



Annual Information Form

For the fiscal year ended

July 31, 2017

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GLOSSARY

In this Annual Information Form, the following words or phrases have the meanings ascribed thereto:

“**AIF**” means an annual information form that is prepared pursuant to Part 6 of National Instrument 51-102 *Continuous Disclosure Obligations*.

“**Audit Committee**” means the Company’s audit committee.

“**Board**” means the Company’s board of directors.

“**Company**” or “**Tidal**” means Tidal Royalty Corp.

“**CSE**” or “**Exchange**” means the Canadian Securities Exchange.

“**Fiscal 2016**” means the Company’s fiscal year ended July 31, 2016.

“**Fiscal 2017**” means the Company’s fiscal year ended July 31, 2017.

“**MD&A**” means management discussion and analysis, as it relates to the Company’s financial statements.

“**NI 52-110**” means National Instrument 52-110 - *Audit Committees*.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval, found at www.sedar.com.

“**Shares**” or “**Common Shares**” mean common shares without par value in the capital of the Company, following the three-to-one consolidation which was effected July 26, 2017.

PRELIMINARY NOTES

Date of Information

Unless otherwise stated, the information herein is presented as at July 31, 2017, being the date of the Company's most recently completed financial year.

Information Incorporated by Reference

Information may be incorporated by reference into an AIF provided the same is concurrently or previously filed under the Company's profile on the SEDAR. This AIF should be read in conjunction with the following documents, all of which have been previously filed on SEDAR and are hereby incorporated by reference herein:

- the Company's consolidated financial statements for Fiscal 2016 and Fiscal 2017, and the MD&A related thereto;
- the Company's quarterly interim financial statements for the three months ended October 31, 2017, the six months ended January 31, 2018, and the nine months ended April 30, 2018; together with the MD&A related thereto;
- the Company's information circular dated August 4, 2017 and proxy material pertaining to its annual general meeting held on September 5, 2017;
- the Company's Listing Statement (CSE Form 2A) dated June 12, 2018; and
- all of the Company's news releases, material change reports and reports of exempt distributions filed during and subsequent to Fiscal 2017; all of which are available under the Company's profile on SEDAR.

Currency

Unless otherwise specified, in this AIF all references to "dollars" or to "\$" are to Canadian dollars.

Special Note Regarding Forward-Looking Statements

Statements contained in this AIF that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation) that involve certain risks and uncertainties. Forward-looking statements include, but are not limited to, financial projections; information or expectations about the Company's business plans, results of operations, products or markets; or which otherwise make statements about future events. Such forward-looking statements can be identified by the use of words such as "intends", "anticipates", "believes", "estimates", "projects", "forecasts", "expects", "plans" and "proposes". Although the Company believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. These include, among others, the cautionary statements under "*Description of Business*".

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 Company and 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 Company and the anticipated use of such funds;
- 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 AIF and described from time to time in documents filed by the Company with Canadian securities regulatory authorities.

With respect to forward-looking statements contained in this AIF, assumptions have been made regarding, among other things:

- current legislation in the United States and various States thereof pertaining to the production, distribution, sale and use of medical and recreational cannabis;
- future global economic and financial conditions;
- future prices and demand for cannabis in the U.S.; and the supply of cannabis and the production of products derived therefrom;
- development of projects in which the Company invests being on time and on budget; and
- the accuracy and veracity of information and projections sourced from third parties respecting, among other things, future industry conditions and demand for cannabis.

Consequently, all forward-looking statements made in this Prospectus and other documents of the Company 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 Company.

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 Company and/or persons acting on its behalf may issue. The Company 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 “*Risk Factors*”.

Risk Factors Pertaining to Carrying on Business in the U.S. Cannabis Industry

Tidal has, or will have, a material ancillary involvement (by financing and holding one or more royalty interests) in U.S.-based entities involved in the manufacture, possession, use, sale or distribution of cannabis in the adult-use and medical cannabis industries in the U.S. Cannabis, while legalized and regulated by various states, is currently a controlled substance under the U.S. *Controlled Substances Act* of 1970 (“CSA”). Under the CSA, the policies and regulations of the United States Federal Government and its agencies are that cannabis has no medical benefit and a range of activities including cultivation and the personal use of cannabis is illegal. Enforcement of such federal law is a significant risk. Strict compliance with state laws with respect to cannabis will neither absolve the Company of potential liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company’s operations and financial performance. The above is notwithstanding that the Company is not directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the adult-use or medical cannabis marketplaces.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law must be applied. Notwithstanding the paramountcy of federal law in the United States, enforcement of such laws may be limited by other means or circumstances, which are further described in this prospectus. See “Description of the U.S. Legal Cannabis Industry – Legal and Regulatory Matters”. Accordingly, there are a number of risks associated with the business of the Company. Unless and until the United States Congress amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that U.S. federal authorities may enforce current federal law, which may adversely affect the current and future operations of the Company or one or more of its investee operators. As such, there are a number of risks associated with the Company’s existing and future operations in the United States, and such operations 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 conduct

its operations in the United States or any other jurisdiction. See “Risk Factors – Risks Related to the Cannabis Industry”. For the reasons set forth above, the Company’s existing or future interests in the U.S. cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada.

Overall, there are a number of risks associated with the business of the Company. See “Risk Factors”.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated pursuant to the *Business Corporations Act* (British Columbia) on March 12, 1980 as Treminco Resources Ltd. On February 19, 1999 we changed our name to Elkhorn Gold Mining Corporation; on October 12, 2011 we changed our name to Tulloch Resources Ltd.; and effective July 18, 2017 we changed our name to Tidal Royalty Corp.

Our head office, and our registered and records office, is located at Suite 810 – 789 West Pender Street, Vancouver, British Columbia V6C 1H2.

We are a reporting issuer in each of British Columbia and Ontario; and our Shares are listed for trading on the CSE.

Intercorporate Relationships

The Company does not have any subsidiaries or affiliated companies. The Company may incorporate one or more subsidiary companies to facilitate its activities in the United States.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Business Developments

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

On January 16, 2012, the Commissions issued revocation orders in respect to the prior cease trade orders. Between 2012 and 2016, the Company undertook three equity financings, raising an aggregate of \$125,000, through distributions of Shares for purposes of paying expenses involved in searching for new business opportunities, and general and administrative costs. From 2014 to 2017, the Company identified and reviewed a number of potential opportunities but did not proceed with any project. Essentially the Company was inactive from 2001 to 2017.

In July 2017, the Company changed its business focus to the U.S. legal cannabis industry, and took the following steps to develop its new business:

1. retained new management with a track record in the U.S. legal cannabis industry;
2. changed the name of the Company to Tidal Royalty Corp;
3. consolidated its outstanding common shares on the basis of one new Share for every three outstanding common shares;

4. received shareholders' approval to a change of business from mineral exploration to cannabis;
5. adopted a new investment policy;
6. raised gross proceeds of \$6,459,000 pursuant to a non-brokered private placement of 129,180,000 Special Warrants at \$0.05 per Special Warrant;
7. commenced trading of its Shares on the CSE under the symbol "RLTY";
8. raised gross proceeds of \$2,000,000 pursuant to a subsequent non-brokered private placement of 40,000,000 preferred share units at \$0.05 per preferred share; and
9. raised gross proceeds of \$31,137,159 pursuant to a subsequent non-brokered private placement of 94,355,027 Shares at \$0.33 per Share.

Investment Policy

As more particularly set out under the heading "Description of Business" below, the Company adopted an investment policy involving making investments in private and public companies involved in the U.S. legal cannabis related industry. While the Company is in discussions to enter into various financing arrangements, it should be noted that (i) no contracts have been entered into as of the date of this AIF, and (ii) as such there is no guarantee the Company will make any investments in U.S. cannabis-related businesses, or, if made, that any such investments will be profitable.

Financings

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.

Special Warrant Financing

The Company recently completed a non-brokered private placement (the "Placement") of special warrants ("Special Warrants") at \$0.05 per Special Warrant in three tranches. Under the terms of the Placement, each Special Warrant converts to one Unit four months after closing of each tranche of the Placement. Each Unit consists of one Share and one Share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to acquire an additional Share at \$0.05 for a period of 24 months from the date the Special Warrants were initially issued.

On February 8, 2018, the Company closed the first tranche of the Placement through the issuance of 59,370,000 Special Warrants (the "First Tranche Special Warrants") for gross proceeds of \$2,968,500. The Company also issued 3,757,000 special warrants to arm's length finders ("Finder's Special Warrants"), each convertible to Shares and Warrants on the same terms as the Units sold under the Placement.

On March 1, 2018, the Company closed the second tranche of the Placement through the issuance of 57,120,000 Special Warrants (the "Second Tranche Special Warrants") for gross proceeds of \$2,856,000. The Company also issued 5,292,000 Finder's Special Warrants to arm's length finders.

On April 30, 2018, the Company closed the third and final tranche of the Placement through the issuance of 12,690,000 Special Warrants (the "Third Tranche Special Warrants") for gross proceeds of \$634,500. The Company also issued 1,220,000 Finder's Special Warrants.

In connection with the Placement, the Company paid finders' fees in the amount of \$380,000 in cash and incurred legal costs of \$75,000.

The First Tranche Special Warrants and related Finder's Special Warrants converted to Units on June 8, 2018. The Second Tranche Special Warrants and related Finder's Special Warrants converted to Units on July 1, 2018. The Third Tranche Special Warrants and related Finder's Special Warrants will convert to Units on August 30, 2018.

Preferred Share Financing

On May 25, 2018, the Company closed a non-brokered private placement by issuing 40,000,000 Series 1 Convertible Preferred Share Units (the "Preferred Share Units") at \$0.05 per Preferred Share Unit for gross proceeds

of \$2,000,000. Each Preferred Share Unit consists of one Series 1 Convertible Preferred Share (a “Preferred Share”) in the capital of the Company and one transferable preferred share purchase warrant (a “Preferred Warrant”). Each Preferred Warrant entitles the holder thereof to acquire a Preferred Share in the share capital of the Company at \$0.05 for a period of two years. The Company issued 4,000,000 Finder’s Special Warrants in connection with the placement. Each Finder’s Special Warrant converts in four months to one Unit, which will be comprised of one Common Share and one Warrant. Each Warrant will entitle the holder thereof to acquire one additional Common Share in the capital of the Company at \$0.05, for a period of 24 months from issuance of the Warrant.

Common Share Financing

On June 12, 2018, the Company closed a non-brokered private placement of Shares at \$0.33 per Share; issuing 94,355,026 Shares for gross proceeds of \$31,137,159. The Company also issued 5,159,765 finders’ warrants (“Finder’s Warrants”) that entitle the holder thereof to acquire one Share in the capital of the Company per Finder’s Warrant at \$0.33 for a period of two years from issuance; and paid cash finder’s fees in the amount of \$1,742,302 to arm’s length parties.

New Management

New directors and officers of the Company were appointed, are as follows:

Paul Rosen	Chief Executive Officer and Director
Terry Taouss	President
Theo van der Linde	Chief Financial Officer and Director
Courtland Livesley-James	VP Strategy
Kathryn Witter	Secretary
Brendan Purdy	Director
Brian Penny	Director
Stuart Wooldridge	Director

Formal management and/or consulting contracts are currently being reviewed for the executive officers.

Stock Options

On June 22, 2018, the Company granted, in aggregate, 16,468,727 incentive stock options (“Options”), to various directors, officers and consultants of the Company. The Options are exercisable at \$0.33 per Share for a term of five years expiring on June 22, 2023.

CSE Listing

On June 25, 2018, the Company’s Shares were approved for listing on the Canadian Securities Exchange (“CSE”) under the same trading symbol “RLTY.U”.

Other

Other than as stated herein there were no acquisitions, dispositions, changes to management, or financings in the past three fiscal years (ending July 31, 2015, 2016 and 2017).

Significant Acquisitions

The Company did not make any significant acquisitions in the most recently completed fiscal year.

DESCRIPTION OF BUSINESS

General

The Company is a publicly traded life sciences company with a focus on financing in businesses that pertain in any way to cannabis which is carried out in compliance with applicable U.S. state laws (“legal cannabis industry”). The Company anticipates 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 is actively pursuing opportunities to provide expansion capital to licensed, qualified operators across multiple industry verticals, including cultivation, processing, distribution. An investment in Tidal Royalty will allow shareholders to participate in the broader US cannabis market’s growth while diversifying against specific operational risks.

Composition of Investment Portfolio

The nature and timing of the Company’s investments will depend, in part, on available capital at any particular time and the investment opportunities identified and available to the Company. The Company 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 Company expects to invest solely in cannabis sector. The Company believes that any risk of limited diversification may be mitigated by closely monitoring its investments. The actual composition of the Company’s investment portfolio will vary over time depending on its assessment of a number of factors, including the performance of U.S. cannabis markets and credit risk.

Investment Objectives

The principal investment objectives of the Company are 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 Company’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 “Board”). The Company 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 Company’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 Company’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 financial institutions determined by the Board to be acceptable to the Company.

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

Jurisdictions: While the Company 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, 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 investment is made and the risk-reward relationship associated with each investment in a particular jurisdiction, including the purchase of securities listed on foreign stock exchanges.

Timing: The timing of the Company's investments will depend, in part, on available capital at any particular time, and the investment opportunities identified and available to the Company. Subject to the availability of capital, the Company 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 Company will generally target financings in the \$10 million - \$50 million range.

Timelines: Not limited.

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

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

- the Company will undertake due diligence of the relevant business in which the investment will be made, as well as the Operator.
- the Company 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 Company will maintain a flexible position with respect to the form of investment taken and may employ a wide range of investment instruments, including royalties, streaming investments, net profit interests equity, bridge loans, secured loans, unsecured loans, and other hybrid instruments.
- the Company 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, public companies, partnerships on a project-by-project basis.
- the Company will have flexibility on the return sought, while seeking to recapture its capital within a reasonable period following the initial investment.
- the Company will seek to maintain the ability to actively review and revisit all of its investments on an ongoing basis.
- from time to time, the Company may insist on board or management representation on target companies.
- the Company 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 Company and its shareholders.

The nature and timing of the Company's investments will depend, in part, on available capital at any particular time and the investment opportunities identified and available to the Company. As noted above, subject to the availability of capital, the Company 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, the status of the U.S. cannabis sector, and credit risk.

As of the date of this AIF, the Company has not (i) identified specific investment opportunities, (ii) determined the particular thresholds of returns to be earned on investments or what will constitute a reasonable rate of capital appreciation, or (iii) investment horizons as to how long the Company will hold any investment.

The Company'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 Company 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 Company's investment portfolio.

In light of the numerous investment opportunities across the entire US legal cannabis sector, the Company 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 Company's proposed investment strategy set out above.

The Company 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 Company will seek to maintain the ability to actively review and revisit all of its investments on an ongoing basis. From time to time, the Company 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 Company and its shareholders.

Management Participation: The Company 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 Company may also ask for board representation in cases where it makes a significant financing related to the business of an Operator. The Company's nominee(s) shall be determined by the Board as appropriate in such circumstances.

Registration Status: The Company 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 Company 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 Company. These include serving as directors, officers, promoters, advisers or agents of other public and private companies, including companies in which the Company may invest. These persons may also engage in transactions with the Company 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 Company 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 Company may only proceed after receiving approval from the disinterested directors of the Board.

The Company 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 Company 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 Company. These include serving as directors, officers, promoters, advisers or agents of other public and private corporations, including corporations in which the Company may invest. The Parties may also engage in transactions with the Company 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.

Bankruptcy and Similar Procedures

The Company has not been the subject of bankruptcy, receivership or similar proceedings (voluntary or otherwise) in the three most recently completed financial years or completed during or proposed for the current financial year.

Reorganizations

The Company has not been the subject of any material reorganization within the three most recently completed financial years, or completed during or proposed for the current financial year, other than described above involving new management, adopting an investment strategy focused on the U.S. cannabis sector, the raising of significant financing, and the listing of the Company’s Shares on the CSE.

Social or Environmental Policies

We have not implemented any social or environmental policies that are fundamental to the Company’s operations, such as policies regarding our relationship with the environment or with the communities in which we may do business, or human rights policies.

Risk Factors

Risks related to holding Shares

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 Company 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

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.

Uncertainty of Use of Proceeds

Although we have set out our intended use of our available funds, 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.

Prospect of Dividends

We do not anticipate that any dividends will be paid on our Shares in the foreseeable future.

Risks Related to the Cannabis Industry

The following disclosure is intended to comply with CSA Notice 51-352 – *Company's with U.S. Marijuana-Related Activities*.

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 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. 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. 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 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 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 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

The Company anticipates having a material ancillary involvement in the cannabis industry in the U.S. 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 favour 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 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-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 2017 Consolidated Appropriations Act has been extended until March 23, 2018 under a continuing budget resolution, and as such, the Rohrabacher-Farr Amendment is still in effect as of today’s date. Should Congress pass a budget resolution for fiscal year 2018, some version of the Rohrabacher-Farr Amendment may or may not be included in its final form.

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 the 2018 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 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 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 cannabis laws 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.

In addition, the Company will ensure, prior to advancing funds to a target, that it is in compliance with applicable licensing requirements and the regulatory framework enacted in the applicable state, either by way of a review of the target's licenses or affirmation certifications from the target prior to each advance of funds.

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 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 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.

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 the Company's Shares to make and settle trades. In particular, the Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Shares through the facilities of the 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.

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.

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.

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 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.

Risks Related to our Business in General

Limited Operating History

The Company has no operating history with respect to making investments in the U.S. cannabis sector, which can make it difficult for investors to evaluate the Company's operations and prospects and may increase the risks associated with investment into the Company.

Negative Cash Flow

The Company has a history of negative cash flow and losses, and that is not expect to change in the short term. Investments may not begin generating cash flow to the Company for several years following investment.

Competition

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 experience than the Company. 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 Company will operate, the Company expects to face additional competition from new entrants. The Company may not have sufficient resources to remain competitive, which could materially and adversely affect the business, financial condition and results of operations of the Company.

Indebtedness

Any indebtedness of the Company could have significant consequences on the Company, including: increase the Company’s vulnerability to general adverse economic and industry conditions; require the Company to dedicate a substantial portion of its cash flow from operations to making interest and principal payments on its indebtedness, reducing the availability of the Company’s cash flow to fund capital expenditures, working capital and other general corporate purposes; limit the Company’s flexibility in planning for, or reacting to, changes in the business and the industry in which it operates; place the Company at a competitive disadvantage compared to its competitors that have greater financial resources; and limit the Company’s ability to complete fundamental corporate changes or transactions or to declare or pay dividends.

Currency Fluctuations

The Company’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 Company’s business, financial condition and operating results. The Company 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 Company develops a hedging program, there can be no assurance that it will effectively mitigate currency risks.

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 Company may not continue for the full term of the original contract, and (b) should the Company 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 Company 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 Company will have little or no input on such matters. The interests of third party owners and operators and those of the Company 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 Company neither serves as the owner or operator, and in almost all cases the Company has limited input into how the operations are conducted. As such, the Company 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 Company based on the stage of development of the applicable business or assets. The Company's royalty payments may be calculated by the operator in a manner different from the Company's projections and the Company 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 Company 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 Company has an interest, may restrict its ability to assess the value or enhance its performance which may have a material adverse effect on the Company'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 Company 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 Company, it may have a material adverse effect on the Company's profitability, results of operations and financial condition.

General Business Risks

Future Investments

As part of the Company's overall business strategy, the Company intends to pursue its investment policy and objectives. 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 is no assurance any future investments will be profitable.

Market Development

Due to the early stage of the legal cannabis industry, forecasts regarding the size of the industry and the sales of products 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 Company.

Reliance on Management

The success of the Company 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 people. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Liability, Enforcement Complaints, etc.

The Company'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. Litigation, complaints, and enforcement actions the Company could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Company's future cash flows, earnings, 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 Company's investment and reputation, and could have a material adverse effect on the results of operations and financial condition of the Company.

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 the business, financial condition and operating results of an Operator. 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 an Operator, and consequently, the Company.

Intellectual Property

The success of the Company may depend, in part, on the ability of an Operator to maintain and enhance trade secret protection over its various existing and potential proprietary techniques and processes, or trademark and branding developed by it. Each Operator may also be vulnerable to competitors who develop competing technology, 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 Company will require an Operator to have insurance coverage for applicable risks. However, 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, an Operator's financial resources, results of operations and prospects, as well as the Company'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 Company 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 Company 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 Company becomes involved be determined against

the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for Shares. Even if the Company is involved in litigation and wins, litigation can redirect significant resources.

Operational Risks

Each Operator 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, an 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 Company's future cash flows, earnings and financial condition. Also, an Operator may be subject to or affected by liability or sustain loss for certain risks and hazards against which it may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Difficulty Implementing Business Strategy

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

Conflicts of Interest

Certain of the Company'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 Company 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 Company'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 Company 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 Company's best interests. However, in conflict of interest situations, the Company'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 Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Available Talent Pool

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

DIVIDENDS AND DISTRIBUTIONS

The Company has never declared or paid any cash or stock dividends or made any other distribution on its common shares since inception. Since the Company currently has a policy of investing earnings in the expansion of its business, the Company does not anticipate paying cash or stock dividends on its common shares for the foreseeable future. Future dividends on its common shares will be determined by the Board in light of circumstances existing at the time, including earnings and financial condition. There is no assurance that dividends will ever be paid.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized capital consists of (i) an unlimited number of Common Shares without par value, and (ii) an unlimited number of Series 1 Preferred Shares.

All of the issued common shares of the Company are fully paid and non-assessable. Each common share entitles the holder thereof to one vote per share at all meetings of shareholders. All of the common shares issued rank equally as to dividends, voting rights and distribution of assets on winding up or liquidation. Shareholders have no preemptive rights, nor any right to convert their common shares into other securities. There are no existing indentures or agreements affecting the rights of shareholders other than the notice of articles and articles of the Company.

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 AIF, the Issuer has 40,000,000 non-voting, convertible Series 1 Preferred Shares issued and outstanding, having the following rights and restrictions: (i) they are non-voting; (ii) they are convertible into Common Shares on a one-for-one basis, subject to customary adjustments; (iii) they are eligible to participate in dividends if and when declared on the Common Shares; (iv) they have priority rights on liquidation; and (v) they 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.

As of the date of this AIF, the Company has the following securities outstanding:

- 225,287,661 Common Shares;
- 12,690,000 Special Warrants;
- 40,000,000 Series 1 Preferred Shares;
- 40,000,000 Warrants to acquire Series 1 Preferred Shares;
- 5,220,000 Finder's Special Warrants;
- 139,449,000 Warrants exercisable at \$0.05 per Share (including those to be issued upon conversion of the above stated 12,690,000 Special Warrants and 1,200,000 Finders' Special Warrants);
- 5,159,765 Finder's Warrants; and
- 16,468,727 options exercisable at \$0.33 per share until June 22, 2023.

MARKET FOR SECURITIES

Market

The Common Shares of the Company are listed and posted for trading on the CSE under the symbol "RLTY.U".

Trading Price and Volume

The following table sets forth the particulars of the trading of the Common Shares of the Company on the CSE since June 25, 2018 (date of listing). Tidal Royalty Corp. has requested and received approval to have the common shares of the company trade in U.S. funds instead of Canadian funds. The change was effective Friday, June 29, 2018, under the new symbol, RLTY.U. The Company's Shares did not trade previously since 2001.

Time Period	High (CDN\$)	Low (CDN\$)	Close (CDN\$)	Average Volume
June 25 2018 to June 28, 2018	\$0.83	\$0.59	\$0.75	2,120,293

Time Period	High (US\$)	Low (US\$)	Close (US\$)	Average Volume
June 29 2018 to July 9, 2018	\$0.74	\$0.63	\$0.66	547,323

The Company's Common Shares are not listed or trading on any other stock exchange or marketplace. The Company's Series 1 Preferred Shares are not listed for trading on any securities exchange or marketplace.

Prior Sales

During Fiscal 2017, and subsequently, the following securities were issued by the Company:

Date	Number and Type of Securities¹	Issue / Exercise Price Per Security¹	Aggregate Issue / Exercise Price	Nature of Consideration Received
February 8, 2018	59,370,000 Special Warrants	\$0.05	\$2,968,500	cash
February 8, 2018	3,757,000 Finder's Special Warrants	\$0.05	\$187,850	finder's fees
March 1, 2018	57,120,000 Special Warrants	\$0.05	\$2,856,000	cash
March 1, 2018	5,292,000 Finder's Special Warrants	\$0.05	\$264,600	finder's fees
April 30, 2018	12,690,000 Special Warrants	\$0.05	\$634,500	cash
April 30, 2018	1,220,000 Finder's Special Warrants	\$0.05	\$61,000	finder's fees
May 25, 2018	40,000,000 Preferred Shares	\$0.05	\$2,000,000	cash
May 25, 2018	40,000,000 Preferred Warrants	\$0.05	\$2,000,000	n/a
May 25, 2018	4,000,000 Finder's Special Warrants	\$0.05	\$200,000	finder's fee
June 8, 2018	63,127,000 Common Shares ²	\$0.05	nil	n/a
June 8, 2018	63,127,000 Warrants ²	\$0.05	\$3,156,350	n/a
June 12, 2018	94,355,026 Common Shares	\$0.33	\$31,137,159	cash
June 12, 2018	5,159,765 Finder's Warrants	\$0.33	\$1,702,722	finder's fees
June 22, 2018	16,468,727 Stock Options	\$0.33	\$5,434,680	stock options
July 1, 2018	62,412,000 Common Shares ³	\$0.05	nil	n/a
July 1, 2018	62,412,000 Warrants ³	\$0.05	\$3,120,600	n/a

1. The number of Shares and issuance prices have been adjusted to reflect the Company's share consolidation on a three old for one new basis effected on June 26, 2017.
2. Issued upon conversion of the Special Warrants and Finder's Special Warrants issued February 8, 2018.
3. Issued upon conversion of the Special Warrants and Finder's Special Warrants issued March 1, 2018.

Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

None of the Company's outstanding securities are subject to escrow or any other contractual restriction on transfer, other than as follows:

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class¹
Common Shares	14,400,000 ²	7.16%
Preferred Shares	40,000,000 ³	100%

1. Based on 223,411,392 Shares outstanding (including conversion of the 12,690,000 Special Warrants).
2. There were an aggregate of 16,000,000 Common Shares held subject to escrow upon listing on the CSE. Ten percent (1,600,000 Shares) were released at that time. The balance (14,400,000 Shares) will be released as to 2,400,000 Shares every six months over 36 months commencing December 25, 2018. The escrowed Shares are held by the Company's transfer agent - National Issuer Services Ltd.
3. The holders of the Preferred Shares have entered into a voluntary lock up arrangement whereby they have contractually agreed not to transfer, sell, dispose of, or monetize any Shares received upon the conversion of their Preferred Shares or Preferred Share Warrants other than as to one-third on each of the dates being six, nine and 12 months following closing of the Preferred Share offering (May 25, 2018).

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The name, province or state and country of residence, position with and principal business or occupation in which each director and executive officer of the Company has been engaged during the immediately preceding five years, is as follows:

Name, Position, Province or State and Country of Residence	Principal Occupation or Employment for the Past Five Years	Date Elected or Appointed
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
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
Terry Taouss <i>Ontario, Canada</i> President	Member of the Law Society of Upper Canada. Former Managing Director of Centro Canada.	June 28, 2018
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
Stuart Wooldridge <i>British Columbia, Canada</i> Director, Member of Audit Committee	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

<p>Brian Penny <i>Ontario, Canada</i> Director</p>	<p>Chartered Professional Accountant. Executive Vice President and CFO of New Gold Inc. (TSX:NGD) from 2009 until 2017.</p>	<p>June 26, 2018</p>
<p>Courtland Livesley-James <i>Ontario, Canada</i> Executive Vice-President</p>	<p>Investment banking roles at Eight Capital, Dundee Capital Markets, and Paradigm Capital.</p>	<p>August 28, 2017</p>
<p>Kathryn Witter <i>British Columbia, Canada</i> Corporate Secretary</p>	<p>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.</p>	<p>July 05, 2017</p>

Term of Office

The term of office for each of the Company’s directors expires immediately before each annual meeting of shareholders.

Share Ownership

As of the date of this AIF, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over an aggregate of 16,266,666 Common Shares, which represented approximately 7% of the Company’s issued and outstanding Common Shares. The statement as to the number of Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors and executive officers of the Company as a group is based upon information furnished by the directors and executive officers.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the directors or executive officers of the Company, is at the date of this AIF, or was within the past ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any other company (including the Company), that:

- (a) was subject to an order (as defined below) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer and chief financial officer,

except for:

- (i) 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.
- (ii) 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.

In this section, “order” means: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

No director or executive officer of the Company nor any share holder holding a sufficient number of securities of the Company to affect materially the control of the Company is, or has been within the past ten years, a director, officer or promoter of another company which was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with any creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that company.

No director or executive officer of the Company nor any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has, within the past ten years, declared bankruptcy or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with any creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that director, executive officer or shareholder.

No director or executive officer of the Company nor any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has been subject to:

- (a) 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
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of the Company may be subject in connection with its operations. All of the directors and officers are, to a greater or lesser extent, engaged in and will continue to be engaged in other corporations or businesses. Accordingly, situations may arise where some or all of the directors and officers will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies as provided under applicable corporate law and corporate governance, including disclosing of any interest in a proposed transaction, and abstaining from voting on such matters.

PROMOTERS

Stuart Wooldridge can be considered a promoter of the Company in that we was responsible for keeping the Company in good standing from 2001 to 2017, and assisting in bringing in new management who then implemented the Company’s new investment strategy. Mr. Wooldridge holds an aggregate of 266,666 Shares (representing approximately 0.12% of the Company’s current issued and outstanding Common Shares). Mr. Wooldridge has received nothing of value from the Company, directly or indirectly in the 24 months preceding the date of this AIF; and no assets were acquired from Mr. Wooldridge in the past 24 months.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The Company and its properties or holdings are not subject to any legal or other actions, current or pending, which may materially affect the Company’s operating results, financial position or property ownership.

Regulatory Actions

The Company has not:

- (a) had any penalties or sanctions imposed against it by a court relating to securities legislation or by a securities regulatory authority during the most recently completed financial year;
- (b) had any other penalties or sanctions imposed against it by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision; or
- (c) entered into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

For the purposes of this Annual Information Form, “informed person” means:

- (a) a director or executive officer of the Company;
- (b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the outstanding voting securities of the Company; and
- (c) any associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b) above.

No informed person, no proposed director of the Company and no associate or affiliate of any such informed person or proposed director, has or has had any material interest, direct or indirect, in any transaction undertaken by the Company during its three most recently completed fiscal years or during the current fiscal year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of its subsidiaries, save and except for (i) remuneration for services received by each of the Company’s senior officers, and (ii) participation by officers and directors in the various private placements undertaken by the Company since February 2018.

TRANSFER AGENTS AND REGISTRARS

The registrar and transfer agent of the Company is National Issuer Services Ltd. at its Vancouver, BC office at Suite 760, 777 Hornby St, Vancouver, BC.

MATERIAL CONTRACTS

The Company has entered into the following contracts, other than contracts entered into in the ordinary course of business, that are material to the Company and that were entered into within the most recently completed financial year, or prior thereto but are still in effect:

- 1. Listing Agreement with Canadian Securities Exchange.
- 2. Register and Transfer Agent Agreement with National Issuer Services Ltd.
- 3. Special Warrant certificates.

INTERESTS OF EXPERTS

The Company’s auditor is Manning Elliott LLP, Chartered Professional Accountants, Suite 1100 – 1050 W. Pender Street, Vancouver, BC V6E 3S7. Manning Elliott LLP is independent from the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

No director, officer or employee of Manning Elliott LLP is or is expected to be elected, appointed or employed as a director, officer or employee of the Company.

ADDITIONAL INFORMATION

Audit Committee

Pursuant to the provisions of NI 52-110, reporting issuers in those jurisdictions which have adopted NI 52-110 are required to provide disclosure with respect to its audit committee including the text of the audit committee's charter, composition of the committee, and the fees paid to the external auditor. Disclosure of the Company's audit committee and audit committee charter is set forth in the Company's Information Circular dated August 4 2017, which Information Circular is filed on SEDAR and is incorporated herein by reference.

Other Additional Information

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Additional information, including the directors and officers, their remuneration and indebtedness, principal holders of the Company's securities, risk factors, Share distribution is contained in the Company's Listing Statement as filed with the CSE and as filed on SEDAR on June 21, 2018.

Additional financial information is provided in the Company's financial statements and MD&A for its most recently completed financial year ended July 31, 2017, and subsequent interim financial statements for the three months ended October 31, 2017, the six months ended January 31, 2018, and the nine months ended April 30, 2018; together with the MD&A related thereto; all as filed on SEDAR.