

TIDAL ROYALTY CORP.

(formerly

Tulloch Resources Ltd.)

CSE FORM 2A LISTING STATEMENT

The U.S. cannabis industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the participant and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Issuer's investments' earnings and could make future investments uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

June 12, 2018

SUMMARY OF THE LISTING STATEMENT

The following is a summary of the principal features of the Issuer and should be read together with the more detailed information and financial data and statements contained elsewhere in this Listing Statement.

Principal Business of the Issuer	<p>Tidal Royalty Corp. (the “Issuer”) is an Investment Company with a focus on the U.S. legal cannabis industry (as defined below). The Issuer anticipates providing capital financing solutions to companies in the U.S. legal cannabis industry in exchange for a royalty.</p> <p>The Issuer intends to invest in all aspects of the U.S. legal cannabis industry, including licensed cultivation, processing, distribution, testing and dispensing. The Issuer does not anticipate ever becoming an operator of a business in the U.S. legal cannabis industry. For more information on the Principal Business of the Issuer see “Section 4 - Narrative Description of the Business”</p>										
Use of Available Funds	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center; border-bottom: 3px double black;">Use of Funds</th> </tr> </thead> <tbody> <tr> <td style="width: 70%;">Cash on hand as at June 12, 2018</td> <td style="text-align: right; vertical-align: bottom;">\$37,451,960</td> </tr> <tr> <td>Investment Capital</td> <td style="text-align: right; vertical-align: bottom;">\$5,500,000</td> </tr> <tr> <td>Current Accounts Payable</td> <td style="text-align: right; vertical-align: bottom; border-bottom: 1px solid black;">(\$227,000)</td> </tr> <tr> <td>Unallocated Working Capital</td> <td style="text-align: right; vertical-align: bottom; border-bottom: 3px double black;">\$31,724,960</td> </tr> </tbody> </table> <p>For more information on use of available funds see “Section 4 - Narrative Description of the Business”.</p>	Use of Funds		Cash on hand as at June 12, 2018	\$37,451,960	Investment Capital	\$5,500,000	Current Accounts Payable	(\$227,000)	Unallocated Working Capital	\$31,724,960
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Unallocated Working Capital	\$31,724,960										
Risk Factors	<p>The Issuer’s business involves risks, uncertainties, and other factors, many of which are beyond the control of the Issuer, which risk factors include, but are not limited to: those related to the cannabis industry, including heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities leading to trading and regulatory risks; U.S. and Canadian laws, changes in laws, regulations, and/or guidelines; unfavourable publicity or consumer perception; the Issuer’s limited operating history; competition; banking issues related to the U.S. legal cannabis industry; general business risks, including the Issuer’s additional financing requirements; currency fluctuations; risks associated with acquisitions; research and market development; operational permits and authorizations; liability and enforcement complaints; product liability; resale of shares; price volatility of publicly traded securities; dependence and reliance upon existing management, research and development personnel, as well as specialists in the cannabis sector; management of growth; dividends; intellectual property; insurance coverage; costs of maintaining a public listing; litigation; operational risks; difficulty in implementing business strategy; conflicts of interest; and available talent pool.</p> <p>The Issuer is not directly or indirectly engaged in the manufacture, possession, use, sale or distribution of cannabis in the adult-use or</p>										

medical cannabis marketplace in the United States. However, the Issuer is expected to have a material ancillary involvement in the U.S. cannabis industry, through its possible future financing of entities directly engaged in such activities and deriving most of its revenues from royalties acquired by such financings. While the U.S. cannabis industry is legalized and regulated at the state-level by several states, cannabis is currently a controlled substance under the CSA. Strict compliance with state laws with respect to cannabis will neither absolve the Issuer of potential liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against the Issuer. Any such proceedings brought against the Issuer may adversely affect the Issuer's operations and financial performance.

For more information on risk factors see "Section 3.1-General Development of Business – Risk Factors" and "Section 17 – Risk Factors".

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Appendix B - Interim Financial Statements for the six months ended January 31, 2018
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Appendix D – Management Discussion & Analysis for the year ended July 31, 2017
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1. ABOUT THIS LISTING STATEMENT

1.1 General

Unless otherwise indicated:

- (i) except where otherwise indicated, all references to dollar amounts and “\$” are to Canadian currency;
- (ii) any statements in this Listing Statement made by or on behalf of management are made in such persons’ capacities as officers of the Issuer and not in their personal capacities; and
- (iii) all information in this Listing Statement is stated as at May 16, 2018, unless otherwise indicated.

1.2 Cautionary Statement Regarding Forward-Looking Statements

The information provided in this Listing Statement, including schedules and information incorporated by reference, may contain “forward-looking statements” about the Issuer. In addition, the Issuer may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Issuer that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Issuer that address activities, events or developments that the Issuer expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then-current expectations of the Issuer and/or assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- the available funds of the Issuer and the anticipated use of such funds;
- investments which may be made by the Issuer;
- the availability of financing opportunities, legal and regulatory risks inherent in the legal cannabis industry, risks associated with economic conditions, dependence on management and currency risk; and
- other risks described in this Listing Statement and described from time to time in documents filed by the Issuer with Canadian securities regulatory authorities.

Consequently, all forward-looking statements made in this Listing Statement and other documents of the Issuer are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Issuer.

The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer and/or persons acting on its behalf may issue. The Issuer undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation. See “3.1 – GENERAL DEVELOPMENT OF BUSINESS – Risk Factors” and “17 – RISK FACTORS”.

1.3 Market and Industry Data

This Listing Statement includes market and industry data relevant to the Issuer and business that has been obtained from third party sources, including industry publications. The Issuer believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Issuer has not independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

2. CORPORATE STRUCTURE

2.1 Corporate Name and Head and Registered Office

The Issuer was incorporated under the laws of British Columbia on March 12, 1980 as Treminco Resources Ltd. On February 19, 1999, it changed its name to Elkhorn Gold Mining Corporation; on October 12, 2011, it changed its name to Tulloch Resources Ltd.; and effective July 18, 2017 the Issuer changed its name to Tidal Royalty Corp. The registered and records office of the Issuer is located at Suite 810, 789 West Pender Street, Vancouver, BC V6C 1H2. The Issuer’s CUSIP number is 88635W107.

2.2 Jurisdiction of Incorporation

The Issuer was incorporated under the *Business Corporations Act* (British Columbia).

2.3 Intercorporate Relationships

The Issuer has no subsidiaries or parent companies.

2.4 Issuer’s requalifying following a fundamental change

The Issuer has undergone a fundamental change in business. It has obtained shareholder approval for its change from its previous business of resource exploration to becoming an Investment Company that seeks to provide investor returns through royalties derived from capital financing activities.

2.5 Non-Corporate Issuers or Issuers Outside of Canada

This section 2.5 is not applicable to the Issuer.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development

Between 1985 and 2000, the Issuer was involved in mineral exploration and was listed initially on the Vancouver Stock Exchange (as it was then known) and subsequently on the TSX Venture Exchange (the “**TSX**”). On September 4, 2001, the Issuer’s shares were delisted from the TSX for failure to meet the continued listing requirements of the TSX. Cease Trade Orders (“**CTO**’s”) were imposed on the Issuer by the Ontario Securities Commission and British Columbia Securities Commissions (the “**Commissions**”) on January 11, 2002 and January 3, 2002, respectively. Between April 2001 and July 2010, the Issuer was inactive and did not carry on any business. On October 11, 2011, the Issuer changed its name to the Tulloch Resources Ltd.

On January 16, 2012, pursuant to Section 171 of the British Columbia *Securities Act* and Section 144 of the Ontario *Securities Act*, the Commissions issued revocation orders in respect to the prior CTO’s issued against the Issuer. As part of the revocation, the Issuer undertook not to complete a transaction that would result in a Reverse Takeover while the Issuer is not listed on a “recognized stock exchange” unless prior to closing of such transaction, the Issuer provides the British Columbia Securities Commission with 10 business days’ notice of the transaction.

Between 2012 and 2016, the Issuer undertook three (3) equity financings, raising an aggregate of \$125,000, through private placements of its Pre-Consolidated Shares to cover expenses involved in the restoration of the Issuer, ongoing costs, and expenses involved in searching for an appropriate project. From 2014 to 2017, the Issuer identified and reviewed a number of opportunities but did not proceed with any project.

In July 2017, the Issuer changed its business to become an Investment Company with a focus on the U.S. legal cannabis industry. In order to make this change the Issuer:

1. retained new management with a track record in the U.S. legal cannabis industry and of acquiring and divesting in arm’s-length enterprises;
2. changed its name from Tulloch Resources Ltd. to Tidal Royalty Corp;
3. consolidated its shares on a three (3) old for one (1) new basis (the “**Consolidation**”);
4. considered and created a clearly defined investment policy which policy is disclosed in this Listing Statement;
5. received shareholders’ approval to the change of the Issuer’s business from mineral exploration to that of Investment Company; and,
6. raised aggregate proceeds of \$6,329,000 by issuing 126,580,000 Special Warrants in connection with a non-brokered financing at a price of \$0.05 per Special Warrant (the “**Private Placement**”), each of which will convert to one Unit four months from the date of issue;
7. raised aggregate proceeds of \$2,000,000 by issuing 40,000,000 preferred share units (each,

a “**Preferred Share Unit**”), each Preferred Share Unit consisting of one Series 1 Preferred Share and one Series 1 Preferred Share purchase warrant exercisable for one Series 1 Preferred Share at a price per share of \$0.05 for 24 months following closing; and

8. Raised aggregate proceeds of \$30,157,960 by way of issuing 91,387,756 common shares (“Common Shares”) in connection with a non-brokered financing at a price of \$0.33 per Common Share.

The Issuer anticipates making investments involving royalties and other forms of investments in private and public companies and anticipates seeking investment opportunities in the U.S. legal cannabis related industry. While the Issuer has identified the U.S. legal cannabis industry to be of interest for investments, and while it is in discussions to enter into various financing arrangements, it should be noted that (i) no contracts have been entered into, and (ii) as such there is no guarantee the Issuer will make any investments in cannabis-related businesses, or, if made, that any such investments will be profitable.

Investments

As more clearly defined in the Issuer’s Management Discussion and Analysis, see Appendix “D”, the Issuer had proposed entering into a royalty agreement with Desert Horizons Ltd., whereby the Issuer would advance \$7,500,000 USD to acquire a 99 year royalty on all gross sales. The advanced funds would allow Desert Horizons to build out the first phase of a cannabis cultivation and manufacturing facility in Palm Springs California. Effective May 9, 2018 the Issuer advised Desert Horizon’s that it would not be proceeding with the project.

Composition of Investment Portfolio

The nature and timing of the Issuer’s investments will depend, in part, on available capital at any particular time and the investment opportunities identified and available to the Issuer. The Issuer expects its investment activities will be primarily focused on enterprises located in the United States, although investments may extend globally (including the purchase of securities listed on foreign stock exchanges). The Issuer believes that any risk of limited diversification may be mitigated by closely monitoring its investments. The actual composition of the Issuer’s investment portfolio will vary over time depending on its assessment of a number of factors, including the performance of the U.S. legal cannabis markets and credit risk. Pending investment of available funds, monies will be held in bank or trust accounts with Schedule A financial institutions.

Investment Objectives

The principal investment objectives of the Issuer will be as follows:

- to seek high-return investment opportunities by providing project-specific financing to public and private companies through a range of investment instruments;
- to identify early-stage opportunities with attractive risk/reward ratios;
- to preserve its capital and limit the downside risk of its capital;
- to achieve a reasonable rate of capital appreciation;
- to minimize the risk associated with investments by obtaining appropriate security, where possible; and,

- to generate predictable cash-flow.

The Issuer's investment objectives, investment strategy and investment restrictions may be amended from time to time on the recommendation of senior management and approval by the board of directors. The Issuer does not anticipate the declaration of dividends to shareholders at this time and plans to re-invest the profits of its investments to further the growth and development of the Issuer's investment portfolio.

Investments

Principal Targets: Licensed cultivators, processors, distributors, testers and dispensaries, operating in the U.S. legal cannabis industry.

Composition: The actual composition of the Issuer's investment portfolio will vary over time depending on its assessment of a number of factors, including the performance of the U.S. legal cannabis industry and credit risk. Pending investment of available funds, monies will be held in bank or trust accounts with financial institutions determined by the Board to be acceptable to the Issuer.

Types: The Issuer will maintain a flexible position with respect to the form of investments taken, and may employ a wide range of investment instruments, including bridge loans, secured loans, unsecured loans, royalties, net profit interests and other hybrid instruments.

Jurisdictions: While the Issuer intends to focus on investments in those U.S. states where the production, distribution and sale for both medicinal and recreational use of cannabis has been legalized by state legislators, its investments may extend globally. All jurisdictions where the cannabis business is legal will be permissible for investment consideration depending on the risk assessment of the Board and Management at the time the financing is made and the risk-reward relationship associated with each financing in a particular jurisdiction, including the purchase of securities listed on foreign stock exchanges.

Timing: The timing of the Issuer's investments will depend, in part, on available capital at any particular time, and the investment opportunities identified and available to the Issuer. Subject to the availability of capital, the Issuer intends to create a suitably diversified portfolio of investments. The composition of its investment portfolio will vary over time depending on its assessment of a number of factors including the performance of financial markets and credit risk.

Size: Unlimited, although the Issuer will generally target financings in the \$10 million - \$50 million range.

Timelines: Not limited.

Operator Structures: Financing of public or private corporations, partnerships or other legal entities which own and/or operate, or propose to own and/or operate, a U.S. legal cannabis industry business.

Investment Strategy

To achieve the investment objectives as stated above, while mitigating risk, the Issuer, when appropriate, will seek to employ the following disciplines:

- the Issuer will undertake due diligence of the relevant business in which the investment will be made, as well as the Operator;
- the Issuer may select a specific segment of the industry in which to focus its investments and in such a case may retain the services of parties knowledgeable in this space;
- the Issuer will maintain a flexible position with respect to the form of investment taken and may employ a wide range of investment instruments, including bridge loans, secured loans, unsecured loans, royalties, net profit interests and other hybrid instruments;
- the Issuer will work closely with the Operator's management and board, and in some cases, assist in sourcing experienced and qualified persons to add to its board and/or management;
- investments will be made in private companies, public companies, and partnerships on a project-by-project basis;
- the Issuer will have flexibility on the return sought, while seeking to recapture its capital within a reasonable period following the initial investment;
- the Issuer will seek to maintain the ability to actively review and revisit all of its investments on an ongoing basis;
- from time to time, the Issuer may insist on board or management representation on target companies; and,
- the Issuer will utilize the services of both independent organizations and securities dealers to gain additional information on target investments where appropriate.

Notwithstanding the foregoing, from time to time, the Board may authorize such investments outside of these disciplines as it sees fit for the benefit of the Issuer and its shareholders.

The nature and timing of the Issuer's investments will depend, in part, on available capital at any particular time and the investment opportunities identified and available to the Issuer. As noted above, subject to the availability of capital, the Issuer intends to create a diversified portfolio of investments. The composition of its investment portfolio will vary over time depending on its assessment of a number of factors including the performance of financial markets and credit risk.

As of the date of this Listing Application, the Issuer has not: (i) identified investment opportunities; or, (ii) determined the particular thresholds of returns to be earned on investments or what will constitute a reasonable rate of capital appreciation.

The Issuer's investment objectives, investment strategy and investment restrictions may be amended from time to time on the recommendation of senior management and approval by the Board. The Issuer does not anticipate the declaration of dividends to shareholders during its initial stages and plans to reinvest the profits of its investments to further the growth and development of the Issuer's investment portfolio.

In light of the numerous investment opportunities across the entire U.S. legal cannabis sector, the Issuer aims to adopt a flexible approach to investment targets without placing unnecessary limits on potential returns on its investment. This approach is demonstrated in the Issuer's proposed investment strategy set out above.

The Issuer will have flexibility on the returns sought from any particular investments and its portfolio as a whole, while seeking to recapture its capital within a reasonable period following the initial investment. The Issuer will seek to maintain the ability to actively review and revisit all of its investments on an ongoing basis. From time to time, the Issuer may insist on board or management representation with target companies in order to safeguard and maximize returns from its investments.

Compliance

All investments will be made in compliance with applicable laws in relevant jurisdictions (excluding U.S. federal laws related to, or impacted by, cannabis' prohibition pursuant to the CSA), and will be made in accordance with and governed by the rules and policies of applicable regulatory authorities.

From time to time, the Board may authorize such additional investments outside of the guidelines described herein as it sees fit for the benefit of the Issuer and its shareholders.

Management Participation

The Issuer may, from time to time, seek a more active role in the corporations in which it invests, and provide such corporations with financial and personnel resources, as well as strategic counsel. The Issuer may also ask for board representation in cases where it makes a significant financing related to the business of an Operator.

The Issuer's nominee(s) shall be determined by the Board as appropriate in such circumstances.

Registration Status

The Issuer will aim to structure its investments in such a way as to not be deemed either an investment fund or mutual fund, as defined by applicable securities laws, thereby avoiding the requirement to register as an investment fund manager or investment advisor.

Conflicts of Interest

The Issuer and its affiliates, directors, officers are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with their duties to the Issuer. These include serving as directors, officers, promoters, advisers or agents of other public and private companies, including companies in which the Issuer may invest. These persons may also engage in transactions with the Issuer where any one or more of them is acting in a capacity as financial advisor, broker, intermediary, principal, or counterparty, provided that such transactions are carried out on terms similar to those which would apply in a like transaction between parties not connected with any one of them and such transactions are carried out on normal commercial terms as if negotiated at arm's length.

The Issuer has no restrictions with respect to investing in corporations in which a Board member may already have an interest. However, directors and senior officers will be required to disclose any conflicts of interest, including holding any interest in a potential investment. Further, where a

conflict is determined to exist, the person having a disclosable interest shall abstain from making further decisions or recommendations concerning such matter, and any potential investments where there is a material conflict of interest involving an employee, officer or director of the Issuer may only proceed after receiving approval from the disinterested directors of the Board.

The Issuer will also be subject to “related party” transaction policies of the securities exchange(s) on which its shares are listed for trading. Such policies may require disinterested shareholder approval and valuations for certain investment transactions.

Prior to making any investment commitment, the Issuer shall adopt procedures for checking for potential conflicts of interest, which shall include but not be limited to a circulation of the names of a potential target corporation and its affiliates to the Board and Management.

All members of the Board shall be obligated to disclose any interest in the potential investment. In the event a conflict is detected, the target corporation shall be notified of the potential conflict in writing. The members of the Board and its advisors shall be responsible for detecting a potential conflict. Where a conflict is determined to exist within Management or the Board, the individual having a conflicting interest shall provide full disclosure of their interest in the potential investment and, if such person is a Board member, shall abstain from voting on the investment decision but may participate in discussions regarding the potential investment opportunity.

The members of the Board, Management, the Investment Committee, and their respective affiliates (collectively the “**Parties**”) are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with their duties to the Issuer. These include serving as directors, officers, promoters, advisers or agents of other public and private corporations, including corporations in which the Issuer may invest. The Parties may also engage in transactions with the Issuer where any one or more of the Parties is acting in their capacity as financial advisor, broker, intermediary, principal, or counterparty, provided that such transactions are carried out on terms similar to those which would apply in a similar transaction between persons not connected with the Parties or any one of them and such transactions are carried out on normal commercial terms as if negotiated at arm’s length.

Risk Factors

Set out in this section below are certain material risk factors relating to the cannabis industry investment business proposed to be carried on by the Issuer. As the Issuer proceeds to develop and carry out its business plans, it will be necessary continually to monitor, re-evaluate, and manage such risks. See “17 - *Risk Factors*” for additional risk factors.

Risks Related to the Cannabis Industry

The following disclosure is intended to comply with CSA Notice 51-352 – Issuers with U.S. Marijuana-Related Activities. The table below is intended to assist readers with locating certain disclosures within this Listing Statement, however readers are encouraged to read this *Risks Related to the Cannabis Industry* and section 17 - *Risk Factors*, in their entirety.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
<p>All Issuers with U.S. Marijuana-Related Activities</p>	<p>Describe the nature of the issuer’s involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.</p>	<p>Issuer currently has no investments in the marijuana industry.</p> <p>For the Issuer’s intended type of investment and involvement in the industry See <i>Investments</i> – page 9</p>
	<p>Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.</p>	<p>See <i>Regulatory Risk</i> – pages 15 and 16</p>
	<p>Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities.</p>	<p>See <i>Regulatory Risk</i> – pages 15 and 16</p> <p>See <i>Illegality under U.S. Federal Law</i> – page 16</p>
	<p>Outline related risks including, among others, the risk that third party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer’s ability to operate in the U.S.</p>	<p>See <i>Risks Related to Royalties</i> – pages 48 and 49</p>
	<p>Given the illegality of marijuana under U.S. federal law, discuss the issuer’s ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.</p>	<p>See <i>Ability to Access Private and Public Capital</i> – page 19</p>
	<p>Quantify the issuer’s balance sheet and operating statement exposure to U.S. marijuana related activities.</p>	<p>See <i>Risks Related to Royalties</i> – page 48 and 49</p>
	<p>Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.</p>	<p>N/A Issuer currently has no investments.</p>
	<p>U.S. Marijuana Issuers with direct involvement in cultivation or distribution</p>	<p>Outline the regulations for U.S. states in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.</p>
<p>Discuss the issuer’s program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the issuer is in compliance with U.S. state law and the related</p>		<p>Issuer currently has no marijuana related investments.</p> <p>For how the Issuer plans to ensure compliance with its investees business</p>

	licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the issuer’s licence, business activities or operations.	See <i>Trends</i> - page 26-30; specifically pages 29 and 30.
	Outline the regulations for U.S. states in which the issuer’s investee(s) operate.	Issuer currently has no marijuana related investments. For how the Issuer plans to ensure compliance with its investees business See <i>Trends</i> - page 26-30; specifically pages 29 and 30.
	Provide reasonable assurance, through either positive or negative statements, that the investee’s business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any noncompliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee’s licence, business activities or operations.	Issuer currently has no marijuana related investments. For how the Issuer plans to ensure compliance with its investees business See <i>Trends</i> - page 26-30; specifically pages 29 and 30.
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution ⁴	Outline the regulations for U.S. states in which the issuer’s investee(s) operate.	Issuer currently has no marijuana related investments. For how the Issuer plans to ensure compliance with its investees business See <i>Trends</i> - page 26-30; specifically pages 29 and 30.
	Provide reasonable assurance, through either positive or negative statements ⁵ , that the investee’s business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any noncompliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee’s licence, business activities or operations.	Issuer currently has no marijuana related investments. For how the Issuer plans to ensure compliance with its investees business See <i>Trends</i> - page 26-30; specifically pages 29 and 30.
U.S. Marijuana Issuers with material ancillary involvement ⁶	Provide reasonable assurance, through either positive or negative statements, that the applicable customer’s or investee’s business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	Issuer currently has no marijuana related investments. For how the Issuer plans to ensure compliance with its investees business See <i>Trends</i> - page 26-30; specifically pages 29 and 30.

Regulatory Risks

The U.S. cannabis industry is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may impact on actual results.

Participants in the U.S. cannabis industry will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the participant and, thereby, on the Issuer's prospective returns. Further, the Issuer may be subject to a variety of claims and lawsuits. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect our ability to conduct our business. The litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. A material adverse impact on our financial statements also could occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable.

The U.S. cannabis industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the participant and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Issuer's investments' earnings and could make future investments uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

The Issuer expects to derive its revenues from the U.S. legal cannabis industry, which industry is nonetheless illegal under U.S. federal law. As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the U.S. are subject to inconsistent legislation and regulation.

The Issuer's investments are expected to be focused in those U.S. states that have legalized the medical and/or adult-use of cannabis. Almost half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis without limits on THC, while other states have legalized and regulate the sale and use of medical cannabis with strict limits on the levels of THC. However, the U.S. federal government has not enacted similar legislation and the cultivation, sale and use of cannabis remains illegal under federal law pursuant to the CSA. The federal government of the U.S. has specifically reserved the right to enforce federal law in regards to the sale and disbursement of medical or adult-use use marijuana even if state law sanctioned such sale and disbursement. It is presently unclear whether the U.S. federal government intends to enforce federal laws relating to cannabis where the conduct at issue is legal under applicable state law. This risk was further heightened by the revocation of the Cole Memorandum in January 2018.

Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, then the

Issuer's investments in such businesses would be materially and adversely affected notwithstanding that the Issuer may not be directly engaged in the sale or distribution of cannabis. U.S. federal actions against any individual or entity engaged in the marijuana industry or a substantial repeal of marijuana related legislation could adversely affect the Issuer, its business and its investments. The Issuer's funding of businesses involved in the medical and adult-use cannabis industry may be illegal under the applicable federal laws of the United States and other applicable law.

There can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against the Issuer. The consequences of such enforcement would be materially adverse to the Issuer and the Issuer's business and could result in the forfeiture or seizure of all or substantially all of the Issuer's assets.

Nature of the Issuer's Involvement in the U.S. Cannabis Industry

Currently, the Issuer is not directly or indirectly engaged in the cultivation, manufacture, importation, possession, use, sale or distribution of cannabis in the medical or adult-use cannabis marketplace in any jurisdiction within the United States. It is expected that the Issuer will have a material ancillary involvement in the cannabis industry by virtue of entering into financing and royalty agreements with parties that directly and indirectly operate in the U.S. legal cannabis industry.

Illegality under U.S. Federal Law

More than half of the U.S. states have enacted legislation to regulate the sale and use of cannabis on either a medical or adult-use level. However, notwithstanding the permissive regulatory environment of cannabis at the state level, cannabis continues to be categorized as a controlled substance under the CSA in the U.S. and as such, activities within the cannabis industry are illegal under U.S. federal law.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis related businesses in the U.S. are subject to a higher degree of uncertainty and risk. Unless and until the U.S. federal government amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendment there can be no assurance), there can be no assurance that it will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law. Such potential proceedings could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens; or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. Such proceedings could have a material adverse effect on the Issuer's business, revenues, operating results and financial condition as well as the Issuer's reputation, even if such proceedings were concluded successfully in favour of the Issuer.

The inconsistent regulation of cannabis at the federal and state levels was addressed in 2013 when then Deputy Attorney General, James Cole, authored a memorandum (the "Cole Memorandum") acknowledging that although cannabis is a controlled substance at the federal level, several U.S. states have enacted laws relating to cannabis for medical purposes. The Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also

implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. However, the Department of Justice (“DOJ”) has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard.

However, on January 4, 2018 the Cole Memorandum was revoked by Attorney General Jeff Sessions. While this did not create a change in federal law, as the Cole Memorandum was not itself law, the revocation added to the uncertainty of U.S. federal enforcement of the CSA in states where cannabis use is regulated. Sessions also issued a one-page memorandum known as the “Sessions Memorandum.” This confirmed the rescission of the Cole Memorandum and explained that the Cole Memorandum was “unnecessary” due to existing general enforcement guidance as set forth in the U.S. Attorney’s Manual (the “USAM”). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the federal government’s limited resources, and include “law enforcement priorities set by the Attorney General,” the “seriousness” of the alleged crimes, the “deterrent effect of criminal prosecution,” and “the cumulative impact of particular crimes on the community.”

While the Sessions Memorandum does emphasize that marijuana is a Schedule I controlled substance, and states the statutory view that it is a “dangerous drug and that marijuana activity is a serious crime,” it does not otherwise guide U.S. Attorneys that the prosecution of marijuana-related offenses is now a DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether or not to prosecute marijuana-related offenses. U.S. Attorneys could individually continue to exercise their discretion in a manner similar to that displayed under the Cole Memorandum’s guidance. Dozens of U.S. Attorneys across the country have affirmed their commitment to proceeding in this manner, or otherwise affirming that their view of federal enforcement priorities has not changed, although a few have displayed greater ambivalence. In California, at least one U.S. Attorney has made comments indicating a desire to enforce the CSA. Adam Braverman, Interim U.S. Attorney for the Southern District of California, has stated that the rescission of the Cole Memorandum “returns trust and local control to federal prosecutors” to enforce the CSA. Additionally, Greg Scott, the Interim U.S. Attorney for the Eastern District of California, has a history of prosecuting medical cannabis activity; and his office published a statement that cannabis remains illegal under federal law, and that his office would “evaluate violations of those laws in accordance with our district’s federal law enforcement priorities and resources.”

As previously stated, the U.S. Congress has passed appropriations bills (currently in the form of the Rohrabacher-Blumenauer Amendment) each of the last three years to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law. The Rohrabacher-Blumenauer Amendment is still in effect as of today’s date through September 30, 2018.

American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state medical cannabis laws. However, because this conduct continues to violate federal law, American courts have observed

that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business, even those that have fully complied with state law, could be prosecuted for violations of federal law. If Congress restores funding, the government will have the authority to prosecute individuals for violations of the law before it lacked funding under the five-year statute of limitations applicable to non-capital CSA violations. Additionally, it is important to note that the appropriations protections only apply to medical cannabis operations, and provide no protection against businesses operating in compliance with a state's recreational cannabis laws.

As previously stated, violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Issuer, including its reputation and ability to conduct business, the listing of its securities on any stock exchange, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Issuer to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial. The approach to the enforcement of cannabis laws may be subject to change, or may not proceed as previously outlined.

The Issuer's investments in entities involved in the U.S. cannabis industry will be made (i) only in those states that have enacted laws legalizing cannabis in an appropriate manner; and (ii) only in those entities that have fully complied with such state (and local) laws and regulations and have the licenses, permits or authorizations to properly carry on each element of their business.

The Issuer will continue to monitor, evaluate and re-assess the regulatory framework in each state in which it may hold an investment, and the federal laws applicable thereto, on an ongoing basis; and will update its continuous disclosure regarding government policy changes or new or amended guidance, laws or regulations regarding cannabis in the U.S.

Anti-Money Laundering Laws and Regulations

The Issuer is subject to a variety of laws and regulations in Canada and the U.S. that involve money laundering, financial recordkeeping and proceeds of crime, including the U.S. Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

Despite these laws, the FinCEN issued the FinCEN Memorandum on February 14, 2014 outlining the pathways for financial institutions to bank marijuana businesses in compliance with federal

enforcement priorities. The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance in the 2014 Cole Memo issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA on the same day. The 2014 Cole Memo was rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes was not a DOJ priority.

Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to remain in effect as a standalone document which explicitly lists the eight enforcement priorities originally cited in the rescinded Cole Memorandum. Although the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance, it is unclear whether the current administration will continue to follow the guidelines of the FinCEN Memorandum.

Overall, since the production and possession of cannabis is illegal under U.S. federal law, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. As the Issuer will have a material ancillary involvement in the U.S. legal cannabis industry, the Issuer may find that it is unable to open bank accounts with certain Canadian financial institutions, which in turn may make it difficult to operate the Issuer's business.

The Issuer's future investments, and any proceeds thereof, may be considered proceeds of crime due to the fact that cannabis remains illegal federally in the U.S. This may restrict the ability of the Issuer to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Issuer has no current intention to declare or pay dividends on its Shares in the foreseeable future, the Issuer may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Ability to Access Private and Public Capital

The Issuer has historically relied entirely on access to both public and private capital in order to support its continuing operations, and the Issuer expects to continue to rely almost exclusively on the capital markets to finance its business in the U.S. legal cannabis industry. Although such business carries a higher degree of risk, and despite the legal standing of cannabis businesses pursuant to U.S. federal laws, Canadian based issuers involved in the U.S. legal cannabis industry have been successful in raising substantial amounts of private and public financing. However, there is no assurance the Issuer will be successful, in whole or in part, in raising funds, particularly if the U.S. federal authorities change their position toward enforcing the CSA. Further, access to funding from U.S. residents may be limited due their unwillingness to be associated with activities which violate U.S. federal laws.

Canadian Securities Regulatory Matters

The Issuer's involvement in the U.S. cannabis industry may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. It has been reported in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("CDS"), refuse to settle trades for cannabis issuers that have investments in the U.S. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S., despite media reports to the contrary, and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange, should the Common Shares have become listed on a stock exchange.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("MOU") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the U.S. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the Common Shares are listed on a stock exchange, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of the applicable stock exchange.

Heightened Scrutiny

For the reasons set forth above, the Issuer's future investments in the U.S. may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Issuer may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Issuer's ability to invest in the U.S. or any other jurisdiction, in addition to those described herein.

Change in Laws, Regulations and Guidelines

The Issuer's proposed business operations will indirectly be affected by a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of cannabis, but also including laws and regulations relating to consumable products

health and safety, the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations, which could require participants to incur substantial costs associated with compliance or alter certain aspects of its business plans. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Issuer's business plans and result in a material adverse effect on certain aspects of its planned operations.

Unfavourable Publicity or Consumer Perception

The legal cannabis industry in the United States is at an early stage of its development. Cannabis has been, and will continue to be, a controlled substance for the foreseeable future. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Issuer. Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medical and adult-use cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical marijuana as opposed to legalization in general). The Issuer's ability to gain and increase market acceptance of its proposed investment business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure may have an adverse effect on the Issuer.

Amendment

The Issuer's investment objectives, strategy and restrictions and other provisions of this Investment Policy may be amended from time to time on the recommendation of Management and approval by the Board. Unless required by the policies of the securities exchange(s) on which its shares are listed for trading, approval by the Issuer's shareholders of any such amendments is not required.

Selected Financings

On January 30, 2015, the Issuer issued 1,400,000 Pre-Consolidated Shares in connection with a non-brokered financing at a price of \$0.05 per share for aggregate proceeds of \$70,000.

On December 29, 2015, the Issuer issued 550,000 Pre-Consolidated Shares in connection with a non-brokered financing at a price of \$0.10 per share for aggregate proceeds of \$55,000.

On February 8, 2018, March 1, 2018 and April 30, 2018, the Issuer issued 59,370,000, 57,120,000 and 10,090,000 Special Warrants respectively, in connection with a non-brokered financing at a price of \$0.05 per Special Warrant for aggregate proceeds of \$6,329,000. The Special Warrants will convert to Units four months from the date of issue.

On May 15, 2018, the Issuer issued 40,000,000 Preferred Share Units in connection with a non-brokered offering at a price of \$0.05 per Preferred Share Unit for aggregate gross proceeds of \$2,000,000.

On June 12, 2018, the Issuer issued 91,387,756 Common Shares in connection with a non-brokered private placement at a price of \$0.33 per Common Share for aggregate gross proceeds of \$30,157,960

3.2 Trends, Commitments, Events or Uncertainties

See “4.2 – Market Information, Trends, Commitments, Events and Uncertainties”.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 Narrative Description of the Business

In July 2017, the Issuer changed its business focus to become an Investment Company with emphasis in the U.S. legal cannabis industry. It replaced its board of directors with new board members with relevant industry experience. The new board appointed new management with a track record of acquiring and divesting interests in arm’s-length enterprises and extensive experience in the legal cannabis industry. In addition, the Issuer completed the Consolidation on July 17, 2017.

In April 2018, the Issuer raised aggregate proceeds of \$6,329,000 by issuing 126,580,000 Special Warrants in connection with a non-brokered financing at a price of \$0.05 per Special Warrant.

In May 2018, the Issuer raised additional aggregate gross proceeds of \$2,000,000 by issuing 40,000,000 Preferred Share Units at a price of \$0.05 per Preferred Share Unit. Each Preferred Share Unit consists of one non-voting, convertible Series 1 Preferred Share and one Series 1 Preferred Share purchase warrant.

In June 2018, the Issuer raised additional aggregate gross proceeds of \$30,157,960 by issuing 91,387,756 Common Shares at a price of \$0.33 per Common Share.

(i) Organization

The Issuer is an Investment Company active in the U.S. legal cannabis sector.

(ii) Business Objectives

The Issuer’s primary objective is to increase shareholder value through the identification of and financing of private and publicly listed corporations, predominately in the U.S. legal cannabis industry. The paramount goal of the Issuer will be to generate maximum returns from its

investments. The Issuer may hire professional portfolio managers to assist with meeting this objective.

See item 3.1 above for a description of the Issuer’s business and objectives.

Procedures and Implementation

The Board may appoint an Investment Committee (the “**Committee**”) to be responsible for assisting the Board in discharging the Board’s oversight responsibilities relating to investment opportunities. These individuals will have a broad range of business experience and their own networks of business partners, financiers, venture capitalists and finders through whom potential investments may be identified.

If appointed, prospective investments will be channelled through the Committee. The Committee will make an assessment of whether each proposal fits with the investment and corporate strategy of the Issuer in accordance with the investment objectives and strategy set out in the Issuer’s policy, and then proceed with preliminary due diligence, leading to a decision to reject or move the proposal to the next stage of detailed due diligence. This process may involve the participation of outside professional consultants.

The Issuer will obtain detailed knowledge of the relevant business the investment will be made in, as well as the Operator, their management team, quality of asset(s) and risks associated as applicable.

Once a decision has been reached to invest in a particular situation, a summary of the rationale behind the investment decision will be prepared by the Committee and submitted to the Board. This summary is expected to include, among other things, the estimated return on investment, timeline of investment, guidelines against which future progress can be measured, and risks associated with the investment. The summary will also disclose any finder’s or agent’s fees payable.

All investments will be submitted to the Board for final approval. The Committee will select all investments for submission to the Board and monitor the Issuer’s investment portfolio on an ongoing basis, and will be subject to the direction of the Board. The Committee will present an overview of the state of the investment portfolio to the Board on a quarterly basis.

Negotiation of terms of participation is a key determinant of the ultimate value of any opportunity to the Issuer. Negotiations may be ongoing before and after the performance of due diligence. The representative(s) of the Issuer involved in these negotiations will be determined in each case by the circumstances of the investment opportunity.

See item 3 above for details of the Issuer’s compliance mandate, management participation in Operators, and conflicts of interest.

Short-term Objectives.

The Issuer’s short-term objective is to create a sustainable business in the U.S. by making initial investments in key vertical markets of the marijuana industry in one or more states.

Long-term Objectives.

Management believes that a significant opportunity exists today and will develop further in the future, to leverage the Issuer's expertise, financial strength and business model in legal marijuana markets around the world. Once established, the Issuer intends on pursuing opportunities in a number of jurisdictions where cannabis is legally allowed presently, or where the government is actively moving towards such a legal framework. Subject to regulatory requirements and approval, strategic business opportunities pursued by the Issuer could include:

- providing advisory services to third-parties that are interested in establishing licensed cannabis cultivation, processing and sales operations;
- entering into strategic relationships that create value by sharing their expertise and industry knowledge;
- providing capital in the form of debt, royalties, or equity to Operators; and
- entering into licensing agreements to generate revenue, create strategic partnerships, or other business purposes.

Total Funds

Total Funds Available

The Issuer has historically relied upon equity financings to satisfy its capital requirements and may require further equity capital to finance its development, expansion and acquisition activities moving forward.

The working capital position of the Issuer as at June 12, 2018 was \$316,724,960.

Purpose of Funds

The Issuer intends to spend its available funds on making at least two investments and for general corporate purposes. The estimated use of funds is set forth below.

Use of Available Funds	\$
Cash on hand as at June 12, 2018	37,451,960
Funds available for Investment	5,500,000
Accounts Payable	(227,000)
Unallocated Working Capital	31,724,960

Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Issuer to achieve its objectives. The Issuer may require additional funds in order to fulfill all of its expenditure requirements to meet its business objectives and may either issue additional securities or incur debt. There can be no assurance that additional funding required by the Issuer will be available, if required. However, it is anticipated that the available funds will be sufficient to satisfy the Issuer's objectives over the next 12 months.

4.2 Market Information, Trends, Commitments, Events and Uncertainties

Use of Cannabis

Marijuana is a preparation of the leaves and flowering tops of cannabis sativa, the hemp plant, which contains a number of pharmacologically active principles (cannabinoids). It is used for its euphoric properties and is considerably more potent when smoked and inhaled than when simply eaten.

Medical cannabis refers to the use of cannabis and its constituent cannabinoids, such as tetrahydrocannabinol (“**THC**”) and cannabidiol (“**CBD**”), as medical therapy to treat disease or alleviate symptoms. The cannabis plant has a history of medicinal use dating back thousands of years across many cultures.

Smoking cannabis is the most traditional form of ingestion and consists of smoking the dried flowers or leaves of the cannabis plant. Cannabis can be smoked through a pipe, rolled into a joint (or cigarette), or smoked using a water pipe (bong). Vaporizing involves using a vaporizer, which is a device that is able to extract the therapeutic ingredients in the cannabis plant material at a much lower temperature than required for burning. This allows user to inhale the active ingredients as a vapor instead of smoke, and spares them the irritating and harmful effects of smoking. Many medical marijuana patients find that vaporizing offers an improved medical effectiveness, compared to smoking.

Topical cannabis encompasses herbal medicines that are applied directly to the skin or muscles. They include lotions, salves, balms, sprays, oils, and creams. Some patients report they are effective for skin conditions like psoriasis, joint diseases like rheumatoid arthritis, migraines, restless leg syndrome, some spasms, and everyday muscle stress and soreness. However, unlike smoking, vaporizing or eating the medical cannabis, topical products are generally non-psychoactive.

Shift in Extraction Processes

The push towards regulating both medical and recreational cannabis markets has sparked demand for a shift from raw cannabis to extracted cannabis concentrates for a variety of reasons. The extraction process kills bacteria, mold, and fungi present in the vegetable material it is extracted from, which can make it a safer medical use product. The main compounds being extracted are cannabinoids and terpenes, which provide the aroma, flavour and effect of the final product. The extraction process removes the glands (trichomes) from the vegetable matter of the leaf, leaving a concentrated wad, goo, hash or powder of pure active medicinal compound, which offers a larger dose of medicinal ingredient for patients who require it. Given that concentrates ideally have no plant matter left, the extraction process also produces flavours that are cleaner and more pleasant, for both medical and recreational users.

Increased demand for cannabis extracts has grown alongside higher demand for the compound CBD. CBD is a non-psychoactive ingredient in cannabis that has shown great potential for medical treatment of a variety of health conditions, including epilepsy. Due to the fact that CBD is non-psychoactive, CBD extracts attract a large market of patients who are averse to using medical marijuana because of its psychoactive properties, but want to take advantage of its

therapeutic properties. Further, even for those who are not averse to the psychoactive effects, an excessive amount of cannabis consumption is required to obtain a significant CBD dose.

As research continues to provide insights into the medical efficacy of CBD, the popularity of CBD extracts continues to grow. Concentrated CBD extractions allow patients to consume a medically adequate dose of CBD, with less unwanted side effects. This will significantly aid in the objective of improving medical research and utility for patients who require the use of CBD in treating various health issues.

Cannabis concentrates have consequently dominated total sales in many legal markets, for both medical and recreational use. Cannabis concentrates are used to make edibles, topical ointments, capsules and other packaged products that require a more professional extraction. Concentrates are also sold for direct consumption in small containers, which can be nearly odourless when sealed.

Concentrates purchased for direct consumption are named for the different consistencies created by the extraction. These waxes, oils, budders, and shatters are formulated for use in vaporizers, which range in size from large at-home units to small pen-sized devices that are used discreetly. Vaporizers work similar to an electronic cigarette by heating the material to a temperature hot enough to convert it into an inhalable vapour, which has minimal odour and dissipates immediately in the air, unlike smoke.

Increasing popularity and innovation of concentrates has created an increased demand for safe, professional, and effective extraction of cannabis concentrates.

Hydrocarbon Solvent Extraction

The medicinal compounds in cannabis flowers are hydrophobic. Accordingly, one of the most efficient extraction methods is using hydrocarbon solvents such as butane, propane, and hexane to separate the trichomes from the leaf. Hydrocarbon extracts are most commonly produced using butane and are referred to as butane hash oil (BHO). The basic process to produce BHO is to strip the glands from the leaves, followed by evaporating the solvent from the glands. This finished product is often further refined into other applications.

Hydrocarbon solvent extraction is commonly used in food and cosmetic production. Products created using this method include decaffeinated coffee, fragrances, essential oils, and food extracts such as vanilla. Pharmaceutical grade hydrocarbon solvents have low toxicity, and the FDA allows a residual solvent level of 5000 parts per million (PPM) on industrial goods produced using this method. Cannabis products created in legal market can contain between zero and 300 ppm of residual solvent.

The main danger of extraction involves the solvent itself. Hydrocarbon solvents are volatile compounds that are heavier than air and although they cannot be seen, they can pool on the floor of a space that is not properly ventilated. In such a setting, even a small spark could cause, and has caused, dangerous explosions. Accordingly, an effort towards clean, safe, organized, and consistent extraction methods is essential. Lack of regulation poses a significant risk, because despite the safety risks of extraction, the business opportunity is lucrative and the barriers to market entry are low. In addition to production risks, unregulated extractors have used products and processes not intended for consumable use goods, providing additional risks for the end-user. Industry stakeholders and professional legal extractors insist that extraction should be regulated

to minimize lack of safety procedures, other risks, and general stigma associated with non-legal extraction.

Extraction regulation could also reduce some of the financial challenges associated with extraction businesses. Specifically, lack of regulation requires these businesses to run on a cash-only basis, presenting a challenge with keeping the business solvent and adaptable. Professional extractors use expensive machinery, lab testing, and safety measures. For example, proper extraction requires the use of expensive closed-loop systems, to ensure that the hydrocarbon solvent is not allowed to enter open air. Regulation could help achieve cost consistencies and efficiencies, while also avoiding the challenges associated with operating on a cash-only basis. Proper regulation aimed at creating a more resourceful market in the recreational space may help foster innovation and promote public safety, while also decreasing the supply and demand for non-regulated cannabis.

In California, the United States' largest cannabis market, extraction is currently unregulated. In December 2015, a state appellate court ruled cannabis extracts are covered under the state's vague medical marijuana law, Prop 215, which was passed by voters in 1996. However, in the absence of formal regulation in the production of legal extracts, industry stakeholders are working to create standards and regulations for production. For example, California Extraction Research and Science Association (CERSA), will certify products that meet CERSA standards to create a safer and more transparent marketplace for business owners and patients.

If medical and adult use legalization continues to foster the development, research, and innovation of legal cannabis products and brands, the supply and demand of cannabis extracts is expected to grow. Today's legal concentrate producers must maintain a delicate balance to meet demand safely, within regulation, and operating entirely with cash. Legality and regulation will continue to be a state-by-state patchwork until the issue is taken up nationally.

Trends

United States

In the U.S., 29 states and Washington D.C. have legalized medical marijuana, while nine states and Washington D.C. have also legalized adult-use marijuana. At the federal level, however, cannabis currently remains a Schedule I controlled substance under the 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, 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.

While technically illegal, the U.S. federal government's approach to enforcement of such laws has, at least until recently, trended toward non-enforcement. On August 29, 2013, the U.S. Department of Justice ("DOJ") issued a memorandum known as the "Cole Memorandum" to all U.S. Attorneys' offices (federal prosecutors). The Cole Memorandum generally directed U.S. Attorneys not to prioritize the enforcement of federal marijuana laws against individuals and businesses that rigorously comply with state regulatory provisions in states with strictly-regulated medical or adult-use cannabis programs. The Cole Memorandum, while not legally

binding, assisted in managing the tension between state and federal laws concerning state-regulated marijuana businesses.

However, on January 4, 2018 the Cole Memorandum was revoked by Attorney General Jeff Sessions. While this did not create a change in federal law - as the Cole Memorandum was not itself law - the revocation added to the uncertainty of U.S. federal enforcement of the CSA in states where cannabis use is regulated.

Sessions also issued a one-page memorandum known as the “Sessions Memorandum.” This confirmed the rescission of the Cole Memorandum and explained that the Cole Memorandum was “unnecessary” due to existing general enforcement guidance as set forth in the U.S. Attorney’s Manual (the “USAM”). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the federal government’s limited resources, and include “law enforcement priorities set by the Attorney General,” the “seriousness” of the alleged crimes, the “deterrent effect of criminal prosecution,” and “the cumulative impact of particular crimes on the community.”

While the Sessions Memorandum does emphasize that marijuana is a Schedule I controlled substance and states the statutory view that it is a “dangerous drug and that marijuana activity is a serious crime,” it does not otherwise guide U.S. Attorneys that the prosecution of marijuana-related offenses is now a DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether or not to prosecute marijuana-related offenses. U.S. Attorneys could individually continue to exercise their discretion in a manner similar to that displayed under the Cole Memorandum’s guidance. Dozens of U.S. Attorneys across the country have affirmed their commitment to proceeding in this manner, or otherwise affirming that their view of federal enforcement priorities has not changed, although a few have displayed greater ambivalence. In California, at least one U.S. Attorney has made comments indicating a desire to enforce the CSA. Adam Braverman, Interim U.S. Attorney for the Southern District of California, has stated that the rescission of the Cole Memorandum “returns trust and local control to federal prosecutors” to enforce the CSA. Additionally, Greg Scott, the Interim U.S. Attorney for the Eastern District of California, has a history of prosecuting medical cannabis activity; and his office published a statement that cannabis remains illegal under federal law, and that his office would “evaluate violations of those laws in accordance with our district’s federal law enforcement priorities and resources.”

While it is too soon to determine what prosecutorial effects will be created by the rescission of the Cole Memorandum, a nationwide “crackdown” is unlikely. The sheer size of the cannabis industry, in addition to participation by state and local governments and investors, suggests that a large-scale enforcement operation would more than likely create unwanted political backlash for the DOJ and the Trump Administration. It is also possible that the rescission of the Cole Memorandum could motivate Congress to finally reconcile federal and state laws.

Regardless, marijuana remains a Schedule I controlled substance at the federal level, and neither the Cole Memorandum nor its rescission has altered that fact. The federal government of the U.S. has always reserved the right to enforce federal law in regard to the sale and disbursement of medical or adult-use marijuana, even if state law sanctioned such sale and disbursement. From a purely legal perspective, the criminal risk today remains identical to the risk on January 3, 2018. It remains unclear whether the risk of enforcement has been altered.

Additionally, under U.S. federal law, it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from the sale of marijuana or any other Schedule I controlled substance. Canadian banks are likewise hesitant to deal with cannabis companies, due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions, particularly those that are federally chartered in the U.S., could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses.

Despite these laws, the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") issued a memorandum on February 14, 2014 (the "FinCEN Memorandum") outlining the pathways for financial institutions to bank state-sanctioned marijuana businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum. Under these guidelines, financial institutions must submit a Suspicious Activity Report ("SAR") in connection with all marijuana-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These marijuana-related SARs are divided into three categories – marijuana limited, marijuana priority, and marijuana terminated – based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively.

On the same day as the FinCEN Memorandum was published, the DOJ issued a memorandum (the "2014 Cole Memo") directing prosecutors to apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of marijuana-related conduct. The 2014 Cole Memo has been rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes against state-compliant actors was not a DOJ priority.

However, Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to be a standalone document which explicitly lists the eight enforcement priorities originally cited in the Cole Memorandum. As such, the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance. In the United States, it is difficult for cannabis-based businesses to open and maintain a bank account with any bank or other financial institution.

In the U.S., a bill has been tabled in Congress to grant banks and other financial institutions immunity from federal criminal prosecution for servicing marijuana-related businesses if the underlying marijuana business follows state law. This bill has not been passed and there can be no assurance with that it will be passed in its current form or at all. In both Canada and the U.S., transactions involving banks and other financial institutions are both difficult and unpredictable under the current legal and regulatory landscape. Legislative changes to help reduce these challenges would eliminate these challenges for companies in the cannabis space and would improve the efficiency of both significant and minor financial transactions.

Although the Cole Memorandum and 2014 Cole Memo have been rescinded, one legislative safeguard for the medical marijuana industry remains in place: Congress has used a rider provision in the FY 2015, 2016 and 2017 Consolidated Appropriations Acts to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law. The Rohrabacher-Blumenauer Amendment is still in effect as of today's date through September 30, 2018.

Despite the legal, regulatory, and political obstacles the marijuana industry currently faces, the industry has continued to grow. It was anticipated that the federal government would eventually repeal the federal prohibition on cannabis and thereby leave the states to decide for themselves whether to permit regulated cannabis cultivation, production and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco. Given current political trends, however, these developments are considered unlikely in the near-term.

As an industry best practice, despite the recent rescission of the Cole Memorandum, the Issuer intends to require that all Operators with which it enters royalty arrangements to abide by the following to ensure compliance with the guidance provided by the Cole Memorandum:

- Operators must ensure that their operations are compliant with all licensing requirements regarding their cannabis operations as established by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions;
- Operators must ensure that their cannabis-related activities adhere to the scope of the licensing obtained (for example: in the states where only medical cannabis is permitted, the products are only sold to patients who hold the necessary documentation to permit the possession of cannabis; and in the states where cannabis is permitted for adult-use, the products are only sold to individuals who meet the requisite age requirements);
- Operators must have policies and procedures in place to ensure that cannabis products are not distributed to minors;
- Operators must have policies and procedures in place to ensure that revenue is not distributed to criminal enterprises, gangs or cartels;
- Operators must have an adequate inventory tracking system and necessary procedures in place to ensure that such compliance system is effective in tracking inventory and preventing diversion of cannabis or cannabis products into those states where cannabis is not permitted by state law, or cross any state lines in general;
- Operator must ensure that their state-authorized cannabis business activity is not used as a cover or pretense for trafficking of other illegal drugs, is engaged in any other illegal activity or any activities that are contrary to any applicable anti-money laundering statutes;
- Operators must ensure that their products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

In addition, the Issuer will conduct background checks to ensure that the principals and management of the licensed operators are of good character, and have not been involved with other illegal drugs, engaged in illegal activity or activities involving violence, or use of firearms

in cultivation, manufacturing or distribution of cannabis. The Issuer will also conduct reviews of activities of the cannabis businesses, the premises on which they operate and the policies and procedures that are related to possession of cannabis or cannabis products outside of the licensed premises, including the cases where such possession permitted by regulation (e.g. transfer of products between licensed premises).

Assessing the Markets/Business

There are certain large cannabis growers as well as a large segment of small and local cannabis product firms who provide a variety of different products offerings. In the U.S. public markets, the majority of the cannabis-related businesses are traded on the OTC. Nasdaq-listed firms include GW Pharmaceuticals (GWPH), Insys Therapeutics (INSY), Cara Therapeutics (CARA) and Zynerba Pharmaceuticals (ZYNE).

Competitive Conditions and Environment

As an Investment Company the Issuer is well positioned to participate in the rapid evolution of the cannabis industry through its ability to finance many segments of the industry. The Issuer plans to be heavily diversified in the various industry assets, providing it with the adaptability required to thrive in this dynamic and fast-changing industry.

Within the short period of legal adult use, these increasing cannabis sales and further steps toward industry regulation and legalization have prompted a push toward increasingly bigger waves of investment and innovation in the cannabis industry. There is also a strong opportunity for products, brands, research, and related services that will complement the cannabis market. The Issuer seeks to leverage its operational expertise, industry knowledge, and diverse assets to capitalize on the so-called “green-rush” in a regulated marijuana industry. Medical marijuana opportunities are becoming increasingly available as new jurisdictions move towards establishing new or improved medical marijuana systems. As Canada has developed an enviable regulatory model, companies acting within that framework have expertise, knowledge and potentially product to share with the global community.

Despite the fast growing market for legalized cannabis in both Canada and the U.S., there remains a significant lack of traditional sources of bank lending or venture and private equity capital, as well as an absence of traditional management expertise and advisory services. This is primarily because of the regulatory and legal challenges that cannabis continues to pose in both Canada and the United States. In addition to the problems posed by scarcity of capital, many holders of cannabis licenses lack traditional business experience and skills and desire value-added capital that can add to the skill and experience of their management team. The Issuer is looking to fill this market gap by providing both capital and operational expertise.

4.3 Outstanding Asset-based Securities

This information is not applicable to the Issuer.

4.4 Mineral Projects

This information is not applicable to the Issuer.

4.5 Oil and Gas Operations

This information is not applicable to the Issuer.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Annual Information

The following table sets forth selected financial information for the Issuer for the six months ended January 31, 2018 and the two most recently completed financial years ended July 31, 2017 (“fiscal 2017”), July 31, 2016 (“fiscal 2016”) and July 31, 2015 (“fiscal 2015”). The financial information below has been prepared in accordance with IFRS.

For the year (period) ended (Expressed in Canadian dollars)	January 31, 2018 (unaudited)	July 31, 2017 (audited)	July 31, 2016 (audited)	July 31, 2015 (audited)
Revenue	nil	nil	nil	nil
Total expenses	\$275,204	\$32,424	\$58,760	\$129,439
Net loss	\$275,204	\$32,424	\$58,760	\$129,439
Basic and diluted loss per share	\$0.10	\$0.01	\$0.02	\$0.05
Total assets	\$2,842,588	\$22,334	\$3,934	\$11,953
Total liabilities	\$391,449	\$157,991	\$107,167	\$66,426
Working Capital (deficit)	\$2,451,139	(\$135,657)	(\$103,233)	(\$54,473)
Shareholders' equity (deficiency)	\$2,451,139	(\$135,657)	(\$103,233)	(\$54,473)
Dividends	nil	nil	nil	nil
Number of Shares outstanding	2,843,636	2,843,636	2,843,636	2,660,302

On June 26, 2017, the Issuer consolidated its share capital on a three for one basis. All share and per share information have been restated to retroactively reflect this consolidation for all periods presented.

Issuer's Management Discussion and Analysis

The Issuer's Management's Discussion and Analysis for the six months ended January 31, 2018 and for fiscal 2017 are attached as Appendix “C” and “D” respectively and should be read in conjunction with the financial statements of the Issuer for the same period, and the notes thereto.

Certain information included in the Issuer's Management's Discussion and Analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See “*Caution Regarding Forward-Looking Statements*” for further details.

Three Months Ended	Revenue	Net Loss	Loss per Share
January 31, 2018	\$Nil	\$219,127	\$0.08
October 31, 2017	\$Nil	\$56,077	\$0.00
July 31, 2017	\$Nil	\$24,845	\$0.00
April 30, 2017	\$Nil	\$5,390	\$0.00
January 31, 2017	\$Nil	\$1,297	\$0.00
October 31, 2016	\$Nil	\$913	\$0.00
July 31, 2016	\$Nil	\$18,188	\$0.00
April 30, 2016	\$Nil	\$3,438	\$0.00

5.2 Dividends

The Issuer does not intend, and is not required, to pay any dividends on the Shares. Any decision to pay dividends will be made on the basis of the Issuer's earnings, financial requirements and other conditions existing at the time. See "17. RISK FACTORS".

5.3 Foreign GAAP

The financial statements included in this Listing Statements have been, and the future financial statements of the Issuer shall be, prepared in accordance with IFRS.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

Please refer to Appendix "D" for the Issuer's MD&A for the most recently completed fiscal year ended July 31, 2017; and to Appendix "C" for the six months ended January 31, 2018.

7. MARKET FOR SECURITIES

The Shares were not listed on any market for at least the last 10 years prior to its current listing on the CSE.

8. CONSOLIDATED CAPITALIZATION

The following table sets forth the expected capitalization of the Issuer, as at the six months ended January 31, 2018, as at June 12, 2018 following the first conversion date of Special Warrants and after Special Warrants are fully converted:

Designation of Security	Amount Authorized	Amount Outstanding at Jan. 31, 2018	Amount Outstanding at June 12, 2018	Amount Outstanding upon conversion of Special Warrants
Common Shares	Unlimited	2,843,636	153,601,392	220,811,392
Preferred Shares	Unlimited	nil	40,000,000	40,000,000
Special Warrants	n/a	nil ¹	67,210,000 ³	nil

Underlying Warrants	n/a	nil	126,580,000⁴	126,580,000
Preferred Share Warrants	n/a	nil	40,000,000	40,000,000
Stock Options	17,568,727²	nil	nil	17,568,727²

1. The first closing of Special Warrants occurred on February 8, 2018 upon the issuance of 59,370,000 Special Warrants for gross proceeds of \$2,968,500.
2. Options pursuant to the Company's fixed Stock Option Plan as adopted and approved by the Company's shareholders on September 5, 2017.
3. Special Warrants converting as to 57,120,000 on July 1, 2018 and 10,090,000 on August 31, 2018.
4. Includes 59,370,000 special warrants converted to warrants on June 8, 2018, 57,120,000 special warrants converting to warrants on July 1, 2018 and 10,090,000 special warrants converting to warrants on August 31, 2018

9. OPTIONS TO PURCHASE SECURITIES

9.1 Stock Option Plan

The following is a summary of the material terms of the Issuer's Stock Option Plan (the "**Option Plan**"):

- Under the Option Plan, the Issuer has adopted a 20% rolling stock option plan to replace its previous 10% rolling plan. The Option Plan provides that the Board may from time to time, in its discretion, grant to directors, officers, employees, technical consultants and other participants to the Issuer, non-transferrable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Issuer's issued and outstanding common shares. At the time of approval, the amount of options was set at 17,568,727.
- The number of common shares which may be issuable under the Option Plan within a one-year period: (i) to any one individual shall not exceed 5% of the issued and outstanding common shares; and (ii) to a consultant or an employee performing investor relations activities, shall not exceed 2% of the issued and outstanding common shares;;
- The purpose of the Option Plan is to provide the Issuer with a share-related mechanism to attract, retain and motivate qualified directors, officers, employees and consultants, to reward such of those directors, officers, employees and consultants as may be awarded options under the Option Plan by the Board from time to time for their contributions toward the long term goals of the Issuer and to enable and encourage such directors, officers, employees and consultants to acquire Shares as long term investments;
- Options may be granted only to directors, officers, employees and consultants of the Issuer or any related entity of the Issuer;
- The term of an option shall not, in the case of an option granted after the Shares have been listed on the Exchange, exceed the tenth anniversary of the grant of the option. If the date on which an option expires occurs during any period imposed by the Issuer, pursuant to its insider trading policies or otherwise, during which an optionee may be restricted from trading in securities of the Issuer (a "**Blackout Period**") or within two business

days after the last day of a Blackout Period, the date of the expiry of such option will become the tenth business day following the end of the Blackout Period;

- Subject to allowable adjustments, the option price of any option shall not be lower than the market price on the date on which the grant of the option is approved by the Board;
- An option shall be personal to the optionee and shall be non-assignable and non-transferable (whether by operation of law or otherwise);
- In the event that any optionee ceases to be an eligible person under the Option Plan (i.e. ceases to be an officer, director, employee or consultant for any reason other than death or termination with cause), the optionee will be entitled to exercise his or her options which have vested as of such date of cessation only within a period of one year, in the case of optionees that are directors or officers, or 90 days, in the case of employees or consultants, following the date of such cessation or such other date as may be determined by the Board, but in no event may any options be exercised following the expiry date thereof. In the event an optionee is terminated with cause, the options held by such optionee will expire on the date of such termination. In the event of the death of an optionee, any options held by such optionee which have vested as of the date of death may be exercised within a period of one year following the optionee's death;
- The Board may at any time amend the Option Plan or any options granted thereunder, subject to the receipt of all applicable regulatory approvals, provided that no such amendment may, without the consent of affected optionees, materially decrease the rights or benefits accruing to such optionees or materially increase the obligations of such optionees; and
- In the event that the Issuer proposes to amalgamate, merge or consolidate with any other corporation (other than a wholly-owned subsidiary) or to liquidate, dissolve or wind-up, or in the event an offer to purchase or repurchase the Shares or any part thereof shall be made to all or substantially all holders of the Shares, the Board will have the discretion to deal with outstanding options in the manner it deems fair and reasonable in the circumstances, which may include accelerated vesting or expiry of the options.

10. DESCRIPTION OF THE SECURITIES

10.1– 10.5 General

The Issuer's authorized share capital consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares without par value. As at the date of this Listing Statement, 153,601,392 Shares, 59,370,000 Warrants, 67,210,000 special warrants, 40,000,000 Series 1 Preferred Shares, and 40,000,000 Preferred Share Warrants are issued and outstanding.

Common Shares

The holders of Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Issuer and each Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Issuer. The holders of the Common Shares are entitled to receive such dividends in any financial year as the board of directors of the Issuer may by resolution determine. In the event of the liquidation, dissolution or

winding-up of the Issuer, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive the remaining property and assets of the Issuer, subject to the priority rights of the Preferred Shareholders. The Common Shares do not carry any pre-emptive rights, conversion or exchange rights, or redemption, retraction, purchase for cancellation or surrender rights. The Articles of the Issuer do not have any sinking or purchase fund provisions and do not have provisions permitting or restricting the issuance of additional securities and any other material restrictions. The Articles of the Issuer also do not have any provisions requiring a securityholder to contribute additional capital.

Preferred Shares

The Issuer is authorized to issue an unlimited number of Preferred Shares without par value. Preferred Shares may be issued in one or more series and will be subject to such rights and restrictions as the Board may determine.

As at the date of this Listing Statement, the Issuer has 40,000,000 non-voting, convertible Series 1 Preferred Shares issued and outstanding. The terms of the Series 1 Convertible Preferred Shares provide, among other things, that they: (i) are non-voting; (ii) are convertible into common shares of the Issuer on a one for one basis, subject to customary adjustments; (iii) are eligible to participate in dividends if and when declared on the Common Shares; (iv) have priority rights on liquidation; and (v) are subject to a restriction that no holder of the Preferred Shares may convert into a number of Shares that would result in such holder beneficially owning greater than 9.99% of the Shares.

The holders of the Preferred Shares have entered into a voluntary lock up arrangement (the “**Lock-Up Agreement**”) whereby they have contractually agreed not to transfer, sell, dispose of, or monetize any Shares received upon the conversion of its Preferred Shares or Preferred Share Warrants for a period of 6, 9, and 12 months after the closing date (the “**Lock-Up Period**”). From 6 months and 1 day after the closing date, the holders of Preferred Shares may transfer, sell, dispose of, or monetize up to 33.33% of the Shares such holder owns (upon conversion of the Preferred Shares and/or Preferred Share Warrants); from 9 months and 1 day after the closing date, the holder of Preferred Shares may transfer, sell, dispose of, or monetize up to 66.66% of the Shares such holder owns; and, from 12 months and 1 day after the closing date, the holder of Preferred Shares may freely transfer, sell, dispose of, or monetize any and all Shares then held.

Warrants

There are **59,370,000** Warrants issued and outstanding in the capital of the Issuer. Each Warrant entitles the holder to receive upon payment of \$0.05 per Warrant, an additional Common Share in the Capital of the Issuer. The Warrants are valid for a period of two years from issuance.

Special Warrants

There are **67,210,000** Special Warrants outstanding in the capital of the Issuer. Each Special Warrant entitles the holder to receive, without payment of any additional consideration or need for further action, subject to the customary anti-dilution provisions, one Unit. Each Unit consisting of

one Share and one Share purchase warrant entitling the holder to purchase one additional Share at a price of \$0.05 for a period of two years from the date of issue.

Each Special Warrant converts into a Unit four months from the date of issue being: 57,120,000 Special Warrants converting July 1, 2018 and 10,090,000 Special Warrants converting August 30, 2018.

10.6 Miscellaneous Securities Provisions

Only the Issuer's outstanding Shares will be listed on the CSE.

The rights of Shareholders may be modified only in accordance with the provisions attached thereto in the Issuer's Articles or the provisions of the BC *Business Corporations Act*.

While non-voting unless required by law, the convertible Series 1 Preferred Shares are ranked senior to the Issuer's Shares with respect as to the first preference as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Issuer. The Series 1 Preferred Shares, in the event of dividends or distributions, shall be entitled to receive on an equal basis as those of the Shares as if they had been converted to Shares.

10.7 Prior Sales

The following table summarizes the prices at which Shares (or securities convertible to Shares) have been sold within the 12 months before the date of this Listing Statement:

Capitalization	Number of Securities	Price per Security ¹
Balance - July 31, 2015	2,660,302	n/a
Shares Issued December 29, 2015 - Private Placement	183,334	\$0.30
Balance - April 30, 2016	2,843,636 ¹	n/a
Special Warrants converted into Units (1 Share and 1 Warrant) on June 8, 2018	59,370,000	\$0.05
Special Warrants converting into Units (1 Share and 1 Warrant) on July 1, 2018	57,120,000	\$0.05
Special Warrants converting into Units (1 Share and 1 Warrant) on August 30, 2018	10,090,000	\$0.05
Preferred Share Unit (convertible into 1 Preferred Share and 1 Preferred Share Warrant) ²	40,000,000	\$0.05
Common Shares Issued June 12, 2018 – Private Placement	91,387,756	\$0.33

Balance – June 12, 2018	289,247,753	n/a
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1. All amounts adjusted to account for the 3:1 Consolidation effected July 26, 2017.
2. The Preferred Shares are convertible only subject to Lock-Up Agreement and Lock-Up Period.

10.8 Stock Exchange Price

None of the Shares have been listed on a Canadian stock exchange or traded on a Canadian market since 2001.

11. ESCROWED SECURITIES

The following table summarizes the Shares subject to escrow as of the date of this Listing Statement:

Designation of class held in escrow	Number of securities held in escrow	Percentage of class
Common Shares	16,000,000	25.7% ¹

12. PRINCIPAL SHAREHOLDERS

No person known to the Issuer beneficially owns, directly or indirectly, or exercises control or direction over 10% or more of the outstanding Shares (either on an undiluted or fully diluted basis).

13. DIRECTORS AND OFFICERS

13.1 – 13.5 Directors and Officers

The following table sets forth the name of all directors and officers of the Issuer, their municipalities of residence, their current positions with the Issuer, their principal occupations during the past five years and the number and percentage of Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the date of this Listing Statement.

Name, Position, Province or State and Country of Residence	Principal Occupation or Employment for the Past Five Years	Date Elected or Appointed	Number & Percentage of Shares Held ¹
Paul Rosen <i>Ontario, Canada</i> CEO, Director, Member of Audit Committee	Member of the Law Society of Upper Canada; Founder, PharmaCan Capital Corp from November 2013 until May 2016; Director of iAnthus Capital Holdings Inc.	July 20, 2017	12,000,000 19.3%
Theo van der Linde <i>British Columbia, Canada</i> CFO and Director,	Chartered Professional Accountant. Director and executive officer of several publicly listed companies.	July 20, 2017	Nil

Member of Audit Committee			
Brendan Purdy <i>Ontario, Canada</i> Director, Member of Audit Committee	Practicing member of the Law Society of Upper Canada. Current director and/or officer of several public companies. Director and CEO of High Hampton Holdings Ltd. from November 2016 to December 2017; CEO and Director of Seaway Energy Services from April, 2016 to October 2016; a Director of Greenock Resources Inc. from October 2015 to February, 2016.	July 20, 2017	Nil
Stuart Wooldridge <i>British Columbia, Canada</i> Director	Director of 555155 B.C. Ltd. dba Orca Strategy, a private management consulting company, since 1990. CEO of Yuntone Capital Corp. from 2015 to 2018.	Sept. 05, 2001	266,666 <1%
Courtland Livesley-James <i>Ontario, Canada</i> Executive Vice-President	Investment banking roles at Eight Capital, Dundee Capital Markets, and Paradigm Capital.	August 28, 2017	4,000,000 6.4%
Kathryn Witter <i>British Columbia, Canada</i> Corporate Secretary	CEO, Marketworks, Inc. since 1989; Former CFO and current Corporate Secretary of Cobalt 27 Capital Corp since 2010 and Corporate Secretary of Awale Resources Ltd.	July 05, 2017	Nil

1. Shareholdings calculated as at June 8, 2018 the first conversion date of Special Warrants.

The Issuer currently has established one committee, being its Audit Committee, the members of which are Messrs: van der Linde, Purdy and Rosen. The composition and mandate of the Audit Committee is determined by the Issuer's Board.

Each Director stands for re-election at the Annual General Meeting of shareholders.

13.6 Corporate Cease Trade Orders

Except as noted below, no director, officer or promoter of the Issuer has, within the last ten years, been a director, officer or promoter of any company that:

- (a) was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive; or
- (b) was subject to an order that was issued after he or she ceased to act in that capacity, which resulted from an event that occurred while that person was acting as director, officer or promoter.

Stuart Wooldridge was a director of the Company in 2001 - 2002 when the British Columbia Securities Commission and the Ontario Securities Commission issued cease trade orders against the Company in January 2002 for failure to file its annual financial statements for the fiscal year ended July 31, 2001. The cease trade orders were revoked in 2012; also, Mr. Wooldridge was an independent director of Vend Teck Systems Inc. when in 2009, the British Columbia Securities Commission and the Alberta Securities Commission issued cease trade orders against Vend Tek for failure to file financial statements in a timely manner. In 2010, the orders were revoked.

Brendan Purdy was an independent director of Boomerang Oil, Inc. (“Boomerang”) when cease trade orders were issued by the British Columbia Securities Commission and Alberta Securities Commission in 2015 due to Boomerang failing to file its annual audited financial statements for the fiscal year ended September 30, 2014, and its management's discussion and analysis relating thereto, as required under Part 5 of National Instrument 51-102. Boomerang continues to be subject to the cease trade orders.

13.7 Bankruptcies

No director, officer, or promoter of the Issuer or any shareholder anticipated to hold a sufficient amount of securities of the Issuer:

- (a) is, as at the date hereof, or has been within the last 10 years, a director or executive officer of any company that, while acting in that capacity, or within a year of ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

13.8 Penalties or Sanctions

No director, officer, or promoter of the Issuer or any shareholder anticipated to hold a sufficient amount of securities of the Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely considered important to a reasonable investor in making an investment decision.

13.9 Conflicts of Interest

To the best knowledge of the Issuer and other than as disclosed herein, there are no known existing or potential material conflicts of interest between the Issuer and a director, officer or promoter of the Issuer except that certain of the directors, officers and promoters of the Issuer serve as directors, officers and promoters of other companies and therefore it is possible that a conflict may arise between their duties as a director, officer or promoter of the Issuer and their duties as a director, officer and promoter of such other companies. See “17 – RISKFACTORS”.

The directors, officers and promoters of the Issuer are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Issuer will rely upon such laws in respect of any directors’ and officers’ conflict of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with applicable law and they will govern themselves in respect thereof to the best of their ability in accordance with the obligation imposed upon them by law.

13.10 Management

The following summarizes certain information concerning the Issuer's directors and officers:

Paul Rosen, age 54 has been a Director of the Issuer since July 20, 2017, and CEO since February 28, 2018.

Mr. Rosen is a leading entrepreneur in the Canadian cannabis industry. He was the co-founder and former CEO of PharmaCan Capital Corp. (now operating as The Cronos Group Inc.). The Cronos Group Inc. (MJN-X) is a Canadian cannabis company, and recently became the first cannabis company to list on the NASDAQ exchange. He is the founder and Managing Director of BreakWater Venture Capital, one of Canada's largest cannabis-focused private venture capital firms with investments in over 100 private companies across the world. In addition to investments, Breakwater provides advisory services to some of the leading cannabis companies, both in Canada and internationally. Mr. Rosen is also a director of iAnthus Capital Holdings, Inc. (CSE: IAN), which owns, operates, and partners with licensed cannabis operations throughout the United States.

Mr. Rosen is a member of the Law Society of Upper Canada and previously practiced constitutional and criminal law. Mr. Rosen received a B.A. in Economics from the University of Western Ontario in 1985 and an L.L.B from the University of Toronto in 1988.

Mr. Rosen, in his capacity as the CEO of the Issuer, is an independent contractor, is not subject to the terms of a formal engagement agreement with the Issuer, and is not subject to any non-competition or non-disclosure agreement. Mr. Rosen expects to dedicate approximately 75% of his time to the affairs of the Issuer.

Theo van der Linde, CA, age 44, has been the CFO and Director of the Issuer since July 20, 2017.

Mr. van der Linde is a Chartered Professional Accountant with over 20 years of extensive finance, administration and public accounting experience in the oil & gas, mining, financial services, manufacturing and retail industries.

Mr. van der Linde, in his capacity as the CFO of the Issuer, is an independent contractor, providing his services on a part-time basis, is not subject to the terms of a formal engagement agreement with the Issuer, and is not subject to any non-competition or non-disclosure agreement. Mr. van der Linde expects to dedicate approximately 20% of his time to the affairs of the Issuer.

Stuart Wooldridge, age 57, has been a Director of the Issuer since September 2001, and was the CEO of the Issuer from September 2011 to February 28, 2018.

Mr. Wooldridge as director of 555155 B.C. Ltd. dba Orca Strategy, a private management consulting company through which Mr. Wooldridge has experience with financing and managing publicly listed companies, new listings and regulatory reporting.

Mr. Wooldridge, in his capacity as a director of the Issuer, is an independent contractor, providing his services on a part-time basis, is not subject to the terms of a formal engagement agreement with the Issuer, and is not subject to any non-competition or non-disclosure agreement. Mr. Wooldridge expects to dedicate approximately 5% of his time to the affairs of the Issuer.

Brendan Purdy, age 31, has been a Director of the Issuer since July 20, 2017.

Mr. Purdy Mr. Purdy is a practicing securities lawyer, with experience in public companies, and the capital markets. Mr. Purdy received his J.D. from the University of Ottawa, received a Bachelor of Management and Organizational Studies degree from the University of Western Ontario.

Mr. Purdy has significant cannabis industry experience, in both his private practice and in his capacity as management and director of public cannabis issuers. Mr. Purdy most recently acted as Director, CEO, and Chairman of High Hampton Holdings Corp. (CSE: HC), a CSE-listed cannabis investment company focused on acquisitions of cannabis distribution companies, branding opportunities, and state licensed producers in California, USA. Mr. Purdy was involved in identifying and facilitating the acquisition of CoachellaGro Corp., a California-based corporation holding 10.8 acres of land within the designated cannabis cultivation zone in Coachella, California.

In his securities law practice, Mr. Purdy has facilitated the acquisition and financing of other licensed producers and cannabis ancillary companies within Canada. Following his resignation as CEO of High Hampton, Mr. Purdy became General Counsel to 3 Sixty Secure Corp., a Canadian company providing static security and secure logistics for the transport and distribution of cannabis for several prominent licensed producers.

Mr. Purdy has held several executive and director positions in other publicly traded companies. He is the current Corporate Secretary and a director of Global Blockchain Technologies Corp.; the CEO and President of Element 79 Capital Inc.; former CEO and director of Enforcer Gold Corp.; and a director of each of Supreme Metals Corp. and ZTest Electronics Inc.

Mr. Purdy, in his capacity as a director of the Issuer, is an independent contractor, providing his services on a part-time basis, is not subject to the terms of a formal engagement agreement with the Issuer, and is not subject to any non-competition or non-disclosure agreement. Mr. Purdy expects to dedicate approximately 5% of his time to the affairs of the Issuer.

Courtland Livesley-James, age 26, has been the Executive Vice President of the Issuer since August 28, 2017.

Mr. Livesley-James has substantial cannabis industry and capital markets experience developed through his work at Dundee Capital Markets and Eight Capital. He worked on the Diversified Investment Banking Team at Dundee, one of the first capital markets groups to be active in the Canadian cannabis industry. He was part of the deal team that took Bedrocan Cannabis Corp. public and subsequently merged it with Tweed Marijuana Inc. in a CA\$180 million transaction to create Canopy Growth Corporation (TSX:WEED) in 2015. Mr. Livesley-James also advised on the CA\$430 million sale of Mettrum Health Corp. (TSXV:MT) to Canopy. He also gained capital markets experience while working at Barrick Gold Corporation (TSX: ABX) and Paradigm Capital.

Mr. Livesley-James has a background in accounting and financial management, with an Honours degree from the University of Waterloo.

Mr. Livesley-James, in his capacity as an officer of the Issuer, is an independent contractor, providing his services on a part-time basis, is not subject to the terms of a formal engagement

agreement with the Issuer, and is not subject to any non-competition or non-disclosure agreement. Mr. Livesley-James expects to dedicate approximately 90% of his time to the affairs of the Issuer.

Kathryn Witter, age 55, has been the Corporate Secretary of the Issuer since July 5, 2017.

Ms. Witter has been the Chief Executive Officer of Marketworks, Inc since 1989, a private company specializing in providing financial, regulatory and consulting services to both emerging and mid-cap public companies trading in Canada, the USA and the United Kingdom. Ms. Witter has been a director and/or officer in several publicly traded companies and has experience in full cycle accounting, project and budget management; customization of managerial and administrative procedures, mergers and acquisition, negotiation and structuring.

Ms. Witter, in her capacity as the Corporate Secretary of the Issuer, is an independent contractor, providing her services on a part-time basis, is not subject to the terms of a formal engagement agreement with the Issuer, and is not subject to any non-competition or non-disclosure agreement. Ms. Witter expects to dedicate approximately 10% of her time to the affairs of the Issuer.

14. CAPITALIZATION

The following tables provide information about our capitalization as of the date of this Listing Statement, each with reference to our outstanding Common Shares:

Issued Capital	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
<u>Public Float</u>				
Total outstanding (A)	153,601,392	473,396,480 ⁽¹⁾	100.0%	100.0%
Held by Related Persons ⁽²⁾ (B)	66,666	51,035,393 ⁽³⁾	0.04%	10.78%
Total Public Float (A-B)	153,534,726	422,361,087	99.96%	89.22%
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions ^{(4)(5)(C)}	91,387,756 ⁽⁵⁾	187,387,756 ⁽⁵⁾	59.50%	39.58%
Total Tradeable Float (A-C)	62,213,636	286,008,724	40.50%	60.42%

(1) Includes 17,568,727 incentive stock options of which none are currently granted; 91,387,756 Common Shares, 59,370,000 Common Shares and 59,370,000 Underlying Warrants, 67,210,000 Special Warrants and 67,120,000 Underlying Warrants and 40,000,000 Preferred Shares and 40,000,000 Preferred Share Warrants as if converted.

(2) Related Persons or employees of the Issuer, or persons or companies who beneficially own or control, directly or indirectly, more than a 10% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 10% voting position in the Issuer upon exercise or conversion of other securities held). See below.

- (3) Includes 17,568,727 incentive stock options as if they were granted to Related Persons or employees of the Issuer. As at the date of this Listing Statement no incentive stock options are issued.
- (4) Includes restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders. In this instance, means: (i) 16,000,000 Shares subject to escrow (see Item 10, "Escrowed Securities" above.); and (ii) 40,000,000 Preferred Shares and 40,000,000 Preferred Share Warrants, if converted, each subject to conversion restrictions and voluntary Lock-Up Period (see Item 10, "Preferred Shares").
- (5) Includes 91,387,756 Common Shares that were issued on June 12, 2018 and are subject to a four month and one statutory hold period.

The following securities are held by Related Persons:

Name	Common Shares	Options	Special Warrants
Paul Rosen	nil	nil	12,000,000
Stuart Wooldridge	66,666	nil	200,000
Theo van der Linde	nil	nil	nil
Brendan Purdy	nil	nil	nil
Courtland Livesley-James	nil	nil	4,000,000
Kathryn Witter	nil	nil	100,000
Totals	66,666	nil	16,300,000

Public Security-holders (Registered)

For the purposes of this table, "public security-holders" are registered Shareholders other than related persons enumerated in section (B) of the previous chart as at the date of this Listing Statement.

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of Shares</u>
1 – 99 securities	23	289
100 – 499 securities	54	4,055
500 – 999 securities	10	2,160
1,000 – 1,999 securities	7	2,607
2,000 – 2,999 securities	9	6,844
3,000 – 3,999 securities	3	3,313
4,000 – 4,999 securities	2	3,113
5,000 or more securities	57	1,299,744
Totals	165	1,322,125

Public Security-holders (Beneficial)

The following table includes (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders

for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line. All information as at the date of this Listing Statement

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of Shares</u>
1 – 99 securities	5	59
100 – 499 securities	44	3,719
500 – 999 securities	27	6,426
1,000 – 1,999 securities	28	11,513
2,000 – 2,999 securities	23	16,803
3,000 – 3,999 securities	4	4,520
4,000 – 4,999 securities	6	8,500
5,000 or more securities	46	532,716
Unable to confirm		835,047
Totals	183	1,419,303

Non-Public Security-holders (Registered)

The following table includes "non-public securityholders", being those related persons enumerated in section (B) of the issued capital chart as at the date of this Listing Statement.

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of Shares</u>
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		
3,000 – 3,999 securities		
4,000 – 4,999 securities		
5,000 or more securities	1	66,666
Totals	1	66,666

14.2 The following table details securities convertible or exchangeable into Shares.

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of Common Shares upon conversion / exercise	Date of Conversion or Expiry
Warrants issued upon conversion of the Special Warrants) (exercisable at \$0.05 for 24 months)	59,370,000	59,370,000	June 8, 2020 <i>Expiry</i>

Special Warrants (exercisable for no consideration to an equivalent number of Units)	57,120,000	57,120,000	July 1, 2018 <i>Conversion</i>
Warrants (to be issued upon conversion of the Special Warrants) (exercisable at \$0.05 for 24 months)	57,120,000	57,120,000	July 1, 2020 <i>Expiry</i>
Special Warrants (exercisable for no consideration to an equivalent number of Units)	10,090,000	10,090,000	August 31, 2018 <i>Conversion</i>
Warrants (to be issued upon conversion of the Special Warrants) (exercisable at \$0.05 for 24 months)	10,090,000	10,090,000	August 31, 2020 <i>Expiry</i>
Series 1 Convertible Preferred Shares ¹ (exercisable on a one-for-one basis)	40,000,000	40,000,000	N/A
Preferred Share Purchase Warrants ¹ (exercisable at \$0.05 for 24 months)	40,000,000	40,000,000	May 15, 2020 <i>Expiry</i>

¹ The Series 1 Convertible Preferred Shares and the Preferred Share Warrants are subject to the restriction that no holder of the Preferred Shares may convert into a number of Shares that would result in such holder beneficially owning greater than 9.99% of the Shares; and further subject at all times to the Lock-Up Agreement. See Item 10, “Preferred Shares”.

15. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The objectives, criteria and analysis of the compensation of the executive officers of the Issuer will be determined by the Board and are expected to be substantially similar to how the Issuer compensated its executive officers. See the Issuer’s “Statement of Executive Compensation” attached as Schedule “E” to this Listing Statement.

The named executive officers of the Issuer consist of Paul Rosen, the Chief Executive Officer of the Issuer, and Theo van der Linde, the Chief Financial Officer of the Issuer (the “Named Executive Officers”).

Option Based Awards

The Issuer Option Plan reserves a maximum of 17,568,727 (20%) of the issued and outstanding Shares for issuance upon the exercise of the stock options granted pursuant to the Issuer Option Plan. Refer to section “9 – Options to Purchase Securities” for a summary of the Option Plan.

Employment Contracts

There are no compensatory plans, contracts or arrangements with any Named Executive Officer (including payments to be received from the Issuer or any subsidiary), which result or will result from the resignation, retirement or any other termination of employment of such Named Executive Officer or from a change of control of the Issuer or any subsidiary thereof or any change in such Named Executive Officer's responsibilities, where the Named Executive Officer is entitled to payment or other benefits.

Directors Compensation

Summary Compensation for Directors

The ongoing compensation of the non-executive directors will be determined by the Issuer Board. Compensation may be comprised of cash, equity awards, or a combination of both. The Issuer will also reimburse expenses incurred by such persons for acting as directors of the Issuer.

No additional compensation will be paid to Issuer directors that also serve as Named Executive Officers.

Pension Plan Benefits for Directors

The Issuer is not expected to, and has no plan to, have a pension plan, defined benefit plan, defined contribution plan or deferred compensation plan that provides for payments or benefits to the directors, other than Named Executive Officers, at, following, or in connection with retirement.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer or senior officer the Issuer, or any associates of such persons, is indebted to the Issuer and no indebtedness of such persons is the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by the Issuer.

17. RISK FACTORS

An investment in the Issuer's securities should be considered highly speculative due to the nature of our business and the present stage of our development. An investment in the Issuer's securities should only be made by knowledgeable and sophisticated investors who are willing to risk and can afford the loss of their entire investment. Prospective investors should consult with their professional advisors to assess an investment in the Issuer. In evaluating the Issuer and its business, investors should carefully consider, in addition to the other information contained in this Prospectus, the risk factors listed below. These risk factors are not a definitive list of all risk factors associated with an investment in the Issuer or in connection with our operations.

For **Risks related to the Cannabis Industry** see "Section 3.1 General Development of the Business – Risk Factors"

Risks related to Holding Shares

No Established Market

There is currently no market through which our securities may be traded. While we anticipate having our Shares listed for trading on the CSE, there is no assurance such listing will be granted or maintained.

Liquidity Concerns and Future Financing Requirements

We have no source of operating revenue. It is likely we will operate at a loss until we are able to realize cash flow from our investments. We may require additional financing in order to fund our businesses or business expansion. Our ability to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as our business success. There can be no assurance that we will be successful in our efforts to arrange additional financing on terms satisfactory to us, or at all. If additional financing is raised by the issuance of Shares from treasury, control of the Issuer may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, we may not be able to operate our businesses at their maximum potential, to expand, to take advantage of other opportunities, or otherwise remain in business.

Volatility of Share Price

As it is anticipated that our Shares will be listed on the Exchange, factors such as announcements of quarterly variations in operating results, revenues, costs, as well as market conditions in the cannabis industry may have a significant impact on the market price of our Shares. Global stock markets and the Exchange in particular have, from time to time, experienced extreme price and volume fluctuations, which have often been unrelated to the operations of particular companies. Share prices for many companies in our sector have experienced wide fluctuations that have been often unrelated to the operations of the companies themselves. In addition, there can be no assurance that an active trading or liquid market will develop or be sustained for our Shares.

Resale of Shares

Although conditional approval for the listing of the Shares has been obtained from the CSE, there can be no assurance that, an active and liquid market for the Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Issuer. In addition, there can be no assurance that the publicly-traded stock price of the Issuer will be high enough to create a positive return for investors. Further, there can be no assurance that the stock of the Issuer will be sufficiently liquid so as to permit investors to sell their position in the Issuer without adversely affecting the stock price. In such event, the probability of resale of the Issuer's shares would be diminished.

Uncertainty of Use of Proceeds

Although we have set out our intended use of proceeds from the Offering, the same are estimates only and subject to change. While management does not contemplate any material variation, management does retain broad discretion in the application of such proceeds. See "Note Regarding Forward-looking Statements" for more details.

Dividends

The Issuer does not anticipate paying any dividends in the foreseeable future. Dividends paid by the Issuer would be subject to tax and, potentially, withholdings.

Risks Related to Royalties

Rights of Third Parties may Restrict the Ability to Acquire Existing Royalties

Royalty interests may be subject to: (i) buy-down right provisions pursuant to which the Operator may buy-back all or a portion of the royalty; (ii) pre-emptive rights pursuant to which parties have the right of first refusal or first offer with respect to a proposed sale or assignment of the royalty; or (iii) claw back rights pursuant to which the seller of a royalty has the right to re-acquire the royalty. As a result, (a) royalties held by the Issuer may not continue for the full term of the original contract, and (b) should the Issuer seek to acquire existing royalties in the future, holders of such rights may exercise them such that certain existing royalty interests would not be available for acquisition.

Costs May Influence Return to Royalty Holder

Should the Issuer hold a net profit royalty, it would have the added risk that such royalties allow the Operator to account for the effect of prevailing cost pressures on the project before calculating a royalty. These cost pressures may include costs of labour, equipment, electricity, environmental compliance, and numerous other capital, operating and production inputs. Such costs will fluctuate in ways the royalty holder will not be able to predict and will be beyond the control of such holder, and can have a dramatic effect on the amount payable on these royalties. Any increase in the costs incurred by the Operators will likely result in a decline in the royalty received by the royalty holder. This, in turn, may have a material adverse effect on its profitability, financial condition, and results of operation.

Dependence on Third Party Operators

Cash flows derived from royalties are based on operations by third parties. These third parties will be responsible for determining the manner in which their business is operated or the relevant assets subject to the royalties are exploited, including decisions to expand, continue or reduce production, decisions about the marketing of products extracted from the asset and decisions to advance expansion efforts and further develop non-producing assets. As a holder of royalties or other interests, the Issuer will have little or no input on such matters. The interests of third party owners and Operators and those of the Issuer on the relevant assets may not always be aligned.

Limited Access to Data and Disclosure

As a holder of royalties and other non-operator interests, the Issuer neither serves as the owner or operator, and in almost all cases the Issuer has limited input into how the operations are conducted. As such, the Issuer has varying access to data on the operations or to the actual assets themselves. This could affect its ability to assess the value of the royalties or enhance their performance. This could also result in delays in cash flow from that anticipated by the Issuer based on the stage of development of the applicable business or assets. The Issuer's royalty payments may be calculated

by the payors in a manner different from the Issuer's projections and the Issuer may or may not have rights of audit with respect to such royalty interests. In addition, some royalties may be subject to confidentiality arrangements which govern the disclosure of information with regard to royalties and as such the Issuer may not be in a position to publicly disclose non-public information with respect thereto. The limited access to data and disclosure regarding the businesses in which the Issuer has an interest may restrict its ability to assess the value or enhance its performance which may have a material adverse effect on the Issuer's profitability, results of operation and financial condition.

Royalties May not be Honoured

Royalties are largely contractually-based. Parties to contracts do not always honour contractual terms and contracts themselves may be subject to interpretation or technical defects. To the extent grantors of royalties and other interests do not abide by their contractual obligations, the Issuer may be forced to take legal action to enforce its contractual rights. Such litigation may be time-consuming and costly, and as with all litigation, no guarantee of success can be made. Should any such decision be determined adversely to the Issuer, it may have a material adverse effect on the Issuer's profitability, results of operations and financial condition.

Product Liability

As cannabis products are meant to be ingested by humans, there is an inherent risk of exposure to product liability claims, regulatory action and litigation if products are alleged to have caused significant loss or injury. In addition, previously-unknown adverse reactions resulting from human consumption of cannabis alone or in combination with other medications or substances could occur. A product liability claim or regulatory action against an Operator could result in increased costs, could adversely affect the Issuer's investment and reputation, and could have a material adverse effect on the results of operations and financial condition of the Issuer.

Reliance on Key Inputs

The cultivation, extraction and processing of cannabis and derivative products is dependent on a number of key inputs and their related costs including raw materials, electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact an Operator's business, financial condition and operating results. Some of these inputs may only be available from a single supplier or a limited group of suppliers.

If a sole source supplier was to go out of business, an Operator might be unable to find a replacement for such source in a timely manner or at all. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Operator and, consequently, the Issuer.

Future Royalty Acquisitions

As part of the Issuer's overall business strategy, the Issuer intends to pursue royalty acquisitions. There are always risks associated with any business transaction, particularly one that involves a largely cash-based operation, operating in a new and growing field, with conflicting federal and state laws. There are no assurances any future royalty acquisitions will be profitable.

Risks Related to our Business in General

Limited Operating History

The Issuer has a limited operating history, which can make it difficult for investors to evaluate the Issuer's operations and prospects and may increase the risks associated with investment into the Issuer.

Negative Cash Flow

We have a history of negative cash flow and losses, and we do not expect that to change in the short term. Investments we may enter into may also have significant periods of time that elapse between our providing funding until cash flow is received.

Currency Fluctuations

The Issuer's revenues and expenses are expected to be primarily denominated in U.S. dollars, and therefore may be exposed to significant currency exchange fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material adverse effect on the Issuer's business, financial condition and operating results. The Issuer may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Issuer develops a hedging program, there can be no assurance that it will effectively mitigate currency risks.

Competition

There is potential that the Issuer will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Issuer. Currently, the cannabis industry generally is comprised of individuals and small to medium-sized entities, however, the risk remains that large conglomerates and companies who also recognize the potential for financial success through investment in this industry could strategically purchase or assume control of certain aspects of the industry. In doing so, these larger competitors could establish price setting and cost controls which would effectively "price out" many of the individuals and small to medium-sized entities who currently make up the bulk of the participants in the varied businesses operating within and in support of the medical and adult-use marijuana industry. While the trend in most state laws and regulations seemingly deters this type of takeover, this industry remains quite nascent, so what the landscape will be in the future remains largely unknown, which in itself is a risk.

Because of the early stage of the industry in which the Issuer will operate, the Issuer expects to face additional competition from new entrants. To become and remain competitive, the Issuer will require research and development, marketing, sales and support. the Issuer may not have sufficient resources to maintain research and development, marketing, sales and support efforts on

a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Issuer.

Additional Financing

The Issuer may require equity and/or debt financing to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Issuer when needed or on terms that are commercially viable. The Issuer's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Market Development

Due to the early stage of the legal cannabis industry, forecasts regarding the size of the industry and the sales of products by an Operators are inherently subject to significant unreliability. A failure in the demand for products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

Reliance on Management

The success of the Issuer is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Issuer's business, operating results or financial condition.

Operation Permits and Authorizations

An Operator may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate their respective businesses. In addition, the Operator may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with or to obtain the necessary licenses, permits, authorizations or accreditations could result in restrictions on a Operator's ability to operate in the cannabis industry, which could have a material adverse effect on the Issuer's business.

Liability, Enforcement Complaints, etc.

The Issuer's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or local governmental authorities against these subsidiaries. Litigation, complaints, and enforcement actions involving these subsidiaries could consume considerable amounts of financial and other corporate resources,

which could have an adverse effect on the Issuer's future cash flows, earnings, results of operations and financial condition.

Management of Growth

The Issuer may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. the Issuer's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Intellectual Property

The success of the Issuer will depend, in part, on the ability of an Operator to maintain and enhance trade secret protection over the various existing and potential proprietary techniques and processes of the Operator. The Operator may be vulnerable to competitors who develop competing technology and processes, whether independently or as a result of acquiring access to the proprietary products and trade secrets of the Operator. In addition, effective future patent, copyright and trade secret protection may be unavailable or limited in certain foreign countries and may be unenforceable under the laws of certain jurisdictions.

Insurance Coverage

The Issuer will generally require Operators to have insurance coverage for a number of risks. Although Management believes that the events and amounts of liability covered by such insurance policies should be reasonable, taking into account the risks relevant to an Operator's business, and the fact that agreements with users contain limitations of liability, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Operator may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Operator's financial resources, results of operations and prospects, as well as the Issuer's investment, could be adversely affected.

Costs of Maintaining a Public Listing

As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company's legal and financial compliance costs. the Issuer may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

Litigation

The Issuer may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Issuer becomes involved be determined against the Issuer, such a decision could adversely affect the Issuer's ability to continue operating and the market price for Shares and could use significant resources. Even if the Issuer is involved in litigation and wins, litigation can redirect significant resources.

Operational Risks

The Issuer and its Operators may be affected by a number of operational risks and may not be adequately insured for certain risks, including: labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Operator's properties, grow facilities and extraction facilities, personal injury or death, environmental damage, adverse impacts on the Operator's operations, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the Issuer's future cash flows, earnings and financial condition on the Issuer. Also, the Operator may be subject to or affected by liability or sustain loss for certain risks and hazards against which they may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Issuer's future cash flows, earnings, results of operations and financial condition.

Difficulty Implementing Business Strategy

The growth and expansion of the Issuer is heavily dependent upon the successful implementation of its business strategy. There can be no assurance that the Issuer will be successful in the implementation of its business strategy.

Conflicts of Interest

Certain of the Issuer's directors and officers are, and may continue to be, involved in other business ventures through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors of the technologies, products and services the Issuer intends to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Issuer's interests. In accordance with applicable corporate law, directors who have a material interest in or who is a party to a material contract or a proposed material contract with the Issuer are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and officers are required to act honestly and in good faith with a view to the Issuer's best interests. However, in conflict of interest situations, the Issuer's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Issuer. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Issuer.

Available Talent Pool

As the Issuer grows, it will need to hire additional human resources to continue to develop the business. However, experienced talent in the areas of medical marijuana research and development, growing marijuana and extraction is difficult to source, and there can be no assurance that the appropriate individuals will be available or affordable to the Issuer. Without adequate personnel and expertise, the growth of the Issuer's business may suffer.

18. PROMOTERS

Not Applicable

19. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

As of the date of this Listing Statement, there are no legal proceedings material, and no contemplated legal proceedings known to be material, to the Issuer or its expected subsidiaries, to which the Issuer or its expected subsidiaries is a party or of which any of the Issuer or its expected subsidiaries' respective property is the subject matter.

As of the date of this Listing Statement, the Issuer has not been subject to any penalties or sanctions imposed by any court or regulatory authority relating to provincial and territorial securities legislation or by a securities regulatory authority, within the three years immediately preceding the date hereof, nor has any party entered into a settlement agreement with a securities regulatory authority within the three years immediately preceding the date hereof, or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Issuer's securities or would be likely to be considered important to a reasonable investor making an investment decision.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than services as directors, executive officers and employees of the Issuer, the Issuer has not acquired any assets or been provided any services in any material transaction, or in any proposed material transaction, from any director, executive officer, insider or promoter of the Issuer, the proposed nominees for election as directors of the Issuer, the proposed executive officers, insiders or promoters of the Issuer, or their associates and affiliates. Other than as disclosed below, no director, executive officer, insider or promoter of the Issuer or any associate or affiliate of any such person or company has or had any material interest, direct or indirect, in any transaction that has materially affected or will materially affect the Issuer or the Issuer.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

The Issuer's auditor is Manning Elliot LLP, 11th Floor, 1050 West Pender Street, Vancouver, British Columbia Canada V6E 3S7.

The Issuer's transfer agent is National Issuer Services Ltd., 760 – 777 Hornby Street, Vancouver, British Columbia V6Z 1S4

22. MATERIAL CONTRACTS

Except for contracts entered into by the Issuer in the ordinary course of business, the Issuer does not currently have any material contracts in place.

22.1 Special Agreements

Not applicable.

22.2 Co-tenancy, Unitholders or Limited Partnership Agreements

Not applicable.

23. INTEREST OF EXPERTS

The Issuer's auditor has not and is not entitled to receive, any registered or beneficial interest, direct or indirect, in the property of the Issuer and is not expected to own any securities of the Issuer or any associate, affiliate or Related Person of the Issuer.

24. OTHER MATERIAL FACTS

There are no other material facts about the Issuer or Shares that are not disclosed under any other Item of this Listing Statement and are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer or Shares.

25. FINANCIAL STATEMENTS

Please refer to Appendix "A" for the Issuer's annual audited financial statements for the fiscal years ended July 31, 2017, 2016 and 2015 and to Appendix "B" for the Issuer's interim financial statements for the nine months ended January 31, 2018.

26. GLOSSARY

In this Listing Statement, the following words and terms shall have the following meanings:

"Board" means the board of directors of the Issuer;

"CSE" means the Canadian Securities Exchange;

"Closing" means the closing date of the Private Placement;

"Consolidation" means the 3 to 1 consolidation of the Pre-Consolidated Shares that occurred on July 26, 2017;

"CSA" means the U.S. Controlled Substances Act of 1970.

"Eligible Person" means:

- (a) any director, officer, or employee of the Issuer or affiliate, or any other service provider (an **"Eligible Individual"**); or
- (b) a corporation controlled by an Eligible Individual, the issued and outstanding voting shares of which are, and will continue to be, beneficially owned, directly or indirectly, by such Eligible Individual and/or the spouse, children and/or grandchildren of such Eligible Individual;

"Investment Company" means as defined pursuant to the policies of the CSE;

"IFRS" means the International Financial Reporting Standards, as issued by the International Accounting Standards Board;

"Issuer" refers to Tidal Royalty Ltd. (formerly Tulloch Resources Ltd.);

“**legal cannabis industry**” means any business operating in a State of the United States that pertains in any way to cannabis, which is carried out in compliance with all applicable State laws and regulations;

“**Management**” means the current management of the Issuer;

“**Operator**” means an entity involved in the U.S. legal cannabis industry to which the Issuer has provided financing or other financial support;

“**Pre-Consolidated Shares**” means the issued and outstanding share capital of the Issuer prior to the Consolidation;

“**Preferred Shares**” means the non-voting, Series 1 Convertible Preferred Shares of the Issuer;

“**Preferred Share Unit**” means the units of the Issuer issued pursuant to a non-brokered private placement, each Preferred Share Unit consisting of one Preferred Share and one Preferred Share Warrant;

“**Preferred Share Warrants**” means the transferrable Preferred Share purchase warrants partially constituting the Preferred Share Unit; each Preferred Share Warrant exercisable at \$0.05 into one Preferred Share for 24 months following closing of the Preferred Share offering;

“**Private Placement**” means the \$6,329,000 raised by the Issuer from February through April, 2018 by offering 126,580,000 Special Warrants at \$0.05 per Special Warrant;

“**Shares**” means the issued and outstanding shares of the Issuer after the Consolidation;

“**Special Warrant**” means a non-transferable warrant issued by the Issuer pursuant to the Private Placement entitling the holder to receive, for no additional consideration, one Unit;

“**Unit**” means one Share and one transferable Warrant, to be issued upon conversion of the Special Warrants;

“**Warrants**” mean the Share purchase warrants forming part of the Units, each Warrant entitling the holder to acquire one Warrant Share at \$0.05 for two years from the date of issuance; and

“**Warrant Shares**” mean the previously unissued Shares which will be issued upon the exercise of the Warrants.

CERTIFICATE OF THE ISSUER

The foregoing contains full, true and plain disclosure of all material information relating to the Issuer. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated this 12th day of June, 2018.

/s/ "Paul Rosen"

Chief Executive Officer

/s/ "Theo van der Linde"

Chief Financial Officer

/s/ "Brendan Purdy"

Director

/s/ "Stuart Wooldridge"

Director

APPENDIX "A"

Audited Financial Statements for the years ended July 31, 2017, 2016 and 2015

TIDAL ROYALTY CORP.

(formerly Tulloch Resources Ltd.)

Financial Statements

Years Ended July 31, 2017 and 2016

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Tidal Royalty Corp. (formerly Tulloch Resources Ltd.)

We have audited the accompanying financial statements of Tidal Royalty Corp. which comprise the statements of financial position as at July 31, 2017 and 2016, and the statements of comprehensive loss, changes in deficiency and cash flows for the years ended July 31, 2017 and 2016, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tidal Royalty Corp. at July 31, 2017 and 2016, and its financial performance and its cash flows for the years ended July 31, 2017 and 2016 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Tidal Royalty Corp. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
October 31, 2017

TIDAL ROYALTY CORP.
(formerly Tulloch Resources Ltd.)
Statements of Financial Position
As At July 31, 2017 and 2016
(Expressed in Canadian dollars)

	July 31, 2017 \$	July 31, 2016 \$
Assets		
Current assets		
Cash	20,265	1,585
Sales tax receivable	858	2,349
Prepaid expenses	1,211	-
Total assets	22,334	3,934
Liabilities and Deficiency		
Current liabilities		
Accounts payable and accrued liabilities	105,225	57,387
Due to related parties (Note 4)	22,766	49,780
Loans payable (Note 5)	30,000	-
Total current liabilities	157,991	107,167
Deficiency		
Share capital (Note 6)	12,297,109	12,297,109
Contributed surplus	27,464	27,464
Deficit	(12,460,230)	(12,427,806)
Total deficiency	(135,657)	(103,233)
Total liabilities and deficiency	22,334	3,934

Nature of Operations and Going Concern (Note 1)

Approved on behalf of the Board on October 31, 2017

"Stuart Wooldridge"
Stuart Wooldridge, Director

"Theo van der Linde"
Theo van der Linde, Director

(The accompanying notes are an integral part of these financial statements)

TIDAL ROYALTY CORP.

(formerly Tulloch Resources Ltd.)

For the Years Ended July 31, 2017 and 2016

Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	July 31, 2017	July 31, 2016
	\$	\$
Expenses		
Advertising and promotion	1,508	6,083
Consulting fees (Note 4)	6,000	31,480
General and administration	1,285	12,518
Professional fees	14,717	8,679
Transfer agent and filing fees	5,919	-
Travel	2,995	-
Net loss and comprehensive loss for the year	<u>(32,424)</u>	<u>(58,760)</u>
Loss per share, basic and diluted	<u>(0.01)</u>	<u>(0.02)</u>
Weighted average number of common shares outstanding	<u>2,843,636</u>	<u>2,768,795</u>

(The accompanying notes are an integral part of these financial statements)

TIDAL ROYALTY CORP.
(formerly Tulloch Resources Ltd.)
Statements of Changes in Deficiency
(Expressed in Canadian dollars)

	Share capital		Share subscriptions \$	Contributed surplus \$	Deficit \$	Total \$
	Number of Shares	Amount \$				
Balance, July 31, 2015	2,660,303	12,242,109	45,000	27,464	(12,369,046)	(54,473)
Shares issued for cash	183,333	55,000	(45,000)	-	-	10,000
Net loss for the year	-	-	-	-	(58,760)	(58,760)
Balance, July 31, 2016	2,843,636	12,297,109	-	27,464	(12,427,806)	(103,233)
Net loss for the year	-	-	-	-	(32,424)	(32,424)
Balance, July 31, 2017	2,843,636	12,297,109	-	27,464	(12,460,230)	(135,657)

On June 26, 2017, the Company completed a one-for-three share consolidation. All references to share capital, warrants, options and per share data have been adjusted retrospectively to reflect the Company's one-for-three share consolidations for the years ended July 31, 2017 and 2016.

(The accompanying notes are an integral part of these financial statements)

TIDAL ROYALTY CORP.

(formerly Tulloch Resources Ltd.)

For the Years Ended July 31, 2017 and 2016

Statements of Cash Flows

(Expressed in Canadian dollars)

	July 31, 2017	July 31, 2016
	\$	\$
<hr/>		
Cash provided by (used in):		
Operating activities		
Net loss for the year	(32,424)	(58,760)
Changes in non-cash operating working capital:		
Sales tax receivable	1,491	486
Prepaid expenses	(1,211)	-
Accounts payable and accrued liabilities	47,838	8,114
Net cash generated by (used in) operating activities	15,694	(50,160)
Financing activities		
Due to related parties	(27,014)	32,627
Loans payable	30,000	-
Shares issued for cash	-	10,000
Net cash provided by financing activities	2,986	42,627
Increase (decrease) in cash	18,680	(7,533)
Cash, beginning of year	1,585	9,118
Cash, end of year	20,265	1,585
Supplemental disclosures:		
Interest paid	-	-
Income tax paid	-	-

(The accompanying notes are an integral part of these financial statements)

TIDAL ROYALTY CORP.

(formerly Tulloch Resources Ltd.)

Notes to Financial Statements

For the Years ended July 31, 2017 and 2016

(Expressed in Canadian dollars)

1. Nature of Operations and Going Concern

Tidal Royalty Corp. (formerly Tulloch Resources Ltd.) ("the Company") was incorporated under the laws of British Columbia as Treminco Resources Ltd. on March 12, 1980. The name was changed to Elkhorn Gold Mining Corporation on February 8, 1999 and to Tulloch Resources Ltd. on October 12, 2011 and to Tidal Royalty Corp. on July 18, 2017. The Company has historically been engaged in the identification of mineral properties for acquisition and exploration. The Company anticipates making investments involving conventional equity, debt and other forms of investments in private and public companies and anticipates seeking investment opportunities in the US .

The head office, address and records office of the Company are located at Suite 2900 – 595 Burrard Street, P.O. Box 49130, Vancouver, British Columbia, V7X 1J5.

These 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. As at July 31, 2017, the Company has no source of revenue, generates negative cash flows from operating activities, and has a working capital deficit of \$135,657 and an accumulated deficit of \$12,460,230. These factors give rise to a material uncertainty that raises significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to identify projects and negotiate suitable arrangements, maintain support from its significant shareholders and obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from financing from related parties to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Basis of Preparation and Statement of Compliance

Statement of Compliance

These financial statements have been prepared in accordance International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial statements were approved and authorized for issuance by the Board of Directors on October 31, 2017.

The financial statements have been prepared on a historical cost basis except for financial instruments described in Note 3(d), which are measured at fair value. The financial statements are presented in Canadian dollars, which is the Company's functional currency. The accounting policies set out below have been applied consistently to all years presented in these financial statements as if the policies have always been in effect.

Use of Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions about the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the results of operations. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

TIDAL ROYALTY CORP.

(formerly Tulloch Resources Ltd.)

Notes to Financial Statements

For the Years ended July 31, 2017 and 2016

(Expressed in Canadian dollars)

2. Basis of Preparation and Statement of Compliance (continued)

Use of Estimates and Judgments (continued)

i) Share-based payment transactions

Management uses the Black-Scholes pricing model to determine the fair value of stock options and standalone share purchase warrants issued. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options and warrants, future risk-free interest rates and the dividend yield of the Company's common shares.

ii) Income taxes

Management exercises judgment to determine the extent to which deferred tax assets are recoverable, and can therefore be recognized in the statements of financial position and comprehensive income or loss.

iii) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. The management monitor future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

3. Significant Accounting Policies

(a) Cash and Cash Equivalents

The Company considers cash equivalents are highly liquid instruments with a maturity of three months or less at the time of issuance or are readily redeemed into known amounts of cash. As at July 31, 2017, the Company held cash only.

(b) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. At each financial position reporting date presented the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

TIDAL ROYALTY CORP.

(formerly Tulloch Resources Ltd.)

Notes to Financial Statements

For the Years ended July 31, 2017 and 2016

(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(c) Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits at fair value on the date that they originate. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. The Company classified cash as financial assets at FVTPL.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company does not have any financial assets classified as available-for sale.

TIDAL ROYALTY CORP.

(formerly Tulloch Resources Ltd.)

Notes to Financial Statements

For the Years ended July 31, 2017 and 2016

(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company does not have any financial assets classified as loans and receivables.

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

TIDAL ROYALTY CORP.

(formerly Tulloch Resources Ltd.)

Notes to Financial Statements

For the Years ended July 31, 2017 and 2016

(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they originate. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and amounts due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(d) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

TIDAL ROYALTY CORP.

(formerly Tulloch Resources Ltd.)

Notes to Financial Statements

For the Years ended July 31, 2017 and 2016

(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(e) Foreign Currency Translation

The functional currency of the Company is Canadian dollar, which is the currency of the primary economic environment in which that Company operates.

Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date which is approximated by an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in profit or loss.

(f) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in-the-money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

(g) Share-based Payments

The Company grants share-based awards to employees, directors and non-employees as an element of compensation. The fair value of the awards granted to employees and directors is recognized over the vesting period as share-based compensation expense and share-based payment reserve. The fair value of share-based payments is determined using the Black-Scholes option pricing model using estimates at the date of the grant. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the statement of comprehensive loss with a corresponding entry within equity, against share-based payment reserve. No expense is recognized for awards that do not ultimately vest. When stock options are exercised, the proceeds received, together with any related amount in share-based payment reserve, are credited to share capital.

Share-based payment arrangements with non-employees in which the Company receives goods or services are measured based on the estimated fair value of the goods or services received, unless the fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the equity instruments granted.

TIDAL ROYALTY CORP.

(formerly Tulloch Resources Ltd.)

Notes to Financial Statements

For the Years ended July 31, 2017 and 2016

(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(h) Share Issuance Costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses.

(i) Changes in Accounting Standards Issued

(i) There were no new or revised accounting standards scheduled for mandatory adoption on August 1, 2016 that affected the Company's financial statements.

(ii) Accounting Standards Issued But Not Yet Effective:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods with early adoption permitted. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

Standards effective for annual periods beginning on or after January 1, 2018:

IFRS 15 Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 9 Financial Instruments – In November 2009, as part of the IASB project the ASB intends to replace IAS 39 - Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flows characteristics. The standard is effective for annual periods beginning on or after January 1, 2018.

TIDAL ROYALTY CORP.

(formerly Tulloch Resources Ltd.)

Notes to Financial Statements

For the Years ended July 31, 2017 and 2016

(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(i) Changes in Accounting Standards Issued (continued)

(ii) Accounting Standards Issued But Not Yet Effective: (continued)

IFRS 2 Share-based Payment - In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendment provide guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

Standard is effective for annual periods beginning on or after January 1, 2019:

IFRS 16 Leases - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

4. Related Party Transactions and Balances

The Company has identified its directors and certain senior officers as its key management personnel. No post-employment benefits, other long-terms benefits and termination benefits were incurred during the years ended July 31, 2017 and 2016.

During the year, the Company entered into transactions with related parties comprised of directors, officers and companies with common directors. The short-term key management compensation and director fees consist of the following for the years ended July 31, 2017 and 2016:

	2017	2016
	\$	\$
Consulting fees to companies owned by common directors	-	25,000
Consulting fees to companies owned by officers	6,000	-
Total	6,000	25,000

TIDAL ROYALTY CORP.

(formerly Tulloch Resources Ltd.)

Notes to Financial Statements

For the Years ended July 31, 2017 and 2016

(Expressed in Canadian dollars)

4. Related Party Transactions and Balances (continued)

The amounts due to related parties consist of the following as at July 31, 2017 and 2016:

	2017	2016
	\$	\$
Due to related parties	22,766	49,780

A loan of \$10,000 is included in the amount of due to related parties above and it is for working capital purposes. The amounts due to the related parties are unsecured, non-interest bearing and due on demand.

5. Loans Payable

As at July 31, 2017, the Company issued loans payable of \$30,000 (2016 - \$Nil). The loans are unsecured, non-interest bearing and due on demand.

6. Share Capital

Authorized

Unlimited number of common shares without par value, and unlimited number of preferred shares without par value.

Issued and Outstanding

On June 26, 2017 the Company consolidated its share capital on a one-for-three basis. All share and per share information have been restated to retroactively reflect this consolidation for all periods presented.

During the year ended July 31, 2016, the Company issued 33,333 common shares at \$0.30 per share for gross proceeds of \$10,000. The Company also issued 150,000 common shares at \$0.30 per share for \$45,000 of share subscriptions received during the year ended July 31, 2015.

Stock Options

Under the Company's stock option plan (the "Plan") the Company has adopted a 20% rolling stock option plan ("Plan") to replace its previous 10% rolling plan. The Plan provides that the Board may from time to time, in its discretion, grant to directors, officers, employees, technical consultants and other participants to the Company, non-transferrable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to ten years from the date of grant. In addition, the number of common shares which may be issuable under the Plan within a one year period: (i) to any one individual shall not exceed 5% of the issued and outstanding common shares; and (ii) to a consultant or an employee performing investor relations activities, shall not exceed 2% of the issued and outstanding common shares. The underlying purpose of the Plan is to attract and motivate the directors, officers, employees and consultants of the Company and to advance the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the Plan.

TIDAL ROYALTY CORP.
(formerly Tulloch Resources Ltd.)
Notes to Financial Statements
For the Years ended July 31, 2017 and 2016
(Expressed in Canadian dollars)

6. Share Capital (continued)

Stock Options (continued)

The following table summarizes the continuity of the Company's stock options:

	Options outstanding and exercisable	Weighted average exercise price \$
Balance, July 31, 2015	158,333	0.18
Expired	(83,333)	0.15
Balance, July 31, 2016	75,000	0.18
Expired/Cancelled	(75,000)	0.18
Balance, July 31, 2017	-	-

As at July 31, 2017, there were no stock options outstanding and exercisable.

7. Financial Instruments and Risks

(a) Fair Values

The Company applied the following fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels. The three levels are defined as follows:

- a) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 – Input for assets or liabilities that are not based on observable market data.

Assets and liabilities are classified in entirety based on the lowest level of input that is significant to the fair measurement. The Company's financial assets measured on a recurring basis at fair value are as follows:

	July 31, 2017			
	Level 1	Level 2	Level 3	Total
Cash	\$ 20,265	\$ -	\$ -	\$ 20,265

	July 31, 2016			
	Level 1	Level 2	Level 3	Total
Cash	\$ 1,585	\$ -	\$ -	\$ 1,585

TIDAL ROYALTY CORP.

(formerly Tulloch Resources Ltd.)

Notes to Financial Statements

For the Years ended July 31, 2017 and 2016

(Expressed in Canadian dollars)

7. Financial Instruments and Risks (continued)

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of these financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate and Interest Rate Risk

The Company's interest rate risk management policy is to purchase highly liquid investments with terms to maturity of three months or less on the date of purchase or redeemable at the option of the Company. The Company does not engage in any hedging activity. The Company does not have significant interest rate risk.

During the years ended July 31, 2017 and 2016, the Company held financial assets and liabilities and incurred expenses denominated primarily in Canadian dollars. The Company does not have significant foreign exchange risk.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations using cash. The ability to do this relies on the Company raising equity financing in a timely manner. As at July 31, 2017, the Company has a working capital deficiency and requires additional funds from financing to meet its current obligations (see Note 1). The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 9.

The following are contractual maturities of financial liabilities as at July 31, 2017:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years
Accounts payable	\$ 97,225	\$ 97,225	\$ 97,225	\$ -
Due to related parties	\$ 22,766	\$ 22,766	\$ 22,766	\$ -

8. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred tax assets and liabilities, are as follows:

	2017 \$	2016 \$
Net loss before income taxes	(32,424)	(58,760)
Canadian statutory income tax rate	26%	26%
Expected income tax recovery at statutory rate	8,430	15,278
Tax effect of:		
Other non-deductible expense	(124)	276
Change in unrecognized deferred tax assets	(8,306)	(15,554)
Income tax recovery	-	-

TIDAL ROYALTY CORP.

(formerly Tulloch Resources Ltd.)

Notes to Financial Statements

For the Years ended July 31, 2017 and 2016

(Expressed in Canadian dollars)

8. Income Taxes (continued)

The significant components of deferred income tax assets and liabilities are as follows:

	2017	2016
	\$	\$
Deferred income tax assets:		
Non-capital losses carried forward	180,670	172,211
Resource pools	875,655	875,655
Share issuance costs	-	153
Total gross deferred income tax assets	1,056,325	1,048,019
Unrecognized deferred tax assets	(1,056,325)	(1,048,019)
Net deferred income tax assets	-	-

As at July 31, 2017, the Company has non-capital losses carried forward of approximately \$695,000 which are available to offset future years' taxable income. These losses expire as follows:

	\$
2030	300
2031	96,900
2032	139,400
2033	225,600
2034	18,300
2035	122,000
2036	60,000
2037	32,500
	695,000

The Company also has certain allowances in respect of resource development and exploration costs of approximately \$3,368,000 (2016 - \$3,368,000) which, subject to certain restrictions, are available to offset against future taxable income. The application of non-capital losses and resource development and exploration costs against future taxable income is subject to final determination of the respective amounts by the Canada Revenue Agency.

9. Capital Management

The Company's objectives when managing capital are to identify and pursue business opportunities, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. The Company's principal source of funds is advances from related parties and the issuance of share capital. Management considers all components of shareholders' deficiency and due to related parties as capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares while minimizing dilution for its existing shareholders.

TIDAL ROYALTY CORP.

(formerly Tulloch Resources Ltd.)

Notes to Financial Statements

For the Years ended July 31, 2017 and 2016

(Expressed in Canadian dollars)

9. Capital Management (continued)

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected to match the expected timing of expenditures to continue operations.

The Company's overall strategy with respect to capital risk management remains unchanged from the year ended July 31, 2017. Refer to Note 1 for management's plan to raise capital.

10. Segment Information

The Company currently operates in a single reportable operating segment. All of the Company's assets and expenditures are located in Canada.

TULLOCH RESOURCES LTD.

Financial Statements

Years Ended July 31, 2016 and 2015

(Expressed in Canadian dollars)



INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Tulloch Resources Ltd.

We have audited the accompanying financial statements of Tulloch Resources Ltd. which comprise the statements of financial position as at July 31, 2016 and 2015, and the statements of comprehensive loss, changes in deficiency and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tulloch Resources Ltd. as at July 31, 2016 and 2015, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Tulloch Resources Ltd. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
November 25, 2016

TULLOCH RESOURCES LTD.

Statements of Financial Position

As at July 31, 2016 and 2015

(Expressed in Canadian dollars)

	2016	2015
	\$	\$
Assets		
Current assets		
Cash	1,585	9,118
Sales tax receivable	2,349	2,835
Total assets	3,934	11,953
Liabilities and Shareholders' Deficiency		
Current liabilities		
Accounts payable and accrued liabilities	57,387	49,273
Due to related parties (Note 4)	49,780	17,153
Total liabilities	107,167	66,426
Shareholders' Deficiency		
Share capital (Note 5)	12,297,109	12,242,109
Share subscriptions (Note 5)	-	45,000
Contributed surplus	27,464	27,464
Deficit	(12,427,806)	(12,369,046)
Total shareholders' deficiency	(103,233)	(54,473)
Total liabilities and shareholders' deficiency	3,934	11,953

Going Concern (Note 1)

Subsequent Events (Note 11)

Approved on behalf of the Board on November 25, 2016

"Stuart Wooldridge"

Stuart Wooldridge, Director

"Robert Trenaman"

Robert Trenaman, Director

(The accompanying notes are an integral part of these financial statements)

TULLOCH RESOURCES LTD.

Statements of Comprehensive Loss
Years ended July 31, 2016 and 2015
(Expressed in Canadian dollars)

	2016	2015
	\$	\$
Expenses		
Advertising and promotion	6,083	4,487
Consulting fees (Note 4)	31,480	71,260
General and administration	12,518	18,665
Professional fees	8,679	27,242
Share-based payments (Notes 4 and 6)	-	7,785
Net loss and comprehensive loss	(58,760)	(129,439)
Loss per share, basic and diluted	(0.01)	(0.02)
Weighted average number of common shares outstanding	8,306,386	7,282,825

(The accompanying notes are an integral part of these financial statements)

TULLOCH RESOURCES LTD.

Statements of Changes in Deficiency

Years ended July 31, 2016 and 2015

(Expressed in Canadian dollars)

	Share capital		Share	Contributed	Deficit	Total
	Number of	Amount	subscriptions	surplus		
	shares	\$	\$	\$	\$	\$
Balance, July 31, 2014	6,580,907	12,172,109	20,000	19,679	(12,239,607)	(27,819)
Share-based payments	-	-	-	7,785	-	7,785
Shares issued for cash	1,400,000	70,000	(20,000)	-	-	50,000
Subscriptions received	-	-	45,000	-	-	45,000
Net loss for the year	-	-	-	-	(129,439)	(129,439)
Balance, July 31, 2015	7,980,907	12,242,109	45,000	27,464	(12,369,046)	(54,473)
Shares issued for cash	550,000	55,000	(45,000)	-	-	10,000
Net loss for the year	-	-	-	-	(58,760)	(58,760)
Balance, July 31, 2016	8,530,907	12,297,109	-	27,464	(12,427,806)	(103,233)

(The accompanying notes are an integral part of these financial statements)

TULLOCH RESOURCES LTD.

Statements of Cash Flows
Years ended July 31, 2016 and 2015
(Expressed in Canadian dollars)

	2016	2015
	\$	\$
<hr/>		
Cash provided by (used in):		
Operating activities		
Net loss for the year	(58,760)	(129,439)
Item not involving cash:		
Share-based payments	-	7,785
	(58,760)	(121,654)
Changes in non-cash operating working capital:		
Sales tax receivable	486	(1,831)
Accounts payable and accrued liabilities	8,114	15,031
Net cash used in operating activities	(50,160)	(108,454)
Financing activities		
Due to related parties	32,627	17,153
Shares issued for cash	10,000	50,000
Share subscriptions received	-	45,000
Net cash provided by financing activities	42,627	112,153
Increase (decrease) in cash	(7,533)	3,699
Cash, beginning of year	9,118	5,419
Cash, end of year	1,585	9,118
Supplemental disclosures:		
Interest paid	-	-
Income tax paid	-	-
<hr/>		
Cash consists of:		
Cash	1,585	5,118
Cash held in trust	-	4,000
	1,585	9,118
<hr/>		

(The accompanying notes are an integral part of these financial statements)

TULLOCH RESOURCES LTD.

Notes to Financial Statements
Years ended July 31, 2016 and 2015
(Expressed in Canadian dollars)

1. Nature of Operations and Going Concern

Tulloch Resources Ltd. ("the Company") was incorporated under the laws of British Columbia as Treminco Resources Ltd. on March 12, 1980. The name was changed to Elkhorn Gold Mining Corporation on February 8, 1999 and to Tulloch Resources Ltd. on October 12, 2011. The Company has historically been engaged in the identification of mineral properties for acquisition and exploration. The head office, address and records office of the Company are located at 441 Heales Avenue, Penticton, British Columbia, V2A 1G5.

These 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. As at July 31, 2016, the Company has no source of revenue, generates negative cash flows from operating activities, and has a working capital deficit of \$103,233 and an accumulated deficit of \$12,427,806. These factors give rise to a material uncertainty that raises significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to identify projects and negotiate suitable arrangements, maintain support from its significant shareholders and obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from financing from related parties to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Basis of Preparation and Statement of Compliance

Statement of Compliance

These financial statements have been prepared in accordance International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial statements were approved and authorized for issuance by the Board of Directors on November 25, 2016.

The financial statements have been prepared on a historical cost basis except for financial instruments described in Note 3(d), which are measured at fair value. The financial statements are presented in Canadian dollars, which is the Company's functional currency. The accounting policies set out below have been applied consistently to all years presented in these financial statements as if the policies have always been in effect.

Use of Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions about the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the results of operations. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Share-based payment transactions

Management uses the Black-Scholes pricing model to determine the fair value of stock options and standalone share purchase warrants issued. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options and warrants, future risk-free interest rates and the dividend yield of the Company's common shares.

TULLOCH RESOURCES LTD.

Notes to Financial Statements
Years ended July 31, 2016 and 2015
(Expressed in Canadian dollars)

2. Basis of Preparation and Statement of Compliance (continued)

Use of Estimates and Judgments (continued)

ii) Income taxes

Management exercises judgment to determine the extent to which deferred tax assets are recoverable, and can therefore be recognized in the statements of financial position and comprehensive income or loss.

iii) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. The management monitor future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

3. Significant Accounting Policies

(a) Cash and Cash Equivalents

The Company considers cash equivalents are highly liquid instruments with a maturity of three months or less at the time of issuance or are readily redeemed into known amounts of cash. As of July 31, 2016, the Company held cash only.

(b) Impairment of Non-Current Assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating and capital costs. The pre-tax discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount through an impairment charge to the statement of income.

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. When an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation, depletion and amortization) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized as a gain in the statement of comprehensive loss.

TULLOCH RESOURCES LTD.

Notes to Financial Statements
Years ended July 31, 2016 and 2015
(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(c) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. At each financial position reporting date presented the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

(d) Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits at fair value on the date that they originate. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. The Company classified cash as financial assets at FVTPL.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

TULLOCH RESOURCES LTD.

Notes to Financial Statements
Years ended July 31, 2016 and 2015
(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company does not have any financial assets classified as available-for sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company does not have any financial assets classified as loans and receivables.

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

TULLOCH RESOURCES LTD.

Notes to Financial Statements
Years ended July 31, 2016 and 2015
(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(ii) Non-derivative financial assets (continued)

Impairment of financial assets (continued)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(iii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they originate. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and amounts due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(e) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

TULLOCH RESOURCES LTD.

Notes to Financial Statements
Years ended July 31, 2016 and 2015
(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(e) Income Taxes (continued)

Deferred income tax

Deferred income tax is provided based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(f) Foreign Currency Translation

The functional currency of the Company is Canadian dollar, which is the currency of the primary economic environment in which that Company operates.

Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date which is approximated by an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in profit or loss.

(g) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in-the-money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

(h) Share-based Payments

The Company grants share-based awards to employees, directors and non-employees as an element of compensation. The fair value of the awards granted to employees and directors is recognized over the vesting period as share-based compensation expense and share-based payment reserve. The fair value of share-based payments is determined using the Black-Scholes option pricing model using estimates at the date of the grant. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the statement of comprehensive loss with a corresponding entry within equity, against share-based payment reserve. No expense is recognized for awards that do not ultimately vest. When stock options are exercised, the proceeds received, together with any related amount in share-based payment reserve, are credited to share capital.

TULLOCH RESOURCES LTD.

Notes to Financial Statements
Years ended July 31, 2016 and 2015
(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(h) Share-based Payments (continued)

Share-based payment arrangements with non-employees in which the Company receives goods or services are measured based on the estimated fair value of the goods or services received, unless the fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the equity instruments granted.

(i) Share Issuance Costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses.

(j) Changes in Accounting Standards Issued

(i) Accounting Standards Adopted:

The Company has adopted these standards effective for the fiscal year beginning on August 1, 2015 and there were no significant impacts on the financial statements:

IAS 32, *Financial Instruments: Presentation*: In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement.

IFRIC 21, *Levies*: In May 2013, the IASB issued IFRIC 21, an interpretation of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

(ii) Accounting Standards Issued But Not Yet Effective:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods with early adoption permitted. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The following standard will be effective for annual periods beginning on or after August 1, 2016:

IAS 16 *Property, Plant and Equipment* and IAS 36 *Intangible Assets* – In May 2014, the IASB issued an amendment to IAS 16 and IAS 36. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

TULLOCH RESOURCES LTD.

Notes to Financial Statements
Years ended July 31, 2016 and 2015
(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(j) Changes in Accounting Standards Issued (continued)

(ii) Accounting Standards Issued But Not Yet Effective: (continued)

New accounting standards effective for annual periods beginning on or after August 1, 2018:

IFRS 9 – Financial Instruments - In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

IFRS 15 – Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

4. Related Party Transactions and Balances

The Company has identified its directors and certain senior officers as its key management personnel. No post-employment benefits, other long-term benefits and termination benefits were incurred during the years ended July 31, 2016 and 2015.

During the year, the Company entered into transactions with related parties comprised of directors, officers and companies with common directors. The short-term key management compensation and director fees consist of the following for the years ended July 31, 2016 and 2015:

	2016	2015
	\$	\$
Consulting fees to companies owned by common directors	25,000	65,000
Share-based payments to key personnel (Note 6)	-	1,523
Total	25,000	66,523

During the year ended July 31, 2015, the Company issued 300,000 shares for gross proceeds of \$15,000 to the directors of the Company.

TULLOCH RESOURCES LTD.

Notes to Financial Statements
Years ended July 31, 2016 and 2015
(Expressed in Canadian dollars)

4. Related Party Transactions and Balances (continued)

The amounts due to related parties consist of the following as at July 31, 2016 and 2015:

	2016	2015
	\$	\$
Due to related parties	49,780	17,153

As of July 31, 2016, the Company has a loan payable of \$10,000 (2015 - \$Nil) due to a company controlled by an officer of the Company. The loan is included in the amounts above and is for working capital purposes. The amounts due to related parties are unsecured, non-interest bearing and due on demand.

5. Share Capital

(a) Authorized

During the year, the shareholders approved the increase in the authorized share capital of the Company from 100,000,000 common shares to an unlimited number of common shares, without par value and created a new class for an unlimited number of preferred shares without par value.

(b) During the year ended July 31, 2016, the Company issued 100,000 common shares at \$0.10 per share for gross proceeds of \$10,000. The Company also issued 450,000 common shares at \$0.10 per share for \$45,000 of share subscriptions received during the year ended July 31, 2015.

(c) During the year ended July 31, 2015, the Company completed a non-brokered private placement of 1,400,000 common shares of the Company at \$0.05 per share for gross proceeds of \$70,000. In addition, the Company received subscriptions for a proposed private placement of 450,000 common shares of the Company at \$0.10 per share. Gross proceeds of \$45,000 were received but the common shares were not issued until during the year ended July 31, 2016, see Note 5(b) above.

6. Stock Options

Under the Company's stock option plan (the "Plan") the Company's board of directors is authorized to grant stock options to directors, senior officers, employees, consultants, consultant company or management company employees not to exceed 10% of the issued and outstanding common shares of the Company from time to time. Stock options granted under the Plan are exercisable over a period not exceeding two years from the date granted. An option shall be granted as fully vested immediately, unless a vesting schedule is imposed by the Board as a condition at the grant date.

During the year ended July 31, 2015, the Company granted 225,000 stock options to directors, officers and consultants to purchase 175,000 and 50,000 common shares of the Company at \$0.05 and \$0.10 per share respectively. All options vested immediately upon grant. The weighted average fair value of options on grant date was \$7,785 (\$0.035 per share) and the fair value of the options granted was calculated using the Black-Scholes Option-Pricing Model with the following weighted average assumptions:

	2016	2015
Share price on grant date (\$)	-	0.05
Risk-free interest rate (%)	-	0.39
Expected dividend yield (%)	-	-
Expected option life (years)	-	2
Expected stock price volatility (%)	-	150
Estimated forfeiture rate (%)	-	Nil

TULLOCH RESOURCES LTD.

Notes to Financial Statements
Years ended July 31, 2016 and 2015
(Expressed in Canadian dollars)

6. Stock Options (continued)

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate. The pricing models adopted by management do not necessarily provide a consistent single measure of the fair value of the Company's share options and other share-based transactions.

The following table summarizes the continuity of the Company's stock options:

	Options outstanding and exercisable	Weighted average exercise price \$
Balance, July 31, 2014	250,000	0.05
Granted	225,000	0.06
Balance, July 31, 2015	475,000	0.06
Expired	(250,000)	0.05
Balance, July 31, 2016	225,000	0.06

As at July 31, 2016, the following stock options were outstanding and exercisable:

Number of options	Exercise price \$	Remaining contractual life (years)	Expiry date
175,000	0.05	0.54	February 13, 2017
50,000	0.10	0.96	July 16, 2017
225,000	0.06	0.64	

7. Financial Instruments and Risks

(a) Fair Values

Per IFRS 7, a three-level hierarchy that reflects the significance of inputs used in making fair value adjustments is required. The three levels of fair value hierarchy are as follows:

- a) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 – Input for assets or liabilities that are not based on observable market data.

Assets and liabilities are classified in entirety based on the lowest level of input that is significant to the fair measurement. The Company's financial assets measured on a recurring basis at fair value are as follows:

	July 31, 2016			
	Level 1	Level 2	Level 3	Total
Cash	\$ 1,585	\$ -	\$ -	\$ 1,585

TULLOCH RESOURCES LTD.

Notes to Financial Statements
Years ended July 31, 2016 and 2015
(Expressed in Canadian dollars)

7. Financial Instruments and Risks (continued)

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of these financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate and Interest Rate Risk

The Company's interest rate risk management policy is to purchase highly liquid investments with terms to maturity of three months or less on the date of purchase or redeemable at the option of the Company. The Company does not engage in any hedging activity. The Company does not have significant interest rate risk.

During the years ended July 31, 2016 and 2015, the Company held financial assets and liabilities and incurred expenses denominated primarily in Canadian dollars. The Company does not have significant foreign exchange risk.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations using cash. The ability to do this relies on the Company raising equity financing in a timely manner. As at July 31, 2016, the Company has a working capital deficiency and requires additional funds from financing to meet its current obligations (see Note 1). The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 9.

The following are contractual maturities of financial liabilities as at July 31, 2016:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years
Accounts payable	\$ 57,387	\$ 57,387	\$ 57,387	\$ -
Due to related parties	\$ 49,780	\$ 49,780	\$ 49,780	\$ -

TULLOCH RESOURCES LTD.

Notes to Financial Statements
Years ended July 31, 2016 and 2015
(Expressed in Canadian dollars)

8. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred tax assets and liabilities, are as follows:

	2016 \$	2015 \$
Net loss before income taxes	(58,760)	(129,439)
Canadian statutory income tax rate	26%	26%
Income tax recovery at statutory rate	15,278	33,654
Tax effect of:		
Other non-deductible expense	276	(3,936)
Change in unrecognized deferred tax assets	(15,554)	(29,718)
Income tax recovery	-	-

The significant components of deferred income tax assets and liabilities are as follows:

	2016 \$	2015 \$
Deferred income tax assets:		
Non-capital losses carried forward	172,211	156,657
Resource pools	875,655	875,655
Share issuance costs	153	153
Total gross deferred income tax assets	1,048,019	1,032,465
Unrecognized deferred tax assets	(1,048,019)	(1,032,465)
Net deferred income tax assets	-	-

As at July 31, 2016, the Company has non-capital losses carried forward of approximately \$662,500 which are available to offset future years' taxable income. These losses expire as follows:

	\$
2030	300
2031	96,900
2032	139,400
2033	225,600
2034	18,300
2035	122,000
2036	60,000
	662,500

The Company also has certain allowances in respect of resource development and exploration costs of approximately \$3,368,000 (2015 - \$3,368,000) which, subject to certain restrictions, are available to offset against future taxable income. The application of non-capital losses and resource development and exploration costs against future taxable income is subject to final determination of the respective amounts by the Canada Revenue Agency.

TULLOCH RESOURCES LTD.

Notes to Financial Statements
Years ended July 31, 2016 and 2015
(Expressed in Canadian dollars)

9. Capital Management

The Company's objectives when managing capital are to identify and pursue business opportunities, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. The Company's principal source of funds is advances from related parties and the issuance of share capital. Management considers all components of shareholders' deficiency and due to related parties as capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares while minimizing dilution for its existing shareholders.

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected to match the expected timing of expenditures to continue operations.

The Company's overall strategy with respect to capital risk management remains unchanged from the year ended July 31, 2016. Refer to Note 1 for management's plan to raise capital.

10. Segment Information

The Company currently operates in a single reportable operating segment. All of the Company's assets and expenditures are located in Canada.

11. Subsequent Events

- (a) As at November 25, 2016, the Company has applied for listing of the Company's common shares on the Canadian Stock Exchange and has received conditional approval from the Exchange.
- (b) In August 2016, the Company granted 400,000 stock options to officers and directors of the Company. Each option is exercisable at \$0.10 per share until August 20, 2018. Options are vested on grant date.

APPENDIX "B"

Interim Financial Statements for the six months ended January 31, 2018

TIDAL ROYALTY CORP.

(formerly Tulloch Resources Ltd.)

Condensed Interim Financial Statements

Six-month period ended January 31, 2018 and 2017

(Unaudited)

Expressed in Canadian dollars

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed 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 standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

TIDAL ROYALTY CORP.
(formerly Tulloch Resources Ltd.)

Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars - unaudited)

	January 31, 2018	July 31, 2017 <i>(Audited)</i>
	\$	\$
Assets		
Current assets		
Cash	2,832,906	20,265
Sales tax receivable	9,682	858
Prepaid expenses	-	1,211
Total assets	2,842,588	22,334
Liabilities and Deficiency		
Current liabilities		
Accounts payable and accrued liabilities	252,439	105,225
Due to related parties (Note 4)	69,010	22,766
Loans payable (Note 5)	70,000	30,000
Total current liabilities	391,449	157,991
Equity (Deficiency)		
Share capital (Note 6)	12,297,109	12,297,109
Subscriptions received in advance (Note 6)	2,862,000	-
Contributed surplus	27,464	27,464
Deficit	(12,735,434)	(12,460,230)
Total Equity (Deficiency)	2,451,139	(135,657)
Total liabilities and Equity	2,842,588	22,334

Nature of Operations and Going Concern (Note 1)
Subsequent events (Note 10)

Approved on behalf of the Board on April 3, 2018

"Stuart Wooldridge"
Stuart Wooldridge, Director

"Theo van der Linde"
Theo van der Linde, Director

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

TIDAL RESOURCES CORP.

(formerly Tulloch Resources Ltd.)

Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian dollars - unaudited)

	Three month periods ended		Six month periods ended	
	January 31, 2018 \$	January 31, 2017 \$	January 31, 2018 \$	January 31, 2017 \$
Expenses				
Advertising and promotion	1,087	-	1,087	-
Consulting fees (Note 4)	33,000	-	61,935	-
Exchange gain	(336)	-	(336)	-
General and administration	319	1,267	1,881	2,179
Professional fees	138,329	-	152,439	-
Rent	5,000	-	5,000	-
Salaries and benefits	35,417	-	35,417	-
Transfer agent and filing fees	6,311	-	17,781	-
Net loss and comprehensive loss for the period	(219,127)	(1,267)	(275,204)	(2,179)
Loss per share, basic and diluted	(0.08)	(0.00)	(0.10)	(0.00)
Weighted average number of common shares outstanding	2,843,636	2,843,636	2,843,636	2,843,636

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

TIDAL RESOURCES CORP.

(formerly Tulloch Resources Ltd.)

Condensed Interim Statements of Changes in Equity

(Expressed in Canadian dollars - unaudited)

	Share capital		Share subscriptions \$	Contributed surplus \$	Deficit \$	Total \$
	Number of Shares	Amount \$				
Balance, July 31, 2016	2,843,636	12,297,109	-	27,464	(12,427,806)	(103,233)
Net loss for the period	-	-	-	-	(2,179)	(2,179)
Shares issued for cash	-	-	-	-	-	-
Balance, January 31, 2017	2,843,636	12,297,109	-	27,464	(12,429,985)	(105,412)
Balance, July 31, 2017	2,843,636	12,297,109	-	27,464	(12,460,230)	(135,657)
Net loss for the period	-	-	-	-	(275,204)	(275,204)
Subscriptions received in advance	-	-	2,862,000	-	-	2,862,000
Balance, January 31, 2018	2,843,636	12,297,109	2,862,000	27,464	(12,735,434)	2,451,139

On June 26, 2017, the Company completed a one-for-three share consolidation. All references to share capital, warrants, options and per share data have been adjusted retrospectively to reflect the Company's one-for-three share consolidations for the periods ended January 31, 2018 and 2017.

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

TIDAL ROYALTY CORP.
(formerly Tulloch Resources Ltd.)

Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars - unaudited)

	January 31, 2018 \$	January 31, 2017 \$
Cash provided by (used in):		
Operating activities		
Net loss for the period	(275,204)	(2,179)
Changes in non-cash operating working capital:		
Sales tax receivable	(8,824)	720
Prepaid expenses	1,211	-
Accounts payable and accrued liabilities	147,214	(7,612)
Due to related parties	46,244	-
Net cash used in operating activities	(89,359)	(9,071)
Financing activities		
Loans	40,000	10,000
Subscriptions received in advance	2,862,000	-
Net cash provided by financing activities	2,902,000	10,000
Increase in cash	2,812,641	929
Cash, beginning of period	20,265	1585
Cash, end of period	2,832,906	2,514
Supplemental disclosures:		
Interest paid	-	-
Income tax paid	-	-

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

TIDAL ROYALTY CORP.
(formerly Tulloch Resources Ltd.)

Notes to the Condensed Interim Financial Statements
For the six-month period ended January 31, 2018 and 2017
(Expressed in Canadian dollars - unaudited)

1. Nature of Operations and Going Concern

Tidal Resources Corp. (formerly Tulloch Resources Ltd.) ("the Company") was incorporated under the laws of British Columbia as Tremenco Resources Ltd. on March 12, 1980. The name was changed to Elkhorn Gold Mining Corporation on February 8, 1999 and to Tulloch Resources Ltd. on October 12, 2011 and to Tidal Resources Corp. on July 18, 2017. The Company is an investment company with a focus on the legal cannabis industry in the United States. The Company anticipates making investments involving conventional equity, licensing, royalties, debt and other forms of investments in private and public companies, in the US legal cannabis related industry. The Company is a reporting issuer in the provinces of British Columbia and Ontario and has made application to list on the Canadian Securities Exchange (CSE). The Company has received conditional approval to list on the CSE, subject to all outstanding securities of the Company becoming free trading. In that regard the Company has filed a non-offering prospectus dated March 22, 2018 with the British Columbian Securities Commission ("BCSC") as principal regulator, to qualify shares issuable upon conversion of up to 180,000,000 special warrants

The head office, address and records office of the Company are located at Suite 810 – 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

These condensed interim financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities and commitments in the normal course of business as they become due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that lend significant doubt upon the entity's ability to continue as a going concern, as described in the following paragraph.

While the Company has identified the legal cannabis industry to be of interest for investments, and while it is in discussions to make various investments, it should be noted that: (i) no definitive contracts have been entered into; and, as such (ii) there is no guarantee the Company will make any investments in cannabis-related businesses, or, if made, that any such investments will be profitable. There can be no assurance that the Company will be successful in its ventures, or that it will meet the conditions for listing on the CSE. These risks include, but are not limited to, dependence on key individuals, operational risk factors in the cannabis industry, regulatory risks relating to the legal cannabis industry and the ability to secure adequate financing to meet the minimum capital required to successfully complete projects and continue as a going concern. For the 6-month period ended January 31, 2018, the Company incurred losses of \$275,204 (2017 - \$2,179) and as at January 31, 2018 had an accumulated deficit of \$12,735,434 (July 31, 2017 - \$12,460,230). The Company has no income or cash flows from operations and at January 31, 2018 had working capital of \$2,451,139 (2017 – negative \$105,411).

The ability of the Company to continue as a going concern is dependent upon raising additional financing through equity and non-dilutive funding and partnerships. There can be no assurance that the Company will have sufficient capital to fund its ongoing operations without future financings. These material uncertainties cast significant doubt as to the Company's ability to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company is currently pursuing financing alternatives that may include equity, debt, and non-dilutive financing alternatives. There can be no assurance that additional financing will be available on acceptable terms or at all. If the Company is unable to obtain additional financing when required, the Company may have to substantially reduce or eliminate planned expenditures or the Company may be unable to continue operations. These condensed interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

TIDAL ROYALTY CORP.
(formerly Tulloch Resources Ltd.)

Notes to the Condensed Interim Financial Statements
For the six-month period ended January 31, 2018 and 2017
(Expressed in Canadian dollars - unaudited)

2. Basis of Preparation and Statement of Compliance

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and in accordance with IAS 34 – Interim Financial Reporting. The condensed interim financial statements do not include all the information required for annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended July 31, 2017. These financial statements have been prepared following the same accounting policies as the Company’s audited financial statements for the year ended July 31, 2017.

The financial statements were approved and authorized for issuance by the Board of Directors on April 3, 2018.

Basis of Presentation

The financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

Comparative figures

Certain comparative figures have been reclassified to conform to the current period’s presentation. Such reclassification is for presentation purpose only and has no effect on previously reported results.

Use of Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions about the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the results of operations. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Share-based payment transactions

Management uses the Black-Scholes pricing model to determine the fair value of stock options and standalone share purchase warrants issued. This model requires assumptions of the expected future price volatility of the Company’s common shares, expected life of options and warrants, future risk-free interest rates and the dividend yield of the Company’s common shares.

(i) Income taxes

Management exercises judgment to determine the extent to which deferred tax assets are recoverable, and can therefore be recognized in the statements of financial position and comprehensive income or loss.

(ii) Going concern

The assessment of the Company’s ability to execute its strategy by funding future working capital requirements involves judgment. The management monitor future cash requirements to assess the Company’s ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

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3. Significant Accounting Policies

Accounting Standards Issued but Not Yet Effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods with early adoption permitted. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 15 Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 9 Financial Instruments – In November 2009, as part of the IASB project the ASB intends to replace IAS 39 - Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flows characteristics. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 2 Share-based Payment - In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendment provides guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

IFRS 16 Leases - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

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4. Related Party Transactions and Balances

The Company has identified its directors and certain senior officers as its key management personnel. No post-employment benefits, other long-term benefits and termination benefits were incurred during the six-month periods ended January 31, 2018 and 2017.

During the period, the Company entered into transactions with related parties comprised of Directors, Officers and Companies with common Directors. The short-term key management compensation and Director and Consulting fees consist of the following for the six-month periods ended January 31, 2018 and 2017:

	January 31, 2018 \$	January 31 2017 \$
Consulting fees, salaries and rent to companies with common Directors and Officers	91,935	-
Total	91,935	-

The amounts due to related parties consist of the following as at January 31, 2018 and July 31, 2017:

	January 31, 2018 \$	July 31, 2017 \$
Due to related parties	69,010	22,766

A loan of \$Nil (2017 - \$10,000) is included in the amount due to related parties above and it is for working capital purposes. The amounts due to the related parties are unsecured, non-interest bearing and due on demand.

5. Loans Payable

As at January 31, 2018, the Company has loans payable of \$70,000 (July 31, 2017 - \$30,000). The loans are unsecured, non-interest bearing and due on demand.

6. Share Capital

Authorized

Unlimited number of common shares without par value, and unlimited number of preferred shares without par value.

Issued and Outstanding

On June 26, 2017 the Company consolidated its share capital on a one-for-three basis. All share and per share information have been restated to retroactively reflect this consolidation for all periods presented.

As at January 31, 2018, the Company received total subscriptions in the amount of \$2,862,000 related to the non-brokered private placement that closed on February 8, 2018 (Note 10).

TIDAL ROYALTY CORP.
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6. Share Capital (Continued)

Stock Options

Under the Company's stock option plan (the "Plan") the Company has adopted a 20% rolling stock option plan ("Plan") to replace its previous 10% rolling plan. The Plan provides that the Board may from time to time, in its discretion, grant to directors, officers, employees, technical consultants and other participants to the Company, non-transferrable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Company's issued and outstanding common shares. At the time of approval the amount of fixed options were set at 17,568,727. Such options will be exercisable for a period of up to ten years from the date of grant. In addition, the number of common shares which may be issuable under the Plan within a one-year period: (i) to any one individual shall not exceed 5% of the issued and outstanding common shares; and (ii) to a consultant or an employee performing investor relations activities, shall not exceed 2% of the issued and outstanding common shares. The underlying purpose of the Plan is to attract and motivate the directors, officers, employees and consultants of the Company and to advance the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the Plan.

The following table summarizes the continuity of the Company's stock options:

	Options outstanding and exercisable	Weighted average exercise price \$
Balance, July 31, 2016	75,000	0.18
Expired/Cancelled	(75,000)	0.18
Balance, July 31, 2017 and January 31, 2018	-	-

7. Financial Instruments and Risks

(a) Fair Values

The Company applied the following fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels. The three levels are defined as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 – Input for assets or liabilities that are not based on observable market data.

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7. Financial Instruments and Risks (continued)

Assets and liabilities are classified in entirety based on the lowest level of input that is significant to the fair measurement. The Company's financial assets measured on a recurring basis at fair value are as follows:

	January 31, 2018			
	Level 1	Level 2	Level 3	Total
Cash	\$ 2,832,906	\$ -	\$ -	\$ 2,832,906

	July 31, 2017			
	Level 1	Level 2	Level 3	Total
Cash	\$ 20,265	\$ -	\$ -	\$ 20,265

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of these financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate and Interest Rate Risk

The Company's interest rate risk management policy is to purchase highly liquid investments with terms to maturity of three months or less on the date of purchase or redeemable at the option of the Company. The Company does not engage in any hedging activity. The Company does not have significant interest rate risk.

During the six months ended January 31, 2018 and 2017, the Company held financial assets and liabilities and incurred expenses denominated primarily in Canadian dollars. The Company does not have significant foreign exchange risk.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations using cash. The ability of the Company to continue as a going concern is dependent upon raising additional financing through equity and non-dilutive funding and partnerships. The Company has no income or cash flows from operations and at January 31, 2018 had working capital of \$2,451,139 (2017 – negative \$105,411). The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 8.

TIDAL ROYALTY CORP.
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Notes to the Condensed Interim Financial Statements
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7. Financial Instruments and Risks (continued)

The following are contractual maturities of financial liabilities as at January 31, 2018:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years
Accounts payable	\$ 224,022	\$ 224,022	\$ 224,022	\$ -
Due to related parties	\$ 69,010	\$ 69,010	\$ 69,010	\$ -
Loans payable	\$ 70,000	\$ 70,000	\$ 70,000	\$ -

The following are contractual maturities of financial liabilities as at July 31, 2017:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years
Accounts payable	\$ 97,225	\$ 97,225	\$ 97,225	\$ -
Due to related parties	\$ 22,766	\$ 22,766	\$ 22,766	\$ -
Loans payable	\$ 30,000	\$ 30,000	\$ 30,000	\$ -

8. Capital Management

The Company's objectives when managing capital are to identify and pursue business opportunities, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. The Company's principal source of funds is advances from related parties and the issuance of share capital. Management considers all components of shareholders' deficiency and due to related parties as capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares while minimizing dilution for its existing shareholders.

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected to match the expected timing of expenditures to continue operations.

The Company's overall strategy with respect to capital risk management remains unchanged from the year ended July 31, 2017. Refer to Note 1 for management's plan to raise capital.

9. Segmented Information

The Company currently operates in a single reportable operating segment. All of the Company's assets and expenditures are located in Canada.

TIDAL ROYALTY CORP.
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Notes to the Condensed Interim Financial Statements
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10. Subsequent events

The Company is in the process of raising up to \$9,000,000, which might increase, in a non-brokered private placement by issuing up to 180 million special warrants at \$0.05 per special warrant, with each special warrant convertible at no additional cost into a unit comprising of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of \$0.05 per common share expiring two years from closing.

On February 8, 2018 the Company closed the first tranche in the non-brokered private placement and raising \$2,968,500 by issuing 59,370,000 million special warrants at \$0.05 per special warrant, with each special warrant convertible at no additional cost into a unit comprising of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of \$0.05 per common share expiring two years from closing (Note 6).

On March 1, 2018 the Company closed the second tranche in the non-brokered private placement and raising a further \$2,856,000 by issuing 57,120,000 million special warrants at \$0.05 per special warrant, with each special warrant convertible at no additional cost into a unit comprising of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of \$0.05 per common share expiring two years from closing.

APPENDIX "C"

Management Discussion & Analysis for the six months ended January 31, 2018

TIDAL ROYALTY CORP.

(formerly known as Tulloch Resources Ltd.)

MANAGEMENT DISCUSSION AND ANALYSIS

For the period ended January 31, 2018

April 3, 2018

*This management's discussion and analysis provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the period ended January 31, 2018, compared to the period ended January 31, 2017. This report prepared as at April 3, 2018 intends to complement and supplement our condensed interim financial statements (the "**financial statements**") as at January 31, 2018 which have been prepared in accordance with International Financial Reporting Standards, and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards board ("IASB"). and should be read in conjunction with the financial statements and the accompanying notes. Readers are also advised to read the Company's audited financial statements and accompanying notes for the year ended July 31, 2017, (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards.*

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", or the "Company", we mean Tidal Royalty Corp. (formerly Tulloch Resources Ltd.).

Business Description

The Company is an investment company with a focus on businesses that pertains in any way to cannabis, which is carried out in compliance with applicable U.S. state laws ("**legal cannabis industry**"). We anticipate entering into financing arrangements involving royalties, debt and other forms of investments in private and public companies, in the US legal cannabis industry.

The Company's business objective is to provide capital solutions to companies in the legal cannabis industry with large-scale potential and a highly-skilled and experienced management team, in exchange for a royalty. The Company's proposed royalty agreement with Desert Horizons (the "**Royalty Agreement**") will be its first such transaction (See Proposed Transactions), and it intends to pursue analogous transactions with other operators.

The Company is a reporting issuer in the provinces of British Columbia and Ontario and has made application to list on the Canadian Securities Exchange (CSE). The Company has received conditional approval to list on the CSE, subject to all outstanding securities of the Company becoming free trading. In that regard, the Company has filed a non-offering prospectus dated March 22, 2018 with the British Columbian Securities Commission ("BCSC") as principal regulator, to qualify shares issuable upon conversion of up to 180,000,000 special warrants.

Highlights and Overall Performance

With our shareholders' consent - received September 5, 2017 - the Company changed its business from mineral exploration to that of an Investment Company. The Company anticipates entering into financing arrangements involving royalties, debt and other forms of investments in private and public companies with a plan to focus its investments in the legal cannabis industry in the United States. While the Company has identified the legal cannabis industry to be of interest for investments, and while it is in discussions to make various investments, it should be noted that: (i) no definitive contracts have been entered into; and, as such (ii) there is no guarantee the Company will make any investments in cannabis-related businesses, or, if made, that any such investments will be profitable. There can be no assurance that the Company will be successful in its ventures, or that it will meet the conditions for listing on the CSE. (See: Risk Factors).

Highlights and Overall Performance (continued)

The Company is/has taken the following steps to develop and execute its new business:

1. Has retained new management with a track record in the legal cannabis industry;
2. Has changed the name of the Company to Tidal Royalty Corp;
3. Received shareholders' approval to a change of business from mineral exploration to cannabis financing;
4. Is raising up to \$9,000,000 pursuant to a non-brokered private placement Offering;
5. Is securing a Loan Facility in the amount of \$4,000,000; and,
6. Is in the process of closing the Royalty Agreement.

Significant Events

On July 26, 2017, the Company consolidated its share capital on a one-for-three basis. All share and per-share information have been restated to retroactively reflect this consolidation for all periods presented.

Results of Operations

The Company did not have any revenues from operations during the six-month period ended January 31, 2018 and the fiscal years ended July 31, 2017 and July 31, 2016. Please refer to the audited annual financial statements pertaining to those fiscal years for presentation of the significant operating costs.

During the six-month period ended January 31, 2018, the Company's net loss increased by \$273,025 from a net loss of \$2,179 for the six-month period ended January 31, 2017 to a net loss of \$275,204 for the period ended January 31, 2018. The following is a breakdown of the expenses incurred by the Company in each three-month and six-month period ending January 31, 2018 and 2017:

	Three-month period ended		Six-month period ended	
	January 31, 2018 \$	January 31, 2017 \$	January 31, 2018 \$	January 31, 2017 \$
Expenses				
Advertising and promotion	1,087	-	1,087	-
Consulting fees	33,000	-	61,935	-
Exchange gain	(336)	-	(336)	-
General and administration	319	1,267	1,881	2,179
Professional fees	138,329	-	152,439	-
Rent	5,000	-	5,000	-
Salaries and benefits	35,417	-	35,417	-
Transfer agent and filing fees	6,311	-	17,781	-
Net loss and comprehensive loss for the period	(219,127)	(1,267)	(275,204)	(2,179)
Loss per share, basic and diluted	(0.08)	(0.00)	(0.10)	(0.00)
Weighted average number of common shares outstanding	2,843,636	2,843,636	2,843,636	2,843,636

Most categories of expenses showed increases in 2018 compared with 2017, as the Company reorganized management and redirected its business. The increase in expenses relates to an increase in activity associated with the Company's reorganization of management and related duties.

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for the eight most recently completed quarters.

Three Months Ended	Jan 31 2018 \$	Oct 31 2017 \$	Jul. 31 2017 \$	Apr 30 2017 \$	Jan 31 2017 \$	Oct 31 2016 \$	Jul. 31 2016 \$	Apr. 30 2016 \$
Total revenues	-	-	-	-	-	-	-	-
Net loss and comprehensive loss	(219,127)	(56,077)	(24,854)	(5,390)	(1,267)	(913)	(18,188)	(3,438)
Net loss per share – Basic and diluted	(0.08)	(0.02)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)

During the three-month period ending January 31, 2018 the Company incurred a net loss of \$219,127 compared to a net loss of \$1,267 for the same period in the prior year. The increase in loss of \$217,860 is due to an increase in activity as can be seen, reflected by the \$138,329 professional fees and \$33,000 consulting fees. During the three-month period ending October 31, 2017, the Company incurred a net loss of \$56,077 compared to a net loss of \$913 for the same period in the prior year. The increase in loss of \$55,164 is due to an increase in activity as can be seen, reflected by the \$28,935 consulting fees increase in the quarter ending October 31, 2017. For the quarter ending July 31, 2017, the Company incurred a net loss of \$24,854, compared with a loss of \$18,188 in the three-month period ending July 31, 2016. Administration expenses made up the bulk of these expenses. The progressive increase in expenses reflects increased activity as the Company has been taken the significant steps to develop and execute its new business.

Liquidity

At January 31, 2018, the Company had cash of \$2,832,906 (compared to July 31, 2017 of \$20,265). In order to continue operations, and in particular, to fund ongoing expenditure commitments to pursue its business strategy & goals and service its obligations listed in the financial statements, the Company will need to raise additional capital. The Company expects to finance operating costs by private placement of common shares, exercise of warrants, exercise of options and debt financing. There is a risk that the Company will not be able to secure sufficient working capital to continue as a going concern because of an inability to obtain external financing or an inability to raise sufficient capital in order to meet its obligations as they become due.

Capital Resources

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions and financial needs. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

Working Capital

At the quarter ended January 31, 2018, the Company had working capital of \$2,433,139 (July 31, 2017 – negative \$135,657). In the long term, the Company will be seeking to raise further funds from equity financings and/or debt financing in order to continue operations, in particular to fund ongoing expenditure commitments as they arise.

As at	January 31, 2018	July 31, 2017
Total Assets	\$ 2,842,588	\$ 22,334
Total Liabilities	391,449	157,991
Working Capital	2,433,139	(135,657)
Shareholder's Equity/(deficiency)	2,451,139	(135,657)

Cash Used in Operating Activities

Net cash used in operating activities during the six months ended January 31, 2018 was \$89,359 (2016 – 9,071) which mainly consisted of funds used in expenses during the six months.

Cash Used in Investing Activities

The Company used NIL cash in investing activities in the six-month periods ended January 31, 2018 and 2017.

Cash Generated by Financing Activities

Total net cash generated during the six-month period ended January 31, 2018 was \$40,000 (2017 - \$10,000) in loans received and \$2,862,000 from subscriptions received in advance (see proposed transactions) (2017 - \$Nil).

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions with Related Parties

Key Management Personnel Compensation

For the six-month period ended	January 31, 2018	January 31, 2017
Consulting fees, salaries and rent paid to companies owned by directors and officers	\$ 91,935	\$ Nil
Total	\$ 91,935	\$ Nil

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors (Brendan Purdy, Paul Rosen, Theo van der Linde and Stuart Wooldridge) and corporate officers (Paul Rosen - CEO, Theo van der Linde - CFO, Courtland Livesley-James – EVP Strategy, Kathryn Witter - Corporate Secretary. Formal management contracts are currently being reviewed.

As at January 31, 2018, the Company owed \$69,010 (July 31, 2017 - \$22,766) to related parties. A loan of \$Nil (2017 - \$10,000) is included in the amount due to related parties above and it was for working capital purposes. The amounts due to the related parties are unsecured, non-interest bearing and due on demand.

Proposed Transactions

The Company is in the process of raising up to \$9,000,000 in a non-brokered private placement by issuing up to 180 million special warrants at \$0.05 per special warrant, with each special warrant convertible at no additional cost into a unit comprising of one common share and one share purchase warrant. Each such share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.05 per common share expiring two years from closing.

Proposed Transactions (continued)

The Company proposes to execute the Royalty Agreement with Desert Horizons whereby the Company will advance funds to acquire a royalty interest in Desert Horizon’s First Palm Springs Development. Under the Royalty Agreement:

- the Company will advance \$7,500,000 USD to Desert Horizons in order to build out the first phase of Desert Horizons’ cultivation and manufacturing facility in Palm Springs, California, which will consist of indoor cultivation space and manufacturing space (the “**First Palm Springs Development**”);
- the Company will advance the \$7,500,000 USD to Desert Horizons in tranches, as development milestones are met in connection with the First Palm Springs Development;
- in consideration for the aggregate \$7,500,000 USD advanced, the Company will receive a 99-year royalty on all gross sales (less applicable sales or excises taxes and any allowances for returns) from the First Palm Springs Development;
- the Company will have certain protections with respect to the First Palm Springs Development, including but not limited to: the right to review and approve all construction budgets; being a named loss-payee under applicable insurance policies; and, being granted security over certain assets by Desert Horizons;
- the Company will have a right of first refusal to finance the second phase of Desert Horizons’ cultivation and manufacturing development in Palm Springs, California, and subsequent developments planned in Coachella, California, in exchange for a corresponding royalty on all gross sales from those projects. The aggregate amount of funds advanced to Desert Horizons if the Company finances all projects contemplated by Desert Horizons will be approximately \$50,000,000 USD;
- Desert Horizons may, upon a liquidation event (as such term is defined in the Royalty Agreement), buy out the remaining term of the royalty at a price utilizing an agreed-upon formula.

Desert Horizons

Desert Horizons is a California-based private company that will operate a business cultivating, processing, and manufacturing cannabis and cannabis-related products. Desert Horizons was founded by executives with expertise in real estate development, cannabis operations, finance, and legal and regulatory compliance. The founders have previously built, managed, and operated over 1,000,000 ft.² of cannabis operations, from cultivation to retail and distribution, in various facilities around California, including Coachella, Cathedral City, and Palm Springs. Desert Horizons will seek low-unit costs driven by scale, operational practices and attractive power rates. Products manufactured and produced from Desert Horizons will be distributed under existing brand names, including “Kings Garden” and Wiz Khalifa’s “Khalifa Kush”. These brands are currently carried across hundreds of dispensaries in California.

Outstanding Share Data

At April 3, 2018, the Company had only common shares outstanding:

Securities*	Number	Exercise Price	Expiry Date
Common shares	2,843,636	N/A	N/A
Special Warrants issued*	116,490,000	\$0.05	June 08, 2018 to July 01, 2018
Fully diluted share capital	119,333,636	N/A	N/A

*See also Proposed Transaction above

On June 26, 2017, the Company consolidated its share capital on a one-for-three basis. All share and per-share information have been restated to retroactively reflect this consolidation for all periods presented.

Risks Factors

Cannabis Industry and Operational Risks

The Company anticipates entering into financing arrangements involving royalties, debt and other forms of investments in private and public companies and anticipates seeking investment opportunities in the US, with a plan to focus its investments in the legal cannabis industry in the United States. There are certain risks involved with such business activities, including:

- although legalized for medical and adult use in a number of states, cannabis is illegal under US federal law;
- the activities of the Company would be subject to evolving regulation that is subject to changes by governmental authorities in Canada and the U.S.;
- third parties with which the Company does business, including banks and other financial entities, may perceive that they are exposed to legal and reputational risk because of the Company's cannabis business activities;
- the Company has no operating history in this sector;
- the operation of the Company can be impacted by adverse changes and developments affecting the Company's interests;
- the Company's ability to recruit and retain management, skilled labour and suppliers is crucial to the Company's success;
- the Company's ability to repatriate returns generated from investments in the U.S. may be limited by anti-money laundering and other laws;
- the Company has a history of net losses, may incur significant losses in the future and may not achieve or maintain profitability;
- even if its financial resources are sufficient to fund its current operations, there is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing and there can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company;
- there is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company;
- the Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that the future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical cannabis market or any particular product, or consistent with earlier publicity;
- the companies that the Company finances face an inherent risk of product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury, which could have a material adverse effect on the business, results of operations and financial condition of the companies that the Company finances, and correspondingly the Company;
- any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company;
- the Company is largely reliant on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the legal cannabis industry in the United States. A failure in the demand for its products to materialize because of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the companies that the Company finances, and correspondingly the Company;

Risks Factors

Cannabis Industry and Operational Risks (continued)

- the Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems of controls;
- the Company may engage in acquisitions or other strategic transactions or make investments that could result in significant changes or management disruption;
- the Company could fail to integrate subsidiaries and other interests into the business of the Company;
- completed acquisitions, strategic transactions, or investments could fail to increase shareholder value;
- certain of the Directors and Officers of the Company are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies;
- the Company, or its other interests, may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business;
- the market price for the common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control;
- there can be no assurance that an active liquid market for the shares will be maintained and an investor may find it difficult to resell any securities of the Company;
- the Company does not anticipate paying any dividends on the common shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings; and
- the Canadian Depository for Securities Limited ("CDS") may be considering a policy change with respect to issuers with U.S. cannabis assets. A policy change, if implemented, could affect the Company's current operations and/or disqualify its ability to settle its securities with CDS.

Price Volatility of Public Stock

In recent years, securities markets have experienced extremes in price and volume volatility. The market price of securities of many early-stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares on a stock exchange may be affected by such volatility.

Economic Conditions

Unfavorable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Conflicts of Interest

The Company's directors and officers may serve as directors and officers, or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act, British Columbia ("**Corporations Act**") in dealing with conflicts of interest. These provisions state, where a director/officer has such a conflict, that the director/officer must, at a meeting of the board, disclose his interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

Risks Factors (continued)**Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry**

The following disclosure is intended to comply with the Canadian Securities Administrators Staff Notice 51-352 – *Issuers with U.S. Marijuana-Related Activities*.

Regulatory Risks

The U.S. legal cannabis industry is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may impact on actual results.

Participants in the U.S. legal cannabis industry will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the participant and, thereby, on the Company's prospective returns. Further, the Company may be subject to a variety of claims and lawsuits. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect our ability to conduct our business. The litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. A material adverse impact on our financial statements also could occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable.

The U.S. legal cannabis industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the participant and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's investments' earnings and could make future investments uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

The Company expects to derive its revenues from the U.S. legal cannabis industry, which industry is illegal under U.S. federal law. As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the U.S. are subject to inconsistent legislation and regulation.

The Company's investments are expected to be focused in those U.S. states that have legalized the medical and/or adult-use of cannabis. Almost half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis without limits on THC, while other states have legalized and regulate the sale and use of medical cannabis with strict limits on the levels of THC. However, the U.S. federal government has not enacted similar legislation and the cultivation, sale and use of cannabis remains illegal under federal law pursuant to the U.S. *Controlled Substances Act* of 1970 ("CSA"). The federal government of the U.S. has specifically reserved the right to enforce federal law in regards to the sale and disbursement of medical or adult-use use cannabis, even if state law sanctioned such sale and disbursement. It is presently unclear whether the U.S. federal government intends to enforce federal laws relating to cannabis where the conduct at issue is legal under applicable state law. This risk was further heightened by the revocation of the Cole Memorandum (defined below) in January 2018.

Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, then the Company's investments in such businesses would be materially and adversely affected notwithstanding that the Company may not be directly engaged in the sale or distribution of cannabis. U.S. federal actions against any

Risks Factors

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

individual or entity engaged in the marijuana industry or a substantial repeal of marijuana-related legislation could adversely affect the Company, its business and its investments. The Company's funding of businesses involved in the medical and adult-use cannabis industry may be illegal under the applicable federal laws of the United States and other applicable law. There can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against the Company. The consequences of such enforcement would be materially adverse to the Company and the Company's business and could result in the forfeiture or seizure of all or substantially all of the Company's assets.

Nature of the Company's Involvement in the U.S. Cannabis Industry

Through its financing activities, the Company will have a material ancillary involvement in the cannabis industry in the United States. Currently, the Company is not directly or indirectly engaged in the cultivation, manufacture, importation, possession, use, sale or distribution of cannabis in the medical or adult-use cannabis marketplace in any jurisdiction within the United States.

Illegality under U.S. Federal Law

More than half of the U.S. states have enacted legislation to regulate the sale and use of cannabis on either a medical or adult-use level. However, notwithstanding the permissive regulatory environment of cannabis at the state-level, cannabis continues to be categorized as a controlled substance under the CSA in the U.S. and, as such, activities within the cannabis industry are illegal under U.S. federal law.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis-related businesses in the U.S. are subject to a higher degree of uncertainty and risk. Unless and until the U.S. federal government amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendment there can be no assurance), there can be no assurance that it will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law. Such potential proceedings could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens; or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. Such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favor of the Company.

The inconsistent regulation of cannabis at the federal and state levels was addressed in 2013 when then Deputy Attorney General, James Cole, authored a memorandum (the "**Cole Memorandum**") acknowledging that although cannabis is a controlled substance at the federal level, several U.S. states have enacted laws relating to cannabis for medical purposes. The Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. However, the Department of Justice ("**DOJ**") has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard. However, on January 4, 2018 the Cole Memorandum was revoked by Attorney General Jeff Sessions. While this did not create a change in federal law, as the Cole Memorandum was not itself law, the revocation added to the uncertainty of U.S. federal enforcement of the CSA in states where cannabis use is regulated. Sessions also issued a one-page memorandum (the "**Sessions Memorandum**"). This confirmed the rescission of the Cole Memorandum and explained that the Cole Memorandum was "unnecessary" due to existing general enforcement guidance as set forth in the U.S. Attorney's Manual (the "**USAM**"). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the federal government's limited resources, and include "law enforcement priorities set by the Attorney General," the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community."

Risks Factors

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

While the Sessions Memorandum does emphasize that marijuana is a Schedule I controlled substance, and states the statutory view that it is a “dangerous drug and that marijuana activity is a serious crime,” it does not otherwise guide U.S. Attorneys that the prosecution of marijuana-related offenses is now a DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether or not to prosecute marijuana-related offenses. U.S. Attorneys could individually continue to exercise their discretion in a manner similar to that displayed under the Cole Memorandum’s guidance. Dozens of U.S. Attorneys across the country have affirmed their commitment to proceeding in this manner, or otherwise affirming that their view of federal enforcement priorities has not changed, although a few have displayed greater ambivalence. In California, at least one U.S. Attorney has made comments indicating a desire to enforce the CSA. Adam Braverman, Interim U.S. Attorney for the Southern District of California, has stated that the rescission of the Cole Memorandum “returns trust and local control to federal prosecutors” to enforce the CSA. Additionally, Greg Scott, the Interim U.S. Attorney for the Eastern District of California, has a history of prosecuting medical cannabis activity; and his office published a statement that cannabis remains illegal under federal law, and that his office would “evaluate violations of those laws in accordance with our district’s federal law enforcement priorities and resources.”

As previously stated, the U.S. Congress has passed appropriations bills (currently in the form of the Rohrabacher-Farr Amendment) each of the last three years to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law. The Rohrabacher-Farr Amendment is still in effect as of today’s date, but this may not be the case in the future.

American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state medical cannabis laws. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business, even those that have fully complied with state law, could be prosecuted for violations of federal law. If Congress restores funding, for example by declining to include the Rohrabacher-Farr Amendment in future budget resolution, or by failing to pass necessary budget legislation and causing another government shutdown, the government will have the authority to prosecute individuals for violations of the law before it lacked funding under the five-year statute of limitations applicable to non-capital CSA violations. Additionally, it is important to note that the appropriations protections only apply to medical cannabis operations, and provide no protection against businesses operating in compliance with a state’s adult-use cannabis laws.

As previously stated, violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, the listing of its securities on any stock exchange, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial. The approach to the enforcement of laws related to cannabis may be subject to change, or may not proceed as previously outlined.

The Company’s investments in entities involved in the U.S. cannabis industry will be made: (i) only in those states that have enacted laws legalizing cannabis in an appropriate manner; and (ii) only in those entities that have fully complied with such state (and local) laws and regulations and have the licenses, permits or authorizations to properly carry on each element of their business.

Risks Factors

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

The Company will continue to monitor, evaluate and re-assess the regulatory framework in each state in which it may hold an investment, and the federal laws applicable thereto, on an ongoing basis; and will update its continuous disclosure regarding government policy changes or new or amended guidance, laws or regulations regarding cannabis in the U.S.

Anti-Money Laundering Laws and Regulations

The Company is subject to a variety of laws and regulations in Canada and the U.S. that involve money laundering, financial record-keeping and proceeds of crime, including the U.S. *Currency and Foreign Transactions Reporting Act* of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* of 2001 (USA PATRIOT Act), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

Despite these laws, the FinCEN issued the FinCEN Memorandum on February 14, 2014 outlining the pathways for financial institutions to bank marijuana businesses in compliance with federal enforcement priorities. The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance in a DOJ memorandum issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA (the “**2014 Cole Memo**”). The 2014 Cole Memo was rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes was not a DOJ priority.

Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to remain in effect as a standalone document which explicitly lists the eight enforcement priorities originally cited in the rescinded Cole Memorandum. Although the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance, it is unclear whether the current administration will continue to follow the guidelines of the FinCEN Memorandum.

Overall, since the production and possession of cannabis is illegal under U.S. federal law, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. As the Company will have a material ancillary involvement in the U.S. legal cannabis industry, the Company may find that it is unable to open bank accounts with certain Canadian financial institutions, which in turn may make it difficult to operate the Company's business.

The Company's future investments, and any proceeds thereof, may be considered proceeds of crime due to the fact that cannabis remains illegal federally in the U.S. This may restrict the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on its shares in the foreseeable future, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Risks Factors

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

Ability to Access Private and Public Capital

The Company has historically relied entirely on access to both public and private capital in order to support its continuing operations, and the Company expects to continue to rely almost exclusively on the capital markets to finance its business in the U.S. legal cannabis industry. Although such business carries a higher degree of risk, and despite the legal standing of cannabis businesses pursuant to U.S. federal laws, Canadian-based issuers involved in the U.S. legal cannabis industry have been successful in raising substantial amounts of private and public financing. However, there is no assurance the Company will be successful, in whole or in part, in raising funds, particularly if the U.S. federal authorities change their position toward enforcing the CSA. Further, access to funding from U.S. residents may be limited due their unwillingness to be associated with activities which violate U.S. federal laws.

Canadian Securities Regulatory Matters

The Company's involvement in the U.S. cannabis industry may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. It has been reported in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("CDS"), refuse to settle trades for cannabis issuers that have investments in the U.S. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S., despite media reports to the contrary, and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid and, until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange, should the Common Shares have become listed on a stock exchange.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("MOU") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the U.S. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the Common Shares are listed on a stock exchange, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to affect a trade of the Common Shares through the facilities of the applicable stock exchange.

Heightened Scrutiny

For the reasons set forth above, the Company's future investments in the U.S. may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the U.S. or any other jurisdiction, in addition to those described herein.

Risks Factors

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

Change in Laws, Regulations and Guidelines

The Company's proposed business operations will indirectly be affected by a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of cannabis, but also including laws and regulations relating to consumable products health and safety, the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations, which could require participants to incur substantial costs associated with compliance or alter certain aspects of its business plans. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Company's business plans and result in a material adverse effect on certain aspects of its planned operations.

Unfavorable Publicity or Consumer Perception

The legal cannabis industry in the United States is at an early stage of its development. Cannabis has been, and will continue to be, a controlled substance for the foreseeable future. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medical and adult-use cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical marijuana as opposed to legalization in general). The Company's ability to gain and increase market acceptance of its proposed investment business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure may have an adverse effect on the Company.

Additional Disclosure for Venture Issuers without significant revenue

Additional disclosure concerning the Company's general and administrative expenses and other expenditures is provided in the Company's statement of loss and note disclosures contained in its condensed interim financial statements for the period ended January 31, 2018. These statements are available on SEDAR - Site accessed through www.sedar.com.

Ability to Access Private and Public Capital and Nature of Securities

The Company has historically relied entirely on access to both public and private capital in order to support its continuing operations, and the Company expects to continue to rely almost exclusively on the capital markets to finance its investments in the US legal cannabis industry. Although such investments carry a higher degree of risk, and despite the treatment of cannabis under U.S. federal laws, Canadian-based issuers involved in making U.S. cannabis-related investments have been successful in raising substantial amounts of private and public financing. However, there is no assurance the Company will be successful, in whole or in part, in raising funds, particularly if the U.S. federal authorities change their position toward enforcing the CSA. Further, access to funding from U.S. residents may be limited due their unwillingness to be associated with activities which violate US federal laws. The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not

be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

Additional Disclosure for Venture Issuers without significant revenue (continued)

Dividends

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for investment into the US legal cannabis industry. Any future determination to pay dividends will be at the discretion of the board of directors and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors deem relevant.

Management's Responsibility for Financial Statements

The information provided in this report, including the condensed interim financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Forward-looking-information

Statements included in this document that do not relate to present or historical conditions are "forward-looking statements". Forward-looking statements are projections in respect of future events or the Company's future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "intend", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", or "continue", or the negative of these terms or other comparable terminology. Forward-looking statements in this MD&A include statements with respect to: the success of the concurrent financing, concluding royalty agreement with Desert Horizon and statements regarding estimated capital requirements. These statements are only predictions and involve known and unknown risks and uncertainties, including the risks in the section entitled "Risk Factors", and other

factors which may cause the Company's actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements.

Additional Disclosure for Venture Issuers without significant revenue (continued)

Forward-looking information

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity or performance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of such factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Additional information, including interim and annual financial statements, the management information circulars and other disclosure documents, may also be examined and/or obtained by accessing the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com.

APPENDIX “D”
Management Discussion & Analysis for the year ended July 31, 2017

TIDAL ROYALTY CORP.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

For the fiscal year ended July 31, 2017

October 31, 2017

This management's discussion and analysis provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the period ended July 31, 2017, compared to the period ended July 31, 2016. This report prepared as at October 31, 2017 intends to complement and supplement our annual financial statements (the "financial statements") as at July 31, 2017 and should be read in conjunction with the financial statements and the accompanying notes.

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

Our financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", or the "Company", we mean Tidal Royalty Corp. (formerly Tulloch Resources Ltd.)

Business Description

The Company is an investment company with a focus on the legal cannabis industry in the United States. We anticipate making investments involving conventional equity, licensing, royalties, debt and other forms of investments in private and public companies, in the US legal cannabis related industry.

The Company intends to invest in all aspects of the legal cannabis industry, including production, distribution, and technologies (such as extraction and processing equipment), delivery services, packaging and security services.

The success and ultimate outcome of the Company's operations cannot presently be determined because they are contingent on future matters. See Risk Factors

The Company is a reporting issuer in the provinces of British Columbia and Ontario with plans to list on the Canadian Securities Exchange (CSE).

Highlights and Overall Performance

With our shareholders' consent (received September 5, 2017), the Company changed its business from mineral exploration to that of investment company. The Company anticipates making investments involving conventional equity, debt and other forms of investments in private and public companies with a plan to focus its investments in the cannabis industry in the United States. While the Company has identified the legal cannabis industry to be of interest for investments, and while it is in discussions to make various acquisitions, it should be noted that (i) no contracts have been entered into, and (ii) as such there is no guarantee the Company will make any investments in cannabis related businesses, or, if made, that any such investments will be profitable. There can be no assurance that the Company will be successful in its ventures, or that it will meet the conditions for listing on the CSE. (See: Risk Factors). To execute this change in our business the Company has reorganized its management and added new directors to its board who have relevant investment experience. .

Significant Events

On July 26, 2017 the Company consolidated its share capital on a one-for-three basis. All share and per share information have been restated to retroactively reflect this consolidation for all periods presented.

Selected Annual Information

The following table sets forth selected audited financial information for the Company for the three most recently completed financial years ended July 31, 2017 (“fiscal 2017”), and July 31, 2016 (“fiscal 2016”) and July 31, 2015. The financial information below has been prepared in accordance with IFRS.

For the year ended (Expressed in Canadian dollars)	July 31, 2017	July 31, 2016	July 31, 2015
Revenue	-	-	-
Gross loss	\$ 32,424	\$ 58,760	\$ 129,439
Net loss	32,424	58,760	129,439
Basic and diluted loss per share	0.01	0.02	0.02
Cash	20,265	1,585	9,118
Total assets	22,334	3,934	11,953
Total liabilities	157,991	107,167	66,426
Working Capital (deficit)	(\$135,657)	(\$103,233)	(\$54,473)
Shareholders' equity	(135,657)	(103,233)	(54,473)
Dividends	-	-	-
Number of Shares outstanding at year end	2,843,636	2,843,636	2,660,303

On July 26, 2017 the Company consolidated its share capital on a three for one basis. All share and per share information have been restated to retroactively reflect this consolidation for all periods presented.

Results of Operations

The Company did not have any revenues from operations during the fiscal years ended July 31, 2017, July 31, 2016 and July 31, 2015. Please refer to the audited annual financial statements pertaining to those fiscal years for presentation of the significant operating costs.

During fiscal 2017, the Company's net loss decreased by \$26,336 from a net loss of \$58,760 for fiscal 2016 (\$0.02 per Share) to a net loss of \$32,424 (\$0.01 per Share) for fiscal 2017. The following is a breakdown of the expenses incurred by the Company in each fiscal 2017 and fiscal 2016:

Year Ended	July 31, 2017	July 31, 2016
Advertising and Promotion	\$ 1,508	\$ 6,083
Consulting Fees	6,000	31,480
General and Administration	1,285	12,518
Professional Fees	14,717	8,679
Transfer agent and filing fees	5,919	-
Travel	2,995	-
Total	\$ 32,424	\$ 58,760

Most categories of expenses showed decreases in 2017 compared with 2016, as the Company reorganized management and redirected its business. The increase in transfer agent and filing fees includes payments made to prior period outstanding invoices to the transfer agent. Increased professional fees and travel costs are related to activity associated with the Company's reorganization. The substantial decreases in general and administrative expenses are due to decreased activity during the period and the decrease in consulting fees due to the reorganization of management and related duties.

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for the eight most recently completed quarters.

Three Months Ended	Jul. 31 2017 \$	Apr 30 2017 \$	Jan 31 2017 \$	Oct 31 2016 \$	Jul. 31 2016 \$	Apr. 30 2016 \$	Jan 31 2016 \$	Oct 31 2015 \$
Total revenues	-	-	-	-	-	-	-	-
Net loss and comprehensive loss	(24,854)	(5,390)	(1,267)	(913)	(18,188)	(3,438)	(14,432)	(22,702)
Net loss per share – Basic and diluted	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)

During the three month period ending July 31, 2017, the Company incurred a net loss of \$24,854, compared with a loss of \$18,188 in the three month period ending July 31, 2016. Administration expenses made up the bulk of the expenses. The decreased loss for the year ending July 31, 2017 reflects lower expenses as management reduced expenses as the Company restructured management and implemented a new business plan.

Liquidity

At July 31, 2017, the Company had cash of \$20,265 (July 31, 2016 - \$1,585) which management considers being insufficient to continue operations for the coming year. In order to continue operations, and in particular, to fund ongoing expenditure commitments to pursue its investment goals and service its obligations listed in the audited consolidated financial statements, the Company will need to raise additional capital. The Company expects to finance operating costs by public or private placement of common shares, exercise of warrants, exercise of options, debt financing, or loans from directors and companies controlled by directors. There is a risk that the Company will not be able to secure sufficient working capital to continue as a going concern because of an inability to obtain external financing or an inability to raise sufficient capital in order to meet its obligations as they become due.

Capital Resources

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions and financial needs. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

Working Capital

At the year ended July 31, 2017, the Company had negative working capital of \$135,657 (July 31, 2016 - \$103,233) which management considered insufficient to continue operations for the coming year. The Company will be seeking to raise further funds from, private placements financings, loans from directors in order to continue operations, and in particular to fund ongoing expenditure commitments as they arise. The Company also plans to finance through private and public offerings.

For the Year Ended	July 31, 2017	July 31, 2016
Total Assets	\$ 22,334	\$ 3,934
Total Liabilities	157,991	107,167
Working Capital	(135,657)	(103,233)
Shareholder's Equity	(135,657)	(103,233)

Cash Used in Operating Activities

Net cash generated by/(used in) operating activities during the twelve months ended July 31, 2017 was \$15,694 (2016 – (50,160)) which mainly consisted of funds obtained through the delay of payment of accounts payable

Cash Used in Investing Activities

The Company used nil cash in investing activities in the fiscal years ended July 31, 2017 and 2016.

Cash Generated by Financing Activities

Total net cash generated during the fiscal year ended July 31, 2017 was \$2,986 by the issuance of loans payable net of repayment to related parties (2016 – \$ 42,627 resulting from loans from related parties and the issuance of 183,333 post-consolidated Shares).

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions with Related Parties

Key Management Personnel Compensation

For the year ended	July 31, 2017	July 31, 2016
Consulting fee paid 555155BC Ltd. (a holding company 100% owned by Stuart Wooldridge)	\$ Nil	\$ 25,000
Consulting fee paid to Marketworks, Inc., (a company owned by Kathryn Witter)	\$ 6,000	\$ Nil
Total	\$ 6,000	\$ 25,000

At the end of fiscal 2017, the Company had accrued \$4,239 of compensation and expenses to 555155BC Ltd. (July 31, 2016: \$39,780), a Company controlled by an officer and director of the Company. The Company had accrued \$8,526 of compensation and expenses to Marketworks, Inc. (July 31, 2016: \$Nil.) a company controlled by an officer of the Company. Also as of July 31, 2017, the Company has a loan payable of \$10,000 due to an officer and director of the Company. The payable is unsecured, non-interest bearing and have no specific terms for repayment.

Fourth quarter results

For the three months ended July 31, 2017 the overall expenses totaled \$24,854 compared to \$18,188 in Q4-2016 resulting in a decrease of \$6,669.

Professional fees were \$14,717 in Q4-2017 (Q4-2016: \$429). The 14,288 increase is attributable to payment in different periods and increased activity requiring professional fees.

Consulting fees were \$6,000 in Q4-2017 (Q4-2016: \$16,000). The \$10,000 decrease is attributable to decreased

consulting fees incurred in Q4-2017.

Outstanding Share Data

At October 31, 2017 the Company had only common shares outstanding:

Securities	Number	Exercise Price	Expiry Date
Common shares	2,843,636	N/A	N/A
Fully diluted share capital	2,843,636	N/A	N/A

On July 26, 2017 the Company consolidated its share capital on a one-for-three basis. All share and per share information have been restated to retroactively reflect this consolidation for all periods presented.

During the year ended July 31, 2016, the shareholders approved the increase in the authorized share capital of the Company from 100,000,000 common shares to an unlimited number of common shares, without par value and created a new class for an unlimited number of preferred shares without par value.

Risks Factors

Marijuana industry and operational risks

The Company anticipates making investments involving conventional equity, debt and other forms of investments in private and public companies and anticipates seeking investment opportunities in the US .with a plan to focus its investments in the cannabis industry in the United States. There are certain risks involved with such business activities, including:

- Cannabis is illegal under US federal law, but has been legalized by many US states
- the activities of the Company would be subject to evolving regulation that is subject to changes by governmental authorities in Canada and the U.S.
- third parties with which the Company does business, including banks and other financial entities, may perceive that they are exposed to legal and reputational risk because of the Company's cannabis business activities;
- the Company has no operating history in this sector;
- the operation of the Company can be impacted by adverse changes and developments affecting the Company's interests;
- the Company's ability to recruit and retain management, skilled labour and suppliers is crucial to the Company's success;
- the Company's ability to repatriate returns generated from investments in the U.S. may be limited by anti-money laundering laws;
- the Company has a history of net losses, may incur significant losses in the future and may not achieve or maintain profitability;
- even if its financial resources are sufficient to fund its current operations, there is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing and there can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.
- there is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company;
- the Company believes the cannabis industry is highly dependent upon consumer perception regarding the

safety, efficacy and quality of the cannabis produced. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that the future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical cannabis market or any particular product, or consistent with earlier publicity;

- the Company and other interests face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury;
- any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company;
- the Company is largely reliant on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical cannabis industry in Canada or the United States. A failure in the demand for its products to materialize because of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company;
- the Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems of controls;
- the Company may engage in acquisitions or other strategic transactions or make investments that could result in significant changes or management disruption;
- the Company could fail to integrate subsidiaries and other interests into the business of the Company;
- completed acquisitions, strategic transactions, or investments could fail to increase shareholder value;
- certain of the Directors and Officers of the Company are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies;
- the Company, its other interests may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business;
- the market price for the common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control;
- there can be no assurance that an active liquid market for the shares will be maintained and an investor may find it difficult to resell any securities of the Company;
- the Company does not anticipate paying any dividends on the common shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings; and
- the Canadian Depository for Securities Limited ("CDS") may be considering a policy change with respect to issuers with U.S. cannabis assets. A policy change, if implemented, could affect the Company's current operations and/or disqualify its ability to settle its securities with CDS.

Price Volatility of Public Stock

In recent years, securities markets have experienced extremes in price and volume volatility. The market price of securities of many early stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares on a stock exchange may be affected by such volatility.

Economic Conditions

Unfavorable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Conflicts of Interest

The Company's directors and officers may serve as directors and officers, or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act, British Columbia ("Corporations Act") in dealing with conflicts of interest. These provisions state, where a director/officer has such a conflict, that the director/officer must at a meeting of the board, disclose his interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry

The following disclosure is intended to comply with the Canadian Securities Administrators Staff Notice 51-352 – *Issuers with U.S. Marijuana-Related Activities*.

Nature of Tidal's Involvement in the U.S. Cannabis Industry

Tidal intends to be indirectly involved (through investments in third-party entities in the United States – "Investees") in the cannabis industry in those states of the United States where local and state law permits such activities. Currently, the Company is not directly engaged in the cultivation, manufacture, importation, possession, use, sale or distribution of cannabis in the medical or recreational cannabis marketplace in the United States.

Illegality under U.S. Federal Law

Almost half of the U.S. states have enacted legislation to regulate the sale and use of cannabis on either a medical or recreational level. However, notwithstanding the permissive regulatory environment of cannabis at the state level, cannabis continues to be categorized as a controlled substance under the *Controlled Substances Act* (the "CSA") in the United States and as such, activities within the cannabis industry are illegal under U.S. Federal Law.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis related businesses in the United States are subject to a higher degree of uncertainty and risk. Unless and until the US federal government amends the CSA with respect to cannabis, there can be no assurance that it will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law. Such potential proceedings could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens; or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. Such proceedings could have a material adverse effect on the Issuer's business, revenues, operating results and financial condition as well as the Issuer's reputation, even if such proceedings were concluded successfully in favour of the Issuer.

There is also the risk that the Issuer's investments may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the United States or any other jurisdiction.

U.S. Federal Enforcement Priorities

The inconsistent regulation of cannabis at the federal and state levels was addressed in 2013 when then Deputy Attorney General, James Cole, authored a memorandum (the “Cole Memorandum”) acknowledging that although cannabis is a controlled substance at the federal level, several US states have enacted laws relating to cannabis for medical purposes. The Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. However, the Department of Justice (“DOJ”) has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard.

In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the DOJ should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority. In March 2017, newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit, however, he disagreed that it had been implemented effectively and has not committed to utilizing the Cole Memorandum framework going forward. After taking office, Attorney General Jeff Sessions established a task force to study cannabis but so far, they have issued no final conclusions. As such, the enforcement of US federal laws with respect to cannabis remains uncertain and subject to change.

Tidal’s investments in entities involved in the US cannabis industry will be made (i) only in those states that have enacted laws legalizing cannabis in an appropriate manner; and (ii) only in those entities that have fully complied with such state (and local) laws and regulations and have the licences, permits or authorizations to properly carry on each element of their business.

Ability to Access Private and Public Capital

The Issuer has historically relied entirely on access to both public and private capital in order to support its continuing operations, and the Issuer expects to continue to rely almost exclusively on the capital markets to finance its investments in the US cannabis industry. Although such investments carry a higher degree of risk, and despite the illegal nature of cannabis under U.S. federal laws, Canadian based issuers involved in making U.S. cannabis based investments have been successful in raising substantial amounts of private and public financing. However, there is no assurance the Issuer will be successful, in whole or in part, in raising funds, particularly if the U.S. federal authorities change their position toward enforcing the CSA. Further, access to funding from U.S. residents may be limited due their unwillingness to be associated with activities which violate US federal laws.

Additional Disclosure for Junior Issuers

Proposed Transactions

There are currently no significant proposed transactions except as otherwise disclosed in this MD&A. Confidentiality agreements and non-binding agreements may be entered into from time to time, with independent entities to allow for discussions of the potential acquisition and/or development of the business.

Approval

The Board of Directors oversees management’s responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Forward-looking-information-advisory

Statements included in this document that do not relate to present or historical conditions are “forward-looking statements”. Forward-looking statements are projections in respect of future events or the Company’s future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “intend”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, or “continue”, or the negative of these terms or other comparable terminology. Forward-looking statements in this Listing Statement include statements with respect to: the ability of the Company to acquire BC wine for export; whether any wine acquired will be embraced by the purchasing public; expected future growth of the export market; the success of the concurrent financing, and statements regarding estimated capital requirements and use of proceeds. These statements are only predictions and involve known and unknown risks and uncertainties, including the risks in the section entitled “Risk Factors”, and other factors which may cause the Company’s actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity or performance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of such factors on the Company’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement

Forward Looking Information

Certain statements in this document constitute “forward-looking statements” and are based on current expectations and involve risks and uncertainties, referred to above and or in Tidal’s financial statements for the year ended July 31, 2017, that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in the forward-looking statements. Future results will not be consistent with the Company’s expectations, marijuana prices, demand for marijuana, currency exchange rates, political and operational risks inherent in farming or other business activities, legislative factors relating to prices, taxes, royalties, land use, title and permits, importing and exporting of marijuana, environmental protection, expenditures on property, plant and equipment, increases and decreases in reserves and/or resources and anticipated grades and recovery rates and are or may be based on assumptions and/or estimates related to future economic, market and other conditions. This list is not exhaustive and should be considered carefully by prospective investors, who should not place undue reliance on such forward-looking statements. Factors that could cause actual results, developments or events to differ materially from those anticipated include, among others, the factors described or referred to elsewhere herein including, without limitation, under the heading “Risks and Uncertainties” and/or the financial statements, and include unanticipated and/or unusual events as well as actual results of planned programs and associated risk. Many of such factors are beyond Tidal’s ability to control or predict. Actual results may differ materially from those anticipated. Readers of this MD&A are cautioned not to put undue reliance on forward looking statements due to their inherent uncertainty. Forward-looking statements are made based upon management’s beliefs, estimates and opinions on the date the statements are made, which management believes are reasonable, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law. These forward-looking statements should not be relied upon as representing management’s views as of any date subsequent to the date of this MD&A.

Additional information, including interim and annual financial statements, the management information circulars and other disclosure documents, may also be examined and/or obtained by accessing the Canadian System for Electronic Document Analysis and Retrieval (“SEDAR”) website at www.sedar.com.

APPENDIX “E”

STATEMENT OF EXECUTIVE COMPENSATION

General

For the purpose of this Information Circular:

“**CEO**” means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“**CFO**” means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“**NEO**” means:

- (a) a CEO;
- (b) a CFO;
- (c) each of the Company’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6 *Statement of Executive Compensation*; or
- (d) any individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity at the end of the most recently completed financial year.

During the year ended July 31, 2017 the Company had four named NEO’s, namely Paul Rosen, Chief Executive Officer, Theo van der Linde, Chief Financial Officer, Stuart Wooldridge, *former* Chief Executive Officer and Rob Trenaman, *former* Chief Financial Officer.

Compensation Discussion and Analysis

The overall objective of the Company’s compensation strategy is to offer medium-term and long-term compensation components to ensure that the Company has in place programs to attract, retain and develop management of the highest caliber and has in place a process to provide for the orderly succession of management, including receipt on an annual basis of any recommendations of the chief executive officer, if any, in this regard. The Company currently has medium-term and long-term compensation components in place, and intends to further develop these compensation components. The objectives of the Company’s compensation policies and procedures are to align the interests of the Company’s employees with the interests of the Company’s shareholders. Therefore a significant portion of the total compensation is based upon overall corporate performance.

The Company does not have in place a Compensation and Nominating Committee. All tasks related to developing and monitoring the Company’s approach to the compensation of officers of the Company and to developing and monitoring the Company’s approach to the nomination of directors to the Board are performed by the members of the Board. The compensation of the NEOs and the Company’s employees is reviewed, recommended and approved by the independent directors of the Company.

The Company chooses to grant stock options to NEOs to satisfy the long-term compensation component. The Board may consider, on an annual basis, an award of bonuses to key executives and senior management. The amount and award of such bonuses is discretionary, depending on, among other factors, the financial performance of the Company and the position of a participant. The Board considers that the

payment of such discretionary annual cash bonuses satisfies the medium term compensation component.

In the future, the Board may also consider the grant of options to purchase common shares of the Company with longer future vesting dates to satisfy the long term compensation component.

The Company has not retained a compensation consultant or advisor to assist the Board in determining compensation for any of the Company's directors or officers. Given the Company's current stage of development, the Company has not considered the implications of the risks associated with the Company's compensation practices. The Company has also not adopted any policies with respect to whether NEOs and directors are permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Option Based Awards

NEOs, as well as directors, employees and consultants, are eligible to participate in the Company's stock option plan (the "**Plan**") to receive grants of stock options. Individual stock options are granted by the Board as a whole, with directors abstaining from voting on any proposed grant of options to themselves, and the number of options granted is dependent on, among other things, each optionee's level of responsibility, authority and importance to the Company and the degree to which such optionee's long term contribution to the Company will be crucial to its long-term success.

Stock options are normally granted by the Board when an executive officer or director first joins the Company based on his level of responsibility within the Company. Additional grants may be made periodically to ensure that the number of options granted to any particular officer or director is commensurate with their level of ongoing responsibility within the Company. The Board also evaluates the number of options an officer or director has been granted, the exercise price of the options and the term remaining on those options when considering further grants. Options are usually priced at the closing trading price of the Company's shares on the business day immediately preceding the date of grant and the current policy of the Board is that options expire two to five years from the date of grant.

Compensation Governance

The Board has not adopted any specific policies or practices to determine the compensation for the Company's directors and officers, other than as disclosed above. The Board has not yet formed a compensation committee or a nominating committee. As such, all tasks related to developing the Company's approach with respect to compensation and to developing and monitoring the Company's approach to the nomination of directors to the Board were performed by the members of the Board during the last fiscal year. The Company has also not adopted any policies with respect to whether NEOs and directors are permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Director and Named Executive Officer Compensation

The following table sets forth all annual and long term compensation for services paid to or earned by each NEO and director for the two most recently completed financial years ended July 31, 2017:

Table of Compensation excluding Compensation Securities

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Stuart Wooldridge ⁽¹⁾ Former President & CEO; Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	25,000	Nil	Nil	Nil	Nil	25,000
	2015	55,000	Nil	Nil	Nil	Nil	55,000
Rob Trenaman ⁽²⁾ Former CFO, Director and President	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Saeed Otufat-Shamsi ⁽²⁾ Former Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	5,000	Nil	Nil	Nil	Nil	5,000
Paul Rosen ⁽⁴⁾ Current CEO, Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	n/a	n/a	n/a	n/a	n/a	n/a
	2015	n/a	n/a	n/a	n/a	n/a	n/a
Theo van der Linde ⁽⁴⁾ CFO and Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	n/a	n/a	n/a	n/a	n/a	n/a
	2015	n/a	n/a	n/a	n/a	n/a	n/a
Brendan Purdy ⁽⁴⁾ Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	n/a	n/a	n/a	n/a	n/a	n/a
	2015	n/a	n/a	n/a	n/a	n/a	n/a
Kathryn Witter ⁽³⁾ Corporate Secretary	2017	6,000	Nil	Nil	Nil	Nil	6,000
	2016	n/a	n/a	n/a	n/a	n/a	n/a
	2015	n/a	n/a	n/a	n/a	n/a	n/a

1. Mr. Wooldridge's compensation is paid to his wholly-owned holding company, 555155 B.C. Ltd.
2. Mr. Trenaman and Mr. Saeed Otufat-Shasi resigned as of June 2, 2017
3. Ms. Witter was appointed as of July 5, 2017
4. Messrs: Purdy, Rosen and van der Linde were appointed as of July 20, 2017.

Stock Options and Other Compensation Securities

No compensation securities were granted nor issued to NEO's nor directors by the Company in the financial years ended July 31, 2017 and 2016. During the fiscal year ended July 31, 2016 Mr. Wooldridge and Mr. Trenaman had previously granted incentive stock options expire unexercised June 20, 2016.

We do not provide any retirement benefits for our directors or officers; nor do we have any long-term incentive plan or SAR.

Exercise of Compensation Securities by Directors and NEOs

No compensation securities were exercised by any director or Named Executive Officer during the most recently completed financial year ending July 31, 2017.

Stock Option Plans and Other Incentive Plans

The Company has adopted a 20% rolling stock option plan ("Plan") to replace its previous 10% rolling plan. The Plan provides that the Board may from time to time, in its discretion, grant to directors, officers,

employees, technical consultants and other participants to the Company, non-transferrable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to ten years from the date of grant. In addition, the number of common shares which may be issuable under the Plan within a one year period: (i) to any one individual shall not exceed 5% of the issued and outstanding common shares; and (ii) to a consultant or an employee performing investor relations activities, shall not exceed 2% of the issued and outstanding common shares. The underlying purpose of the Plan is to attract and motivate the directors, officers, employees and consultants of the Company and to advance the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the Plan.

As at the date of the Information Circular, the Company has no options outstanding but has reserved a total of 17,568,727 incentive stock options unallocated at a fixed price \$0.05 per share (assuming the conversion of the Special Warrants).

The Company has no other plan providing for the grant of stock appreciation rights, deferred share units or restricted stock units or any other incentive plan or portion of a plan under which awards are granted.

Employment, Consulting and Management Agreements

There were no agreements or arrangements in place under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Company that were:

- (a) performed by a director or named executive officer, or
- (b) performed by any other party but are services typically provided by a director or a named executive officer,

other than the reimbursement of expenses any director or NEO may have incurred on behalf of the Company.

While no management contracts are currently in place, the Company has agreed to pay certain management fees to its executive officers, being: (i) \$12,500 per month to Paul Rosen in his capacity as CEO; (ii) \$8,333 per month to Theo van der Linde in his capacity as CFO; (iii) \$8,333 per month to Courtland Livesley-James in his capacity as Executive Vice President, Strategy; and (iv) \$4,000 per month to Marketworks, Inc. (Kathryn Witter) for providing corporate secretarial services.

Termination of Employment, Change of Control Benefits and Employment Contracts

No benefits will accrue to any of our NEOs, officers, employees or directors upon their termination, or upon any change of control of the Company.

Directors' Compensation

There are no current plans for directors to receive any fees or other compensation for their acting as directors, except that directors will be entitled to (i) incentive stock options pursuant to the Stock Option Plan in such individual amounts as the board of directors may determine from time to time, and (ii) reimbursement for out-of-pocket expenses incurred on behalf of or in providing services as a director for the Company.

Oversight and Description of Director and Named Executive Officer Compensation

The Company does not have any share-based awards, long-term incentive plans and, save as disclosed above, no remuneration payments were made, directly or indirectly, by the Company to its directors or Named Executive Officers during the fiscal year ended July 31, 2017.

Pension disclosure

The Company does not provide any form of pension to any of its directors or Named Executive Officers.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth details of the Previous Stock Option Plan, being the Company's only equity compensation plan, as of July 31, 2017. The Previous Stock Option Plan was approved by the Company's shareholders at its annual general and extraordinary meeting on December 17, 2014. The following options all expired, unexercised, in the fiscal year ended July 31, 2016. The Previous Stock Option Plan has been replaced by the Company's 20% fixed Stock Option Plan approved by shareholders on September 5, 2017.

Plan Category	Number of shares to be issued upon exercise of outstanding options ⁽¹⁾	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by shareholders	75,000	\$0.105	209,363
Equity compensation plans not approved by shareholders	Nil	N/A	N/A
Total	75,000	\$0.105	209,363

⁽¹⁾ Adjusted for 3:1 share consolidation on July 26, 2017. Options expired unexercised.