,250	\$ 750,000
Shareholder loans (Note 12)	1,057,654	1,543,744
Coastal Harvest	961,945	-
Total	2,825,849	2,293,744

The Company has a senior secured promissory note outstanding issued to AV Oregon, LLC dated October 10, 2017 in the original principal amount of \$750,000 (the "AV note"), which it issued pursuant to a loan agreement dated October 10, 2017 between the Company and AV Oregon, LLC, as successor to Archytas Ventures, LLC (the "AV loan agreement"). The loan was extended on January 18, 2018 with no change of the terms under the amendment. The loan bears interest at 15% per annum, is secured against the assets of the Company, was payable on January 11, 2018 and has 100% warrant coverage with 750,000 warrants issued, exercisable at \$0.90 (C\$1.17) for a period of two years. Post exchange the warrants are exercisable at \$0.67 (C\$0.87).

On January 18, 2018, the loan agreement dated October 10, 2017 between AV Oregon LLC and the Company, was amended to waive the interest accrued at the default rate as a result of the Company's non-payment at the maturity of the loan and to extend the maturity date to December 28, 2018, under the condition that the Company make payments equal to \$35,156 by June 1, 2018. The amendment also introduced a new event of default, being the termination of the May 8, 2018 binding letter of intent with Apogee or the listing transaction described therein. The loan between AV Oregon LLC and Halo Labs was repaid on October 2, 2018.

On May 14, 2018, the Company announced the issuance of approximately \$10 million of Notes, the Pre-RTO notes, in one or more closings, which occurred upon approval of the applicable note purchasers as "financial interest" holders of the Company by the Oregon Liquor Control Commission (the "OLCC"). The closings have been approved and the Company passed an inspection by the OLCC as one of the conditions for the closing of the RTO. Principal, plus accrued and unpaid interest, under the Notes automatically converted upon satisfaction of the RTO closing conditions into units consisting of 0.7407 shares of common stock of the Company and warrants to purchase 0.7407 shares of common stock of the Company at a conversion price equal to the price per unit paid by the subscribers in the Apogee private placement. Upon closing of the reverse take-over, the shares and warrants included in each pre-listing Unit will be exchanged into one Resulting Issuer Share and one Resulting Issuer Warrant. As all the conditions of the business combination were met, the Pre-RTO notes, including accrued interest, converted into 32,658,734 common shares of Halo Labs at September 30, 2018 (see page 26).

As at September 30, 2018, the Company owed \$1,057,654 including accrued interest, to executives,

directors and close family. Upon the completion of the reverse take-over, \$1,344,916 was converted into 7,310,177 common shares of Halo Labs at a price of \$0.18 (C\$.24), a 40% discount to the price of the pre-RTO offering of \$0.32 (C\$.40). The 40% discount resulted in the issuance of 2,924,071 more shares to those related parties who opted for shares. For those related parties who did not want to convert their loans into shares, a total cash payment of \$507,654 is made in October 2018. In addition, there were two loans of \$275,000 each that were repaid on October 2, 2018 and October 11, 2018.

As at September 30, 2018, the Coastal Harvest convertible promissory note was not converted in common shares of Halo Labs (see note 13). The convertible promissory note was transferred to loans and was repaid on October 11, 2018.

16. Capital management

Capital structure

As at:	September 30, 2018	December 31, 2017
Shareholders' equity (deficiency)	\$ 18,144,309	\$ 625,936
Convertible debentures and other loans	2,825,849	5,797,792

The Company's objectives for managing capital are: (i) to maintain a flexible capital structure which optimizes the cost/risk equation; and (ii) to manage capital in a manner which maximizes the interests of shareholders. The Company considers capital as the total equity and debt disclosed on the statement of financial position. The Company has not had any significant objections in its approach to managing capital.

The Company manages the capital structure and makes adjustments informed by changes in economic conditions and the risk characteristics of the underlying assets. The Company's capital structure is managed in conjunction with the financial needs of the day-to-day operations. The Company currently funds the working capital requirements out of its cash, internally-generated cash flows, various loans, and periodic infusions from investors.

Management does not establish quantitative return on capital criteria. However, management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is appropriate. At September 30, 2018, the Company is not subject to any externally imposed capital requirements.

17. Financial instruments

17.1 Fair value of financial instruments

Financial instruments that are measured at fair value use inputs which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level One includes quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level Two includes inputs that are observable other than quoted prices included in Level One;
- Level Three includes inputs that are not based on observable market data.

The Company has designated its cash as Level 1-3. The fair value of the embedded derivative liability, options, warrants, and the fair value of convertible promissory notes at time of issue are determined using Level 2 of the hierarchy.

At September 30, 2018, both the carrying and fair value amounts of all the Company's financial instruments are approximately equivalent. They are all of a short -term nature.

17.2 Financial instrument risk exposures

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, accounts receivable and notes receivable. The Company's credit risk is primarily attributable to its accounts receivables. The amounts disclosed in the statement of financial position are net of allowance for doubtful accounts, estimated by the management of the Company based on its assessment of the current economic environment. The Company does not have significant exposure to any individual customer. The Company's maximum exposure to credit risk as at September 30, 2018 is the carrying value of cash, accounts receivable, and notes receivable. The Company believes that there is limited risk that notes receivables (See Note 9) are not settled. The Company takes a provision to allow for accounts receivable not being settled, which it believes is sufficient.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations. The Company manages its liquidity risk by forecasting its operations and anticipating its operating and investing activities. As at September 30, 2018, the Company had current assets of \$19,742,029 and current liabilities of \$9,695,552. All current liabilities are due within one year.

Halo Labs, Inc. (formerly Apogee Opportunities, Inc.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ending September 30, 2018 and 2017
(Unaudited) - Expressed in US dollars

Financial liabilities - September 30, 2018					
	Carrying value	1 - 30 days	30 - 60 days	60 - 90 days	> 90 days
	US\$	US\$	US\$	US\$	US\$
Accounts payable and accrued liabilities	6,277,374	1,145,030	474,789	643,923	4,013,632
Convertible debentures and other loans	2,825,849	2,825,849	-	-	-
Carrying value	9,103,223	3,970,879	474,789	643,923	4,013,632

Market risk

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

Interest rate risk

Interest rate risk consists of a) the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, and b) to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities. The Company is not exposed to interest rate price risk, as its convertible notes are carried at a fixed interest rate throughout their term.

Foreign currency risk

Foreign currency risk derives from fluctuations in exchange rates between currencies when transacting business in multiple currencies. The Company's business is substantially all conducted in US dollars in the U.S. and so it is not subject to any significant foreign currency risk. The Company holds Canadian dollars in the bank account of Hal Labs in Canada and is subject to exchange rate fluctuations.

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 foreign currency risk and a change in the price of cannabis. The Company is not exposed to significant other price risk.

18. Taxation

The Company reconciles the expected income tax expense at the average US statutory income tax rate of 34% to the amount recognized in the statement of operations. The income tax provision in the three months ended September 30, 2018 included a \$100,000 reversal of a tax provision taken earlier in the year (September 30, 2017: nil). The provision is calculated, based on gross profits not including 280E

deductions. With no activity in Nevada and California, zero tax returns were submitted for Nevada and California. The deferred tax provision in the statement of financial position remained unchanged at \$140,000.

The Company's US income is apportioned exclusively to the State of Oregon, as there are no revenues in other states. The production and sale of marijuana and related products for medical purposes is legal in the State of Oregon and therefore normal business expenses are deductible at the state level. The tax rate in the State of Oregon is the greater of 6.6% or the corporate gross receipts minimum tax. In the three months ended September 30, 2018 the Oregon state tax liability was computed as the minimum tax.

Internal Revenue Code ("IRC") Section 280E denies, at the US federal level, deductions and credits attributable to a trade or business trafficking in controlled substances. Case law shows that "cost of goods sold" has been permitted as a deduction in determining taxable income. Because the Company is subject to IRC Section 280E, the Company has computed its US tax on the basis of gross receipts less cost of goods sold. The tax provision for the three months ended September 30, 2018, has been prepared based on the assumption "cost of goods sold" is a valid expense for income tax purposes.

19. Commitments and contingencies

The Company has commitments under a certain operating lease for its facilities. The amounts are:

Committed lease obligations	Amount due
2018 - three months	\$ 151,346
2019	610,066
2020	614,839
2021	380,102
2022	253,289
2023	150,707

The Company has entered into various independent contractor agreements with consultants which include termination clauses upon 30 days' notice. The maximum amount payable under these contracts is approximately \$40,000. As no triggering event has taken place, the contingent payments have not been reflected in these financial statements.

On July 12, 2017, the Company entered into an agreement with a service provider, for ongoing financial advisory services. If during the term of the engagement or within 12 months following termination of the agreement, a corporate transaction is completed, or the Company announces, or enters into an

agreement in respect of, a transaction that is subsequently completed, the Company will pay a transaction fee of 2% - 4% of the value of the transaction. Any contingency payment has not been included in these financial statements as a triggering event has not taken place.

The Company holds processing, cultivation and wholesaling licenses issued by the Oregon Liquor Control Commission ("OLCC"). While the Company has implemented a system of policies and procedures to help ensure compliance with the laws and regulations that govern the Recreational Marijuana Program, the Company was sanctioned and fined by the OLCC for regulatory violations. The OLCC imposed a fine of \$6,930 because of such violations. On March 20, 2018, the Company accepted responsibility to pay the fine and reiterated to the OLCC the Company's commitment to ongoing regulatory compliance. While the investigation is now concluded, and the Company has remedied the violations identified by the OLCC, the Company may be subject to additional regulatory investigations in the future. Any future instances or allegations of regulatory non-compliance could lead to more significant fines or sanctions, including potential loss of licenses, particularly considering the previous findings of non-compliance by the OLCC. Management believes the Company it is currently in compliance with Oregon state law and OLCC licensing requirements.

The Company is party to legal proceedings and other claims in the ordinary course of its operations. Management commitments, litigation and other claims are subject to many uncertainties and the outcome of individual matters is not predictable. Where management can estimate that there is a loss probable, a provision has been recorded in its financial statements. Where proceedings are at a premature stage or the ultimate outcome is not determinable, no provision is recorded. It is possible that the final resolution of these matters may require the Company to make expenditures in a range of amounts that cannot be reasonably estimated and may differ significantly from any amounts recorded in these condensed interim consolidated financial statements. Should the Company be unsuccessful in its defense or settlement of one or more of these legal actions, there could be a materially adverse effect on the Company's financial position, future expectations, and cash flows.

20. Subsequent events

On October 2, 2018, the loan between AV Oregon LLC and Halo Labs was repaid (note 15). The total amount including accrued interest was \$806,250.

As at September 30, 2018, the Company owed \$1,057,654 including accrued interest, to executives, directors and close family. Upon the completion of the reverse take-over, \$1,344,916 was converted into 7,310,177 common shares of Halo Labs at a price of \$0.18 (C\$0.24), a 40% discount to the price of the pre-RTO offering. For those related parties who did not want to convert their loans into shares, a total cash payment of \$507,654 was made in October 2018. In addition, there were two loans of \$275,000 each that were repaid on October 2, 2018 and October 11, 2018.

As at September 30, 2018, the Coastal Harvest convertible promissory note was not converted in common shares of Halo Labs. The convertible promissory note was transferred to loans and was repaid

on October 11, 2018 (note 15).