



Rubicon Organics Inc.

Condensed Consolidated Interim Financial Statements (Unaudited)

For the three months ended March 31, 2022 and 2021

Expressed in Canadian dollars



The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Professional Chartered Accountants for a review of interim financial statements by an entity's auditor.

RUBICON ORGANICS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
Expressed in Canadian Dollars



	Notes	March 31, 2022	December 31, 2021
ASSETS			
Current			
Cash and cash equivalents	17	8,750,787	11,583,443
Accounts receivable	5	2,823,895	4,155,708
Prepaid expenses, deposits, & other	6	932,250	694,292
Inventories	7	10,317,919	8,440,868
Cannabis plants	8	2,923,398	2,173,833
Derivatives	13	—	125,881
		25,748,249	27,174,025
Non-Current			
Security deposits		483,000	483,000
Property, plant and equipment	9	25,251,428	25,094,303
Right-of-use assets	10	174,828	208,215
Intangible asset		1,881,749	1,881,749
Total assets		53,539,254	54,841,292
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	11	5,461,935	5,793,520
Derivatives	13	117,868	—
Interest payable		—	332,904
Current portion of lease liabilities	10	152,205	152,073
Current portion of loans and borrowings	12	649,792	659,256
		6,381,800	6,937,753
Non-Current			
Lease liabilities	10	23,197	58,999
Non-current portion of loans and borrowings	12	9,060,166	8,945,356
Total liabilities		15,465,163	15,942,108
Shareholders' equity			
Share capital	14	107,205,007	107,205,007
Reserves	15	18,204,348	17,537,902
Deficit		(87,335,264)	(85,843,725)
Total shareholders' equity		38,074,091	38,899,184
Total liabilities and shareholders' equity		53,539,254	54,841,292

Approved on behalf of the Board:

(Signed) "Bryan Disher"
 Director

(Signed) "Margaret Brodie"
 Director and CFO

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

RUBICON ORGANICS INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(UNAUDITED)***Expressed in Canadian Dollars, except for share information*

	Notes	For the three months ended	
		March 31, 2022	March 31, 2021
Revenue			
Product sales		6,655,234	4,819,967
Excise taxes		(1,507,020)	(709,404)
Net revenue		5,148,214	4,110,563
Cost of sales			
Production costs	9	2,372,820	2,609,927
Inventory expensed to cost of sales	9	1,920,330	1,493,220
Inventory written off or provided for		110,740	599,416
Gross profit (loss) before fair value adjustments		744,324	(592,000)
Fair value adjustments to cannabis plants, inventory sold, and other charges	8	1,746,098	665,637
Gross profit		2,490,422	73,637
Operating expenses			
Consulting, salaries and wages		1,795,294	1,996,508
General and administrative		702,778	791,561
Share-based compensation	15	666,446	172,458
Sales and marketing		377,096	411,468
Depreciation and amortization	9	78,017	55,771
		3,619,631	3,427,766
Loss from operations		(1,129,209)	(3,354,129)
Interest on loans	12	246,485	601,794
Foreign exchange (gain) loss		(127,904)	31,393
Fair value loss on derivatives	13	243,749	—
Net loss for the period		(1,491,539)	(3,987,316)
Loss per share, basic and diluted		(0.03)	(0.08)
Weighted average number of shares outstanding, basic and diluted		56,231,383	51,775,640

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

RUBICON ORGANICS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
Expressed in Canadian Dollars, except for share information


	Notes	Number of Shares	Share Capital	Share- Based Reserves	Warrant Reserve	Reserves	Deficit	Total Shareholders' Equity
Balance, January 1, 2021		49,395,131	86,349,350	8,675,960	5,139,555	13,815,515	(71,322,985)	28,841,880
Share issuance – prospectus offering		6,052,631	19,474,039	—	1,729,786	1,729,786	—	21,203,825
Share issuance – options exercised		24,193	59,876	(29,409)	—	(29,409)	—	30,467
Share-based compensation	14	—	—	172,458	—	172,458	—	172,458
Net loss for the period		—	—	—	—	—	(3,987,316)	(3,987,316)
Balance, March 31, 2021		55,471,955	105,883,265	8,819,009	6,869,341	15,688,350	(75,310,301)	46,261,314
Balance, January 1, 2022		55,983,327	107,205,007	10,056,589	7,481,313	17,537,902	(85,843,725)	38,899,184
Share-based compensation	15	—	—	666,446	—	666,446	—	666,446
Net loss for the period		—	—	—	—	—	(1,491,539)	(1,491,539)
Balance, March 31, 2022		55,983,327	107,205,007	10,723,035	7,481,313	18,204,348	(87,335,264)	38,074,091

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

RUBICON ORGANICS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)
Expressed in Canadian Dollars



		For the three months ended	
	Notes	March 31, 2022	March 31, 2021
OPERATING ACTIVITIES			
Net loss from continuing operations		(1,491,539)	(3,987,316)
Adjustments to reconcile net loss to cash used in operating activities			
Fair value adjustments to cannabis plants, inventory sold, and other charges	8	(1,746,098)	(665,637)
Depreciation and amortization	9	692,426	471,940
Share-based compensation	15	666,446	172,458
Interest on loans	12	246,485	601,794
Foreign exchange loss		(134,336)	8,297
Fair value gain on derivatives	13	243,749	—
Changes in non-cash working capital items	17	(41,568)	(2,733,768)
Cash used in operating activities		(1,564,435)	(6,132,232)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	(886,411)	(1,832,217)
Cash used in investing activities		(886,411)	(1,832,217)
FINANCING ACTIVITIES			
Net proceeds from equity financing	14	—	21,203,825
Repayment of loans and borrowings	12	—	(5,000,000)
Interest paid	17	(332,904)	(148,709)
Proceeds from stock options exercised	14	—	30,467
Repayment of lease liabilities		(42,308)	(44,177)
Cash (used) provided by financing activities		(375,212)	16,041,406
Effect of exchange rate changes on cash		(6,598)	—
Net (decrease) increase in cash during the period		(2,832,656)	8,076,957
Cash and cash equivalents, beginning of period		11,583,443	12,136,459
Cash and cash equivalents, end of period		8,750,787	20,213,416

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

RUBICON ORGANICS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Expressed in Canadian dollars



1. NATURE OF OPERATIONS

Rubicon Organics Inc. (the "Company", "Rubicon", or "ROI") is a British Columbia registered company incorporated on May 15, 2015.

The Company's principal business is the production and sale of cannabis in Canada. The Company produces and processes organic cannabis at its wholly owned, federally licensed 125,000 square foot facility in Delta, British Columbia (the "Delta Facility") which it sells under its wholly owned and other licensed brands.

The Company's common shares trade on the TSX Venture Exchange (the "TSXV") under the trading symbol "ROMJ" and on the OTCQX Best Market under the symbol "ROMJF".

The address of the Company's registered office and records is 1200 Waterfront Centre, 200 Burrard Street, PO Box 48600 Vancouver, British Columbia V7X 1T2. The Company's head office is unit 505, 744 West Hastings Street, Vancouver, British Columbia V6C 1A5.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. Certain information and note disclosures normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Standards Interpretation Committee ("IFRIC") have been omitted or condensed. As a result, these condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2021 ("Annual Financial Statements").

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Comparative balances

The Company has presented the fair value adjustments to cannabis plants under a single financial statement caption termed Fair value adjustments to cannabis plants, inventory sold, and other charges in the statement of loss and comprehensive loss. This is a change from the 2021 presentation. Note 8 contains further details of the fair value adjustments to cannabis plants including a breakdown that follows the comparative year's presentation.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed consolidated interim financial statements are the same as those disclosed in the Company's Annual Financial Statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The critical estimates and judgements made in the preparation of these condensed consolidated interim financial statements are the same as those used in preparing the Company's Annual Financial Statements.

RUBICON ORGANICS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)***Expressed in Canadian dollars***5. ACCOUNTS RECEIVABLE**

	March 31, 2022	December 31, 2021
	\$	\$
Trade receivables	2,811,113	4,138,791
Sales taxes recoverable	12,782	16,917
Total accounts receivable	2,823,895	4,155,708

Trade receivables arise from sales of cannabis to distributors and retailers in Canada. As at March 31, 2022, 98% of trade receivables were with provincial government cannabis distributors (December 31, 2021: 90%). Trade receivables are net of a \$536,255 provision for returns (December 31, 2021: \$499,344).

For the three months ended March 31, 2022, the Company had four customers (March 31, 2021: five customers) that individually represented more than 10% and together constituted 97% (March 31, 2021: 97%), of the Company's net revenue. Direct sales to provincial government cannabis distributors accounted for 99% of revenue (March 31, 2021: 85%).

6. PREPAID EXPENSES, DEPOSITS, & OTHER

	March 31, 2022	December 31, 2021
	\$	\$
Prepaid expenses	320,053	438,983
Deposits	310,705	158,854
Deferred excise tax expense	205,253	—
Other	96,239	96,455
Total prepaid expenses and deposits	932,250	694,292

As at March 31, 2022, \$67,106 of the deposits balance was related to property, plant and equipment (December 31, 2021: \$26,238).

7. INVENTORIES

Inventory as at March 31, 2022 and December 31, 2021 consisted of consumable inventory used in the propagation and transformation of the Company's cannabis plants, work-in-process ("WIP") inventory and finished goods.

	March 31, 2022	December 31, 2021
	\$	\$
Consumable inventory	2,224,201	2,029,498
WIP inventory	6,978,629	5,546,737
Finished goods	1,115,089	864,633
Total inventories	10,317,919	8,440,868

At March 31, 2022, WIP inventory and finished goods include \$4,929,281 of non-cash fair value of cannabis plants transferred upon harvest (December 31, 2021: \$3,932,748).

At March 31, 2022, \$1,074,138 of consumable inventory is expected to be utilized more than twelve months after the reporting period (December 31, 2021: \$1,090,137).

RUBICON ORGANICS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Expressed in Canadian dollars



8. CANNABIS PLANTS

The changes in the carrying value of cannabis plants was as follows:

	\$
Balance, December 31, 2021	2,173,833
Change in fair value of cannabis plants	3,690,195
Transferred to WIP inventory upon harvest	(2,940,630)
Balance, March 31, 2022	2,923,398

The fair value of cannabis plants was determined using a valuation model that estimates the expected harvest yield per plant and applies this to the estimated fair value less costs to sell per gram of dried cannabis flower. These fair value measurements have been categorized as Level 3 of the fair value hierarchy because there is currently no actively traded commodity market in Canada for cannabis plants.

The significant assumptions applied in determining the fair value are as follows:

- expected average yield of approximately 90 grams per plant (December 31, 2021: 87 grams per plant);
- comparable selling price of wholesale dried cannabis flower ranging from \$1.65 to \$2.75 per gram (December 31, 2021: \$0.86 to \$2.35 per gram);
- post-harvest processing costs of \$0.49 per gram (December 31, 2021: \$0.49 per gram); and
- stage of plant growth.

The selling price used in the valuation is based on recently quoted prices of wholesale dried cannabis flower from licensed Canadian wholesalers and varies based on THC content. Expected yields for cannabis plants are subject to a variety of factors, such as strains being grown, length of growing cycle, and space allocated for growing. Estimates of future yields are based on the historical weighted average of actual yields.

The Company periodically reassesses the significant assumptions applied in determining the fair value of cannabis plants based on historical information as well as the Company's planned production schedules. When there is a material change in any of the significant assumptions, the fair value of cannabis plants is adjusted.

For the period ended March 31, 2022, the Company determined the weighted average fair value less costs to sell was approximately \$1.72 per dried gram (December 31, 2021: \$1.76 per dried gram).

The Company has quantified the sensitivity of the significant unobservable inputs used to calculate the fair value recorded. A decrease in the average selling price per gram of 10% would result in a decrease in the value of cannabis plants of \$291,958. A decrease in the harvest yield per plant of 10% would result in a decrease in the value of cannabis plants of \$285,886.

The number of weeks in the growth cycle is twelve to fourteen weeks from propagation to harvest. As at March 31, 2022, the cannabis plants were estimated to be, on average, 39% complete (December 31, 2021: 40% complete).

The fair value adjustment to cannabis plants, inventory sold, and other charges for the three months ended March 31, 2022 and 2021 is comprised of the following:

	For the three months ended	
	March 31, 2022	March 31, 2021
	\$	\$
Unrealized gain on changes in fair value of cannabis plants	3,690,194	2,927,805
Realized fair value of inventory sold	(1,667,210)	(1,353,220)
Adjustment to net realizable value of inventory on hand at period end	(276,886)	(908,948)
	1,746,098	665,637

RUBICON ORGANICS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)***Expressed in Canadian dollars***9. PROPERTY, PLANT AND EQUIPMENT**

Cost	Buildings and leasehold improvements	Equipment and vehicles	Land	Construction in progress	Total
	\$	\$	\$	\$	\$
At December 31, 2021	14,766,194	13,013,356	2,040,722	342,782	30,163,054
Additions	2,588	95,237	—	770,448	868,273
Commissioned during the period	65,228	289,192	—	(354,420)	—
At March 31, 2022	14,834,010	13,397,785	2,040,722	758,810	31,031,327

Accumulated depreciation

At December 31, 2021	1,628,447	3,440,304	—	—	5,068,751
Depreciation	183,900	527,248	—	—	711,148
At March 31, 2022	1,812,347	3,967,552	—	—	5,779,899

Net book value

At March 31, 2022	13,021,663	9,430,233	2,040,722	758,810	25,251,428
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Cost	Buildings and leasehold improvements	Equipment and vehicles	Land	Construction in progress	Total
	\$	\$	\$	\$	\$
At December 31, 2020	13,169,383	9,317,918	2,040,722	307,227	24,835,250
Additions	424,774	859,923	—	4,043,107	5,327,804
Commissioned during the year	1,172,037	2,835,517	—	(4,007,554)	—
At December 31, 2021	14,766,194	13,013,358	2,040,722	342,780	30,163,054

Accumulated depreciation

At December 31, 2020	936,602	1,725,815	—	—	2,662,417
Depreciation	691,845	1,714,489	—	—	2,406,334
At December 31, 2021	1,628,447	3,440,304	—	—	5,068,751

Net book value

At December 31, 2021	13,137,747	9,573,054	2,040,722	342,780	25,094,303
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For the three months ended March 31, 2022, depreciation of \$486,501 was included in production costs (March 31, 2021: \$384,745) and \$180,017 was capitalized to inventory (March 31, 2021: \$110,782).

During the three months ended March 31, 2022, the total amount of depreciation recognized in cost of sales was \$127,909 (March 31, 2021: \$31,424).

RUBICON ORGANICS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)***Expressed in Canadian dollars***10. LEASES**

Information about leases for which the Company is a lessee is presented below.

a. Right-of-use assets

Cost	Office leases	Equipment and vehicles	Total
	\$	\$	
At December 31, 2021	358,914	97,396	456,310
Additions	—	—	—
At March 31, 2022	358,914	97,396	456,310
Accumulated depreciation			
At December 31, 2021	199,397	48,698	248,095
Depreciation	29,909	3,478	33,387
At March 31, 2022	229,306	52,176	281,482
Net book value			
At March 31, 2022	129,608	45,220	174,828

Cost	Office Leases	Equipment and vehicles	Total
	\$	\$	
At December 31, 2020	358,914	97,396	456,310
Additions	—	—	—
At December 31, 2021	358,914	97,396	456,310
Accumulated depreciation			
At December 31, 2020	79,759	34,785	114,544
Depreciation	119,638	13,913	133,551
At December 31, 2021	199,397	48,698	248,095
Net book value			
At December 31, 2021	159,517	48,698	208,215

b. Lease payments recognized in loss from operations

The Company leases trailers for office space, HVAC units for managing greenhouse climate and natural gas generators for supplemental power on a short-term basis. The lease costs for the three months ended March 31, 2022, of \$427,009 (March 31, 2021: \$619,647) were expensed on a straight-line basis over the lease term.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2022	December 31, 2021
	\$	\$
Trade payables	1,252,809	1,572,864
Accrued liabilities	2,863,690	2,740,851
Excise taxes payable	1,345,436	1,479,805
Total accounts payable and accrued liabilities	5,461,935	5,793,520

RUBICON ORGANICS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)***Expressed in Canadian dollars***12. LOANS AND BORROWINGS**

The changes in the carrying value of current and non-current loans and borrowings are as follows:

	March 31, 2022	December 31, 2021
	\$	\$
Opening balance	9,604,612	13,641,223
Principal repayments	—	(13,855,010)
Additional loans and borrowings, net	—	9,223,810
Interest on loans	246,485	1,255,093
Interest payments	—	(885,727)
Foreign exchange (gain) loss	(141,139)	225,223
Ending balance	9,709,958	9,604,612
Less: current portion	649,792	659,256
Non-current loans and borrowings	9,060,166	8,945,356

On June 29, 2021, the Company issued a \$9,907,200 (US\$8,000,000) principal amount secured debenture (the “Debenture”). The Debenture is collateralized by the Company’s Delta Facility, matures on June 29, 2023, and bears interest at 6.5% per annum (compounded and paid semi-annually). In connection with the Debenture, the Company issued 907,000 warrants. Each warrant is exercisable for one common share with an exercise price of \$4.00 per common share and expiry date of June 29, 2024.

The Debenture is a compound instrument with separate components, being the debt and the warrants. The debt component has been classified as a financial liability and the warrants have been classified as equity. On initial recognition, proceeds were allocated between debt and equity first by determining the fair value of the liability component using a 10% discount rate, and then allocating the residual value to the equity component. Transaction costs were allocated to the liability and equity components in proportion to the allocation of proceeds. The warrants issued as part of the compound instrument were valued at \$610,375 and transaction costs incurred were \$73,015.

Total interest on loans for the three months ended March 31, 2022, was \$246,485 (March 31, 2021: \$601,794). All interest payments due within twelve months have been translated to the Company’s functional currency at the period end exchange rate and classified as current.

13. DERIVATIVES

In July 2021, the Company entered several foreign exchange swap contracts (together the “Derivatives”) to offset the future foreign exchange impact of the principal and interest payments on the US\$8 million Debenture. The foreign exchange swaps will settle on June 27, 2022, December 28, 2022, and June 27, 2023, at rates that range from 1.2589 to 1.2640 CAD/USD, which reflects the fixed exchange rate of 1.2580 CAD/USD plus spreads of 8.5 to 60.0 basis points.

The fair value of the Derivatives were determined using prices obtained from the Company’s foreign exchange broker on the measurement date. These fair value measurements have been categorized as Level 2 on the fair value hierarchy.

The change in the fair value of the Derivatives was as follows:

	\$
Balance, December 31, 2021	125,881
Change in fair value of the Derivatives	(243,749)
Balance, March 31, 2022	(117,868)

RUBICON ORGANICS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)***Expressed in Canadian dollars***14. SHARE CAPITAL****a. Authorized**

The Company is authorized to issue an unlimited number of common shares with no par value.

b. Issued and fully paid

Common shares	#	\$
December 31, 2020	49,395,131	86,349,350
Prospectus offering, net of financing costs	6,052,631	19,492,019
Stock option exercises	535,565	1,363,638
December 31, 2021	55,983,327	107,205,007
March 31, 2022	55,983,327	107,205,007

15. RESERVES**a. Options**

Under the Company's Equity Incentive Plan and Deferred Share Unit Plan (together the "Equity Plans"), the Board of Directors may grant stock options, restricted share awards, restricted share units and deferred share units ("Equity Awards") to eligible directors, officers, employees, and consultants of the Company and its subsidiaries. The Equity Plans provide for the issuance of Equity Awards that shall not exceed in aggregate 9,146,774 common shares of the Company.

The exercise price of stock options issued pursuant to the Equity Plans is determined by the Board of Directors but cannot be lower than the fair market value of the common shares subject to option on the date of grant. The options vest and become exercisable as determined by the Board of Directors at the time of the grant. Unless determined otherwise by the Board of Directors, the options expire within five years from the date of grant.

The Company has granted options to purchase common shares under the Equity Plans as follows:

	Number of options #	Weighted average exercise price \$
Outstanding, December 31, 2020	4,261,583	\$3.31
Granted	169,000	\$2.61
Exercised	(637,333)	\$1.39
Forfeited	(236,167)	\$3.34
Expired	(30,000)	\$1.29
Outstanding, December 31, 2021	3,527,083	\$3.51
Forfeited	(9,667)	\$2.60
Expired	(80,000)	\$1.87
Outstanding, March 31, 2022	3,437,416	\$3.55

RUBICON ORGANICS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)***Expressed in Canadian dollars*

The following table provides information on stock options outstanding and exercisable as at March 31, 2022:

Grant Date	Exercise Price	Options outstanding		Options exercisable	
		Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average remaining contractual life (years)
July 31, 2017	US\$2.00	200,000	0.33	200,000	0.33
November 15, 2017	US\$2.00	5,000	0.63	5,000	0.63
January 21, 2018	US\$2.00	50,000	0.81	50,000	0.81
July 31, 2018	\$3.25	1,987,083	1.33	1,987,083	1.33
July 31, 2018	\$2.60	328,250	1.33	328,250	1.33
September 24, 2018	\$2.60	15,000	1.48	15,000	1.48
September 24, 2018	\$8.15	350,000	1.48	350,000	1.48
May 28, 2019	\$3.25	20,000	2.16	20,000	2.16
May 28, 2019	\$2.60	62,917	2.16	44,167	2.16
July 12, 2019	\$3.25	83,333	2.28	66,667	2.28
July 12, 2019	\$2.60	52,500	2.28	35,000	2.28
September 20, 2019	\$3.25	3,333	2.48	3,333	2.48
September 20, 2019	\$2.60	32,500	2.48	22,000	2.48
August 18, 2020	\$2.60	12,500	3.39	4,166	3.39
October 14, 2020	\$2.60	70,000	3.54	23,333	3.54
April 16, 2021	\$2.60	75,000	4.05	–	4.05
November 16, 2021	\$2.60	90,000	4.63	–	4.63
		3,437,416	1.55	3,154,000	1.35

During the three months ended March 31, 2022, the Company recognized \$40,122 in share-based compensation expense pertaining to options (March 31, 2021: \$172,458).

b. Warrants

The Company's outstanding warrants consisted of the following:

Issue Date	Expiry Date	Exercise Price	Number of Warrants	
			March 31, 2022	December 31, 2021
April 25, 2019	April 25, 2022	\$4.50	671,000	671,000
May 28, 2019	May 28, 2022	\$4.50	1,000,000	1,000,000
July 12, 2019	July 12, 2022	\$4.50	100,002	100,002
February 26, 2021	February 26, 2024	\$5.30	3,026,315	3,026,315
June 29, 2021	June 29, 2024	\$4.00	907,000	907,000
			5,704,317	5,704,317

Each warrant is exercisable into one common share of the Company upon payment of the exercise price.

c. Restricted Share Units ("RSUs")

During the three months ended March 31, 2022, the Company recorded \$582,074 in share-based compensation pertaining to RSUs (March 31, 2021: \$nil). As at March 31, 2022 there were 2,740,000 RSUs outstanding (December 31, 2021: 2,740,000).

RUBICON ORGANICS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)***Expressed in Canadian dollars***d. Deferred Stock Units (“DSUs”)**

During the three months ended March 31, 2022, the Company recorded \$44,250 in share-based compensation pertaining to DSUs (March 31, 2021: \$nil). As at March 31, 2022 there were 250,000 DSUs outstanding (December 31, 2021: 225,000).

16. RELATED PARTY TRANSACTIONS**a. Related party transactions**

Accounts payable and accrued liabilities at March 31, 2022, included \$50,690 (December 31, 2021: \$57,357) owed to executives and directors of the Company for expenses paid on behalf of the Company.

b. Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company’s executive management team and Board of Directors. Key management compensation for the nine months ended March 31, 2022 was comprised of:

	March 31, 2022 \$	March 31, 2021 \$
Salaries and accrued salaries	325,250	326,250
Share based compensation	581,174	66,959
Total compensation of key management personnel	906,424	393,209

17. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash working capital items for the three months ended:

	March 31, 2022 \$	March 31, 2021 \$
Accounts receivable	1,331,813	353,233
Prepays and deposits	(197,090)	(174,795)
Security deposits	-	(115,000)
Inventory	(828,409)	(1,920,692)
Accounts payable and accrued liabilities	(354,520)	(1,187,303)
Deferred revenue	-	—
Interest payable	-	299,721
Interest on lease liabilities	6,638	11,068
Change in non-cash working capital items	(41,568)	(2,733,768)

As at March 31, 2022, accounts payable and accrued liabilities include \$546,381 related to capital asset additions (December 31, 2021: \$523,651).

Interest of \$332,904 was accrued as at December 31, 2021 and paid during the three months ended March 31, 2022.

Cash and cash equivalents consist of the following:

	March 31, 2022 \$	December 31, 2021 \$
Cash	1,370,787	2,634,610
Cash equivalents	7,380,000	8,948,833
Total cash and cash equivalents	8,750,787	11,583,443

Cash equivalents consist of redeemable guaranteed investment certificates that are immediately convertible to cash.

RUBICON ORGANICS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Expressed in Canadian dollars



18. SUBSEQUENT EVENTS

On May 9, 2022, Canacur GmbH's \$465,497 advance to Rubicon was fully repaid in cash.