CO2 GRO Inc.

(formerly BlueOcean NutraSciences Inc.)

(a development-stage company)

Unaudited Interim Consolidated Financial Statements
(expressed in Canadian dollars)

As at and for the three and nine months ended September 30, 2019 and 2018

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements of CO2 GRO Inc. (formerly, BlueOcean NutraSciences Inc.) (the "Company") have been prepared by and are the responsibility of management. The unaudited interim consolidated financial statements as at and for the three and nine months ended September 30, 2019 and 2018 have not been reviewed by the Company's auditors.

CO2 GRO Inc.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of CO2 GRO Inc. (formerly, BlueOcean NutraSciences Inc.), are the responsibility of the management and the Board of Directors (the "Board") of the Company and have been prepared in accordance with the accounting policies disclosed in the notes to the unaudited interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim unaudited consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

The Board is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting.

As the Company is a Venture Issuer (as defined under under *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and Management are not required to include representations relating to the evaluation, design, establishment and/or maintenance of disclosure controls and procedures ("DC&P) and/or ICFR, as defined in NI 52-109, **nor has it completed such an evaluation**. Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective bases DC&P and ICFR for the issuer may result in additional risks of quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

"John Archibald"	*"Stephen M. Gledhill"*
John Archibald President and Chief Executive Officer	Stephen M. Gledhill Chief Financial Officer
November 22, 2019	November 22, 2019

CO2 GRO Inc.
(formerly, BlueOcean NutraSciences Inc.)

Unaudited Interim Consolidated Statements of Financial Position
(expressed in Canadian dollars)

As at	**September 30, 2019**	December 31, 2018
Assets	**$**	$
Current assets		
Cash	**475,830**	1,319,812
Harmonized sales taxes recoverable (HST)	**221,539**	200,866
Accounts receivable *(note 6)*	**75,360**	-
Prepaid expenses *(note 7)*	**20,028**	13,130
Total current assets	**792,757**	1,533,808
Non-current assets		
Equipment, net *(note 8)*	174,746	-
Total non-current assets	**174,746**	**-**
Total assets	**967,503**	1,533,808
Liabilities		
Current liabilities		
Trade payables and accrued liabilities *(note 9)*	**176,861**	675,182
Due to related parties *(note 11)*	**45,124**	280,696
Total current liabilities	**221,985**	955,878
Total liabilities	**221,985**	955,878
Shareholders' equity		
Capital stock *(note 10)*	**15,320,345**	14,008,856
Shares to be issued *(note 10)*	**-**	2,000
Reserve for warrants *(note 10)*	**155,961**	304,461
Contributed surplus *(note 10)*	**3,967,725**	3,879,572
Accumulated deficit	**(19,698,513)**	(17,616,959)
Total shareholders' equity	**745,518**	577,930
Total liabilities and shareholders' equity	**967,503**	1,533,808

Going concern (note 1)
Significant contracts (note 14)
Subsequent event (note 16)

Approved for issuance by the Board on November 22, 2019

"Samuel Kanes", Director

"Michael Boyd", Director

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

CO2 GRO Inc.
(formerly, BlueOcean NutraSciences Inc.)

Unaudited Interim Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars-except weighted average number of common shares outstanding)

	3 months ended		9 months ended	
	September 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
	$	$	**$**	$
Revenue *(note 12)*	**7,402**	1,470	**81,690**	1,813
Cost of goods sold	**-**	-	**(3,325)**	-
Gross margin	**7,402**	1,470	**78,365**	1,813
Expenses				
Administration	**90,620**	33,903	**171,404**	84,838
Compensation	**91,719**	-	**239,493**	-
Consulting fees	**11,672**	23,513	**46,762**	68,813
Depreciation	**9,799**	-	**17,257**	-
Foreign exchange (gains) losses	**(2,179)**	21	**35,680**	7,324
Investor relations and public reporting costs	**47,770**	60,070	**91,454**	103,897
Professional fees	**69,659**	57,896	**110,959**	117,264
Research and development non-compensation *(note 13)*	**87,263**	28,633	**189,904**	75,634
Share-based compensation *(note 10)*	**151,258**	34,394	**317,308**	318,143
Total expenses	**557,671**	238,430	**1,220,221**	775,913
Operating loss before other items	**(550,269)**	(236,960)	**(1,141,856)**	(774,100)
Other items:				
Interest income (expense)	**-**	(8,333)	**1,212**	(14,999)
Gain on settlement of accounts payable *(note 9)*	**-**	-	**59,090**	-
	(8,333)	(8,333)	**60,302**	(14,999)
Income (loss) and comprehensive income (loss) for the period	**(550,269)**	(245,293)	**(1,081,554)**	(789,099)
Basic and fully-diluted income (loss) and comprehensive income (loss) per share	**(0.008)**	(0.006)	**(0.016)**	(0.016)
Weighted average number of common shares outstanding	**67,657,091**	48,199,661	**66,548,597**	43,538,815

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

CO2 GRO Inc.
(formerly, BlueOcean NutraSciences Inc.)

Unaudited Interim Consolidated Statements of Changes in Equity

(expressed in Canadian dollars)

	Capital stock						
	Number of Shares	**Amount**	**Shares to be issued**	**Warrants**	**Contributed surplus**	**Accumulated deficit**	**Total**
		$	$	$	$	$	$
Balance at December 31, 2017	39,525,363	8,248,939	3,247,000	1,566,621	2,883,718	(16,320,439)	(373,861)
Shares issued for services	107,096	16,000	-	-	-	-	16,000
Shares issued debt	12,989,199	3,247,000	(3,247,000)	-	-	-	-
Exercise of warrants	2,752,650	458,696	-	-	-	-	458,696
Fair value of exercised warrants	-	133,971	-	(133,971)	-	-	-
Expiry of warrants	-	-	-	(57,742)	57,742	-	-
Exercise of options	571,538	79,009	-	-	-	-	79,009
Fair value of exercised options	-	96,218	-	-	(96,218)	-	-
Share-based compensation	-	-	-	-	318,143	-	318,143
Loss and comprehensive loss for the period	-	-	-	-	-	(789,099)	(789,099)
Balance at September 30, 2018	55,345,848	12,280,133	-	1,374,908	3,163,385	(17,109,538)	(291,112)
Exercise of warrants	7,094,597	1,364,829	-	-	-	-	1,364,829
Fair value of exercised warrants	-	357,894	-	(357,894)	-	-	-
Expiry of warrants	-	-	-	(712,553)	712,553	-	-
Shares for services	47,217	6,000	2,000	-	-	-	8,000
Share-based compensation	-	-	-	-	3,633	-	3,633
Loss and comprehensive loss for the period	-	-	-	-	-	(507,421)	(507,421)
Balance at December 31, 2018	63,087,662	14,008,856	2,000	304,461	3,879,571	(17,616,959)	577,929
Shares to be issued	**10,695**	**2,000**	**(2,000)**	**-**	**-**	**-**	**-**
Shares issued in settlement of debt ***(notes 9, 10(ix) & 14)***	**471,698**	**125,000**	**-**	**-**	**-**	**-**	**125,000**
IFRIC 19.6 adjustment for shares for debt ***(note 9 & 14)***	**-**	**282,635**	**-**	**-**	**-**	**-**	**282,635**
Exercise of warrants	**3,437,500**	**402,500**	**-**	**-**	**-**	**-**	**402,500**
Fair value of exercised warrants	**-**	**148,500**	**-**	**(148,500)**	**-**	**-**	**-**
Exercise of options	**713,449**	**121,700**	**-**	**-**	**-**	**-**	**121,700**
Fair value of exercised options	**-**	**229,154**	**-**	**-**	**(229,154)**	**-**	**-**
Share-based compensation	**-**	**-**	**-**	**-**	**317,308**	**-**	**317,308**
Loss and comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**(1,081,554)**	**(1,081,554)**
Balance at September 30, 2019	**67,721,004**	**15,320,345**	**-**	**155,961**	**3,967,725**	**(18,698,513)**	**745,518**

CO2 GRO Inc.
(formerly, BlueOcean NutraSciences Inc.)

Unaudited Interim Consolidated Statements of Cash Flow

(expressed in Canadian Dollars)

Nine months ended September 30,	**2019**	2018
	$	$
Operations		
Net loss	**(1,081,554)**	(789,099)
Non-cash items:		
Depreciation	**17,257**	-
Gain on settlement of accounts payable *(note 9)*	**(59,090)**	-
IFRIC adjustment on shares issued for debt *(notes 9 & 14)*	**282,635**	-
Interest expense *(note 9)*	**-**	9,999
Shares issued for services	**-**	16,000
Share-based payments	**317,308**	318,143
Net change in non-cash working capital items:		
Accounts receivable	**(75,360)**	-
Prepaid expenses	**(6,898)**	(14,064)
Sales taxes recoverable	**(20,673)**	(152,182)
Trade payables and accrued liabilities	**(314,232)**	(39,626)
Cash used for operations	**(940,607)**	(650,829)
Financing activities		
Exercise of warrants	**402,500**	458,696
Exercise of options	**121,700**	79,009
Related-party loans repaid	**(235,572)**	(35,714)
Related-party loan advanced	**-**	179,610
Cash provided from financing activities	**288,628**	681,601
Investing activities		
Purchase of equipment	**(192,003)**	-
Cash used for investing activities	**(192,003)**	-
Increase (decrease) in cash for the period	**(843,982)**	30,772
Cash at beginning of year	**1,319,812**	568,967
Cash at end of period	**475,830**	599,739
Non-cash financing activities		
Settlement of debt with issuance of shares *(notes 9, 10(ix)& 14)*	**125,000**	-

1. General information and going concern

CO2 Gro Inc. ("**CO2 GRO**" or the "**Company**") was incorporated under the provisions of the Business Corporations Act (Ontario) on September 17, 2010. At its Annual and Special Meeting held on March 26, 2018 (the "**2018 ASM**"), the shareholders of the Company approved, among other items, the Company's name-change from BlueOcean NutraSciences Inc. to CO2 GRO Inc. As of April 18, 2018, the Company commenced trading on the TSX Venture Exchange ("**TSXV**") under its new trading symbol, "**GROW**".

Dissolved CO_2 plant-enrichment platform: CO2 GRO's sole focus is commercializing its patent-licensed CO_2 gas infusion technology and its patent-pending US PTO CO2 Delivery Solutions systems, both of which form the Company's Dissolved CO_2 plant platform.

The registered and head office of the Company is located at 40 King Street West, Suite 5800, Toronto, Ontario, M5H 3S1.

These unaudited interim consolidated financial statements (the "Consolidated Financial Statements") have been prepared using International Financial Reporting Standards (**"IFRS"**) applicable to going concern, which contemplates the realization of assets and settlement of liabilities as they fall due in the normal course of business for the foreseeable future. The Company has not yet realized profitable operations and has relied on non-operational sources of financing to fund operations. CO2 GRO's ability to continue as a going concern is dependent on successfully executing its business plan, which includes the raising of additional funds. The Company will continue to seek additional forms of debt or equity financing, but it cannot provide assurance that it will be successful in doing so. These material uncertainties lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness, ultimately, of the use of accounting principles applicable to a going concern. The Consolidated Financial Statements do not reflect the adjustments to the carrying amounts of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Basis of Preparation

2.1 Statement of compliance

These unaudited interim consolidated financial statements, including comparatives, have been prepared in accordance with *International Accounting Standards ("IAS") 34* 'Interim Financial Reporting' using accounting policies consistent with the IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Consolidated Financial Statements were approved and authorized for issuance by the Board November 22, 2019.

2.2 Basis of presentation

The Consolidated Financial Statements have been prepared on a historical cost basis with the exception of financial instruments which are measured at fair value. In addition, the Consolidated Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information and are presented in Canadian dollars, the Company's functional currency.

The preparation of the Consolidated Financial Statements in accordance with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

2.3 Basis of consolidation

The Consolidated Financial Statements consolidate the accounts of the Company and all its subsidiaries. The Company has the following inactive, wholly-owned subsidiaries: Pure Polar Canada Inc. (formerly, Solutions4CO_2 Technologies Inc.), CO2 GRO (US) Inc., BlueOcean Shrimp Products Inc. (formerly, S4CO2 Services Inc.), Asta NutraSciences Inc. (formerly, S4CO2 Manufacturing Inc.), BlueOcean Algae Inc. (formerly, Solutions4CO_2 (SJVB) Limited), Solutions4CO_2 USA, Inc., 70717 Newfoundland and Labrador Limited ("70717") and virtually inactive wholly-owned subsidiary, Pure Polar Labs Inc. ("Pure Polar"). All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. The existence and effect of potential voting rights that are presently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date on which control ceases.

The Company owns a 50% equity interest in 2453969 Ontario Inc., an inactive joint arrangement. The Company accounts for this arrangement using the equity method in accordance with IFRS 11 *'Joint Arrangements'* ("IFRS 11").

3. Adoption of new and revised standards and interpretations

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2019. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 and the Company has adopted this standard.

IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019 and the Company has adopted this standard.

(expressed in Canadian dollars)

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted. The Company has not yet adopted this standard and is assessing its impact on its financial statements.

4. Capital management

The Company's main objective in managing capital is to ensure sufficient liquidity to pursue and fund product development, production and promotion. Secondarily, the Company strives to continue to fund research and development and pursue its growth strategy, while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company's capital is considered to be its shareholders' equity. The Company's primary uses of capital are financing operations, increasing non-cash working capital and capital expenditures. The Company currently funds these requirements from existing cash resources and/or cash raised through the issuance of debt, common shares and/or warrants. The Company's objectives when managing capital is to ensure the Company will continue to have enough liquidity so that it can provide its products and services to its customers and returns to its shareholders. The Company monitors its capital on the basis of the adequacy of its cash resources to fund its business plan. In order to maximize the capacity to finance the Company's ongoing growth, the Company does not currently pay a dividend to holders of its common shares.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the 9 months ended September 30, 2019 or the comparable period. The Company is not subject to externally imposed capital restrictions.

5. Risk management and financial instruments

The Company's financial instruments are detailed as follows:

	September 30, 2019	December 31, 2018
	$	$
Financial assets		
Cash	**475,830**	1,319,812
Accounts receivable	**75,360**	-
	551,190	1,319,812
Financial liabilities		
Accounts payable and accrued liabilities	**176,861**	675,182
Due to related parties	**45,124**	280,696

	221,985	955,878

The carrying and fair values of these financial instruments are approximately equivalent because of the short-term nature of these instruments.

5.1 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. As at September 30, 2019, the Company had $221,985 (December 31, 2018 - $955,878) of liabilities with a maturity of one year or less and working capital of $570,772 (December 31, 2018 – $577,930). The Company manages its liquidity risk by reviewing its growth plans on an ongoing basis.

5.2 Credit risk

The Company is not currently exposed to any significant credit risk and other price risk.

5.3 Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk). The Company is not subject to significant market risk.

5.4 Currency risk

The Company's functional currency and the majority of its operations have been conducted in Canadian dollars. CO2 GRO occasionally conducts business in United States (**"US"**) dollars. Financial assets and liabilities denominated in foreign currencies will be affected by changes in the exchange rate between the functional currency and these foreign currencies. The assets and liabilities primarily affected are cash, accounts receivable and trade payables and accrued liabilities that are denominated in foreign currencies. The Company has recognized currency exchange gains (losses) during the 3 and 9 months ended September 30, 2019 of $2,179 (2018 – $(21)) and $(35,680) (2018 - $(7,324)), respectively.

Management believes foreign currency risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

The Company's funds are kept in Canadian and US dollars at a major Canadian financial institution.

As at September 30, 2019, the Company's exposure to foreign currency balances is as follows:

		Exposure ($Cdn)	
Account	**Foreign currency**	**September 30, 2019**	December 31, 2018
Cash	US dollar	**213,401**	791,802
Accounts receivable	US dollar	**71,216**	-
Prepaid expenses	US dollar	**-**	771
Accounts payable and accrued liabilities	US dollar	**(83,330)**	(146,251)

(expressed in Canadian dollars)

	201,287	646,322

The Company believes that a change of 10% in foreign exchange rates would increase/decrease net income for the period by approximately $20,000 (2018 – $65,000).

6. Accounts receivable

	September 30, 2019	December 31, 2018
	$	$
Receivables	**75,360**	-
Allowance for expected credit losses	**-**	-
	75,360	-

The receivables are generally on terms due within 30 days.

The Company adopted IFRS 9 on January 1, 2018. The Company has not recognized any expected credit losses for the 3 and 9 months ended September 30, 2019 or 2018.

7. Prepaid expenses

Prepaid expenses represent costs expended by the Company for which it has not yet received value. As at September 30, 2019 and December 31, 2018, the prepaid expenses of the Company are detailed as follows:

	September 30, 2019	December 31, 2018
	$	$
Consulting fees	**7,500**	-
Insurance	**12,528**	13,130
Total	**20,028**	13,130

8. Equipment, net

Cost

	$
January 1, 2018	-
Additions	-
December 31, 2018	-
Additions	**192,003**

(expressed in Canadian dollars)

September 30, 2019	**192,003**

Accumulated Depreciation	
	$
January 1, 2018	-
Depreciation	-
December 31, 2018	-
Depreciation	**17,257**
September 30, 2019	**17,257**

Net Book Value	
December 31, 2018	-
September 30, 2019	**174,746**

9. Trade payables and accrued liabilities

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases and financing activities. The usual credit period taken for trade purchases is between 30 and 90 days.

The following is an analysis of the Company's trade payables and its accrued liabilities:

	September 30, 2019	December 31, 2018
	$	$
Administration	**32,504**	-
Compensation	**11,525**	-
Consulting	**3,914**	90,186
Investor relations and public reporting costs	**11,520**	1,974
License fees	**-**	407,638
Professional fees	**10,473**	54,739
Research and development	**106,925**	120,645
Total trade payables and accrued liabilities	**176,861**	675,182

In May 2019, 471,698 common shares with a fair value of $125,000, were issued in settlement of related-party debt (notes 10(ix), 11 and 14). Pursuant to IFRIC 19.6, an addition of $282,638 to common shares was made (being the difference between the amount of the retired debt and the fair value of the shares issued).

In May 2019, the Company settled an outstanding legal claim with its former President and CEO. A gain on the settlement of accounts payable of $59,090 has been recorded in the statements of loss and comprehensive loss.

10. Capital stock

Authorized

CO2 GRO's authorized share capital consists of an unlimited number of common shares.

Issued and outstanding

2019:

(i) In January 2019, 500,000 warrants each with an exercise price of $0.12 and an expiry date of December 14, 2022, were exercised raising $60,000 of proceeds for the Company. The fair value of $20,000 of the exercised warrants was transferred from reserve for warrants to common shares.

(ii) In January 2019, 150,000 options each with an exercise price of $0.19 and an expiry date of January 24, 2023, were exercised raising proceeds of $28,500. The fair value of $28,526 was transferred from contributed surplus to common shares.

(iii) In January 2019, 10,695 shares with a fair value of $2,000, were issued for December 2018 management services provided by the Company's CFO. The fair value was transferred from shares to be issued to common shares.

(iv) In February 2019, 1,387,500 warrants each with an exercise price of $0.12 and an expiry date of December 14, 2022, were exercised raising $166,500. The fair value of $55,500 was transferred from contributed surplus to common shares.

(v) In March 2019, 1,300,000 warrants each with an exercise price of $0.12 and expiry dates of December 14, 2022 and December 19, 2022 for 987,500 and 312,500 warrants, respectively, were exercised raising $156,000. The fair value of $52,000 was transferred from reserve for warrants to common shares.

(vi) In March 2019, 250,000 finders and corporate finance warrants, each with an exercise price of $0.08 and expiry dates of December 14, 2019 and December 19, 2019 for 212,500 and 37,500 warrants respectively, were exercised raising proceeds of $20,000. The fair value of $21,000 was transferred from reserve for warrants to common shares.

(vii) In March 2019, 335,555 options with exercise prices between $0.135 and 0.22 and expiry dates between February 15, 2020 and October 1, 2024, were exercised raising proceeds of $59,750. The fair value of $107,490 was transferred from contributed surplus to common shares.

(viii) In April 2019, 157,894 options were exercised raising $24,000. The fair value of $87,241 for the exercised options, was transferred from contributed surplus to share capital.

(ix) In May 2019, 471,698 common shares with a fair value of $125,000, were issued in settlement of related party debt (note 9). Pursuant to IFRIC 19.6, the gain on the settlement of $282,635 was recognized as an increase to the capital of the Company.

(x) In September 2019, 70,000 options were exercised raising $9,450. The fair value of $5,896 for the exercised options, was transferred from contributed surplus to share capital.

2018:

(xi) In January 2018, 862,608 warrants each with an exercise price of $0.20 and expiry dates of October 12, 2018 and October 26, 2018 for 437,608 and 425,000 warrants, respectively, were exercised raising $172,522 of proceeds for the Company. The fair value of $44,142 of the exercised warrants was transferred from reserve for warrants to common shares.

(xii) In January 2018, 100,000 warrants each with an exercise price of $0.12 and an expiry date of December 19, 2022, were exercised raising $12,000 of proceeds for the Company. The fair value of $4,000 of the exercised warrants was transferred from reserve for warrants to common shares.

(xiii) In January 2018, 629,490 finders' warrants each with an exercise price of $0.115 and expiry dates of October 12, December 12 and December 13, 2018 for 405,655, 219,487 and 4,348 finders' warrants, respectively, were exercised raising $72,391 of proceeds for the Company. The fair value of $38,103 of the exercised warrants was transferred from reserve for warrants to common shares.

(xiv) In January 2018, 15,000 options each with an exercise price of $0.15 and maturity dates of February 22, 2023 and March 27, 2024 for 10,000 and 5,000 warrants, respectively, were exercised raising proceeds of $2,250 for the Company. The fair value of $26,300 of the exercised options was transferred from contributed surplus to common shares.

(xv) In February through December 2018, the Company issued a total of 154,315 shares with a fair value of $22,000, for management services provided by the Company's CFO. The fair value of these shares was estimated based on the quoted share price of the shares on the last trading day of the month previous to issue.

(xvi) In April 2018, 146,896 options were exercised raising $20,534 of proceeds for the Company. The fair value of the exercised options was $26,220, with such amount transferred from contributed surplus to common shares.

(xvii) In July through September 2018, 407,142 options with exercise prices of $0.135 (for 250,000 options) and $0.14 (for 157,142 options), were exercised, raising a total of $55,750. The fair value of $42,317 of the exercised options was transferred from contributed surplus to common shares.

(xviii) In July through September 2018, 1,160,552 warrants with exercise prices ranging from $0.115 to $0.20, were exercised raising proceeds of $201,781. The fair value of $47,726 of the exercised warrants was transferred from reserve for warrants to common shares.

(xix) In August 2018, a total 12,989,199 (representing the Shares to be issued to management – see "shares to be issued"), were issued.

(xx) In October through December 2018, 7,094,597 warrants and finders' warrants with exercise prices ranging from $0.115 to $0.20, were exercised raising gross proceeds of $1,364,829. The fair value of $357,894 of the exercised warrants was transferred from reserve for warrants to common shares.

(expressed in Canadian dollars)

Shares to be issued (2018)

In December 2018, the Company incurred consulting fees to its Chief Financial Officer that were to be paid, in part, with the issuance of shares. The fair value of $2,000 has been recorded to shares to be issued based on the quoted market price of the shares on the last trading day of December 2018. See note 11.

Warrants

The outstanding issued warrants balance as at September 30, 2019 is comprised of the following items:

Date of expiry	Type	Number of warrants	Exercise price $	Fair value $
December 14, 2019	Corporate Finance Warrants	300,000	0.08	25,500
December 14, 2022	Warrants	2,500,000	0.12	100,000
December 19, 2022	Warrants	1,462,500	0.12	58,500
Cash costs allocated to warrants		-	-	(28,039)
Total		**4,262,500**		**155,961**

A continuity of the unexercised warrants to purchase common shares is detailed in the following table:

	September 30, 2019		December 31, 2018	
	Weighted Average Exercise Price	**Number of Warrants**	Weighted Average Exercise Price	Number of Warrants
	$		$	
Outstanding at beginning of year	**0.117**	**7,700,000**	0.181	31,492,046
Transactions during the period:				
Granted	**-**	**-**	-	-
Exercised	**(0.117)**	**(3,437,500)**	(0.192)	(9,847,247)
Expired	**-**	**-**	(0.20)	(13,944,799)
Outstanding at end of period	**0.117**	**4,262,500**	0.117	7,700,000

Contributed surplus

The Company has a 10% rolling stock option plan. Pursuant to the Plan, options to purchase common shares of the Company may be granted to certain officers, directors, employees and consultants of the Company. As at September 30, 2019, 2,320,503 (December 31, 2018 – 3,159,569) options are available for issuance under the Plan.

(expressed in Canadian dollars)

The principal features of the Plan are as follows:

- the maximum aggregate number of common shares that may be allocated and made available to be granted to participants under the Plan is 10% of the issued and outstanding common shares of the Company, less the number of options currently issued;

- the aggregate number of common shares that may be reserved for issuance pursuant to options granted to Insiders (defined as (a) a director or senior officer of the Company; (b) a director or senior officer of a "company" (as defined in the TSX Venture Exchange ("TSXV") policies) that is an Insider or subsidiary of the Company; (c) a "person" (as defined in TSXV policies) that beneficially owns or controls, directly or indirectly, "voting shares" (as defined in TSXV policies) carrying more than 10% of the voting rights attached to all outstanding voting shares of the Company; or (d) the Company itself if it holds any of its own securities) shall not exceed 10% of the issued and outstanding common shares (on a non-diluted basis) without the consent of disinterested shareholders;

- the aggregate number of options that may be granted to all Insiders within a 12-month period shall not exceed 10% of the issued and outstanding common shares (on a non-diluted basis) without the consent of disinterested shareholders;

- the aggregate number of options that may be granted to any one individual within a 12-month period shall not exceed 5% of the issued and outstanding common shares (on a non-diluted basis) without the consent of disinterested shareholders;

- the aggregate number of options that may be granted to any one "consultant" (as defined in the TSXV policies) within a 12-month period shall not exceed 2% of the issued and outstanding common shares (on a non-diluted basis); and

- the aggregate number of options that may be granted to all employees conducting "investor relation activities" (as defined in the TSXV policies) within a 12-month period shall not exceed 2% of the issued and outstanding common shares (on a non-diluted basis).

A continuity of the unexercised options to purchase common shares is detailed in the following table:

	September 30, 2019		December 31, 2018	
	Weighted Average Exercise Price	**Number of Options**	Weighted Average Exercise Price[1]	Number of Options
	$		$	
Outstanding at beginning of year	**0.18**	**3,149,197**	0.14	2,671,235
Transactions during the period:				
Granted	**0.225**	**2,240,849**	0.21	1,779,000
Exercised	**(0.171)**	**(713,449)**	(0.13)	(571,538)
Forfeit	**(0.35)**	**(225,000)**	(0.15)	(729,500)

(expressed in Canadian dollars)

Outstanding at end of period	**0.196**	**4,451,598**	0.18	3,149,197
Exercisable at end of period	**0.179**	**3,965,348**	0.18	3,049,197

The following table provides additional information about outstanding stock options at September 30, 2019:

Exercise Prices	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price ($)
$0.10 to $0.15	967,143	2.3	0.140
$0.16 to $0.20	1,393,606	3.3	0.190
$0.21 to $0.30	2,090,849	1.4	0.225
Outstanding	**4,451,598**	**2.2**	**0.196**
Exercisable	**3,965,348**	**2.3**	**0.179**

The Black-Scholes option pricing model was used to estimate the fair value of the issued options in 2019 and 2018. For 2019, the weighted average assumptions used for the 2019 options were as follows: risk-free interest rate of 1.75%; expected volatility of 152.28%; expected life of 1.93 years; expected dividends of $nil and weighted average common share price of $0.235. The grant-date fair value of the options issued in 2019 is $377,000.

For 2018, the weighted average assumptions used for the 2018 options were as follows: risk-free interest rate of 2.05%; expected volatility of 166.26%; expected life of 4.5 years; expected dividends of $nil and weighted average common share price of $0.20. The grant-date fair value of the options issued in 2018, is $321,000.

Share-based payments

The fair value of the stock options vested for the 3 and 9 months ended September 30, 2019 was $151,258 (2018 – $34,394) and $317,308 (2018 - $318,143), respectively, which amounts have been expensed in the consolidated statements of loss and comprehensive loss and off-set to contributed surplus.

11. Related-party transactions and key management compensation

The Consolidated Financial Statements include balances and transactions with directors and/or officers of the Company and/or corporations related to or controlled by them.

Key management includes those individuals having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management includes the directors, chief executive officer, chief financial officer and vice president of operations. Related-party compensation paid or payable to key management is detailed below:

(expressed in Canadian dollars)

	3 months ended		9 months ended	
	September 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
Transactions:	**$**	$	**$**	$
Compensation to key management	**-**	-	**-**	-
Consulting fees to key management	**22,500**	43,075	**67,500**	88,585
Share-based payments	**40,540**	5,167	**283,926**	359,433

As at September 30, 2019, $45,124 (December 31, 2018 - $280,696) is owed to officers or directors of the Company or entities controlled by them.

In May 2019, 471,698 common shares with a fair value of $125,000 were issued to a vice president of the Company in settlement of related-party debt (notes 9 and 14).

Included in 2018 consulting fees to key management above, 40,151 (3 months) and 107,098 (9 months) common shares of the Company, with a fair value of $6,000 and $16,000, respectively, were issued to a company controlled by the CO2 GRO's CFO. The shares were issued pursuant to a shares-for-services agreement with the Company's CFO, wherein $2,000 per month is settled with the issuance of shares.

12. Revenue

	3 months ended		9 months ended	
	September 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
	$	$	**$**	$
Revenue streams:				
Omega-3 tablets and gel-caps	**-**	1,470	**-**	1,813
CO2 Delivery Solutions	**7,402**	-	**78,365**	-
	7,402	1,470	**78,365**	1,813

13. Research and development costs

The research and development costs for the Company are detailed as follows:

	3 months ended		9 months ended	
	September 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
	$	$	**$**	$
Technical consulting	**78,233**	20,572	**175,090**	60,690

(expressed in Canadian dollars)

Patent filing costs	**7,401**	-	**8,219**	-
Technical consumables	**1,629**	8,061	**6,595**	14,944
Research and development costs	**87,263**	28,633	**189,904**	75,634

14. Significant contracts

The Company previously obtained a licence (the "Licence") from Neptune Technologies & Bioressources Inc. ("Neptune") to sell its shrimp oil globally. Pursuant to the Licence, the Company has an annual obligation to pay a minimum fee of US$250,000 which continues until the licence expires on December 16, 2024 or terminates (in which case a pro-rata payment equal to the annual amount multiplied by the number of months that have elapsed since the prior October 1st). Included in trade payable and accrued liabilities is $nil (2018-$407,638) owing to the licensor. In March 2019, the Company was notified by Neptune that it had transferred the outstanding amount owed to it by the Company, to an insider of the Company. In May 2019, the Company issued 471,698 common shares in settlement of the outstanding liability (note 9).

The Company is, from time to time, involved in various claims and legal proceedings. The Company cannot reasonably predict the likelihood or outcome of these activities. The Company does not believe that adverse decisions in any ending or threatened proceedings related to any matter, or any amount which may be required to be paid by reasons thereof, will have a material effect on the financial condition or future results of operations. See notes 9 and 16 (ii).

15. Segmented information

Operating segments

CO2 GRO's sole focus is commercializing its patent-licensed CO_2 gas infusion technology license and its patent-pending US PTO CO2 Delivery Solutions, both of which form the Company's Dissolved CO_2 plant-production platform. As such, the Company's operating segment information is the same as that reporting in the Consolidated Financial Statements.

Geographic segments

CO2 operates in two geographic segments being Canada and the United States. The Company realized its first ongoing operating lease revenue in late March 2019, from its first CO2 Delivery Solutions installation.

As at	**September 30, 2019**	December 31, 2018
	$	$
Identifiable assets:		
Canada	**896,043**	1,531,477
United States	**71,460**	2,331
	967,503	1,533,878

(expressed in Canadian dollars)

	3 months ended		9 months ended	
	September 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
	$	$	**$**	$
Loss and comprehensive net loss:				
Canada	**(547,403)**	(244,547)	**(1,080,142)**	(785,204)
United States	**(2,866)**	(746)	**(1,412)**	(3,895)
	(550,269)	(245,293)	**(1,081,554)**	(789,099)

9 months ended	**September 30, 2019**	September 30, 2018
	$	$
Cash used for operations:		
Canada	**(939,195)**	(646,934)
United States	**(1,412)**	(3,895)
	(940,607)	(650,829)

16. Subsequent events

(i) In October 2019, 96,000 options were exercised, raising $17,250.

(ii) The Company was served with a statement of claim filed in the Ontario Superior Court of Justice in October 2019 by Prosper Technologies LLC Canzone Limited and Prosper Industries Inc. against the company and two officers, John Archibald and Aaron Archibald. The case pertains to alleged breaches of non-competition agreements by these officers and claims damages and an injunction against them and the Company. The Company's lawyers are assessing the claim and will be vigorously defending against the action.