LINEAGE GROW
COMPANY LTD.

FORM 2A LISTING STATEMENT

February 26, 2018

Lineage Grow Company Ltd. (the "Company") is involved in the U.S. marijuana industry insofar as the principal business activity of the Company is to develop cannabis cultivation facilities, manufacture and distribute cannabis, and assist state-licensed operators ("Licensed Operators") engaged in the cultivation, manufacturing and distribution of cannabis in states throughout the U.S. where medical and/or adult use of cannabis is legal under state law. While some states have authorized the use and sale of marijuana, it remains illegal under federal law and the approach to enforcement of U.S. federal laws against marijuana is subject to change. Because the Company engages in marijuana-related activities in the U.S., it assumes certain risks due to conflicting state and federal laws. The federal law relating to marijuana could be enforced at any time, and this would put the Company at risk of being prosecuted and having its assets seized.

The Company ensures that its marijuana related activities are conducted in a manner consistent with previous U.S. federal enforcement priorities established by the memorandum issued by the former Department of Justice Deputy Attorney General of the Obama administration, James M. Cole (the "Cole Memo") by preventing the distribution of marijuana to minors; preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; preventing the diversion of marijuana from U.S. states where it is legal under state law in some form to other U.S. states; preventing U.S. state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; preventing violence and the use of firearms in the cultivation and distribution of marijuana; preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use; preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and preventing marijuana possession or use on U.S. federal property.

Given the illegality of marijuana under U.S. federal law, the Company's ability to access both public and private capital may be hindered by the fact that certain financial institutions are regulated by the U.S. federal government and are thus prohibited from providing financing to companies engaged in marijuana related activities. The Company's ability to access public capital markets in the U.S. is directly hindered as a result, however the Company is able to access public and private capital markets in Canada in order to support continuing operations.

To the best of the Company's knowledge, the Licensed Operators with whom the Company has involvement with or to whom the Company provides services are in compliance with applicable licensing requirements and the regulatory framework enacted the applicable U.S. state.

The Company's primary initial objective is to provide consulting services, license intellectual property and lease equipment to a licensed cannabis producer in the State of Washington. The Company intends to provide consulting services and lease the cultivation facility and equipment to Mt. Baker Greeneries, LLC ("Mt. Baker"), an entity which a Tier 2 Producer/Processor license issued by the Washington State Liquor and Cannabis Board (the "WSLCB").

Cannabis in Washington is legal for medical purposes and for any purpose by adults over 21 under state law. Medical marijuana was legalized in Washington in 1998, and recreational use and sale of marijuana was legalized in 2012. In November 2012, the WSLCB passed Initiative 502 ("I-502"), pursuant to a vote by the people of the State of Washington. I-502 authorized the WSLCB to regulate and tax recreational marijuana products for persons over 21 years of age and thereby created a new industry for the growing, processing and selling of recreational marijuana products regulated by Washington State. This initiative allows adults over the age of 21 to legally possess up to 1 oz (28 g) of marijuana, 16 oz (450 g) of marijuana infused product in solid form, 72 oz (2.0 kg) of marijuana infused product in liquid form or any combination of all three and to legally consume marijuana, and marijuana infused products. Licensed Operators in Washington are subject to a residency requirement where the WSLCB prohibits non-state residents to be Licensed Operators. Neither the Company nor any of its subsidiaries own an interest in Licensed Operators, and as such, the Company does not have direct or indirect operations in Washington, but operates a model with material ancillary involvement. To the Company's knowledge, Mt. Baker is in compliance with all applicable licensing requirements and the regulatory framework that have been enacted by the WSLCB.

On January 4, 2018, U.S. Attorney General Jeff Sessions rescinded the Cole Memo by issuing a memorandum which effectively placed discretion in the hands of federal prosecutors in the U.S. to decide, individually, how to prioritize resources directed towards enforcing U.S. federal law regarding the procession, distribution and production of cannabis in states where such activities are legal under state law. It is unclear at this time whether the Sessions memo indicates that the Trump administration will strongly enforce the federal laws applicable to cannabis or what types of activities will be targeted for enforcement. However, a significant change in the federal government's enforcement policy with respect to current federal laws applicable to cannabis could cause significant financial damage to the Company. While the Company do not currently harvest, distribute or sell cannabis, it may be irreparably harmed by a change in enforcement policies of the federal government depending on the nature of such change. The Company plans to provide products and services to Licensed Operators. As a result, the Company could be deemed to be aiding and abetting illegal activities, a violation of federal law. Additionally, as the Company is always assessing potential strategic acquisitions of new businesses, it may in the future also pursue opportunities that include growing and distributing medical or recreational cannabis, should it determine that such activities are in the best interest of the Company and its shareholders. Any such pursuit would involve additional risks with respect to the regulation of cannabis, particularly if the federal government determines to actively enforce all federal laws applicable to cannabis.

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Introduction

This Listing Statement is furnished in connection with the application by Lineage Grow Company Ltd. (the "**Company**" or "**Lineage**") to list its common shares on the Canadian Securities Exchange (the "**CSE**"). No Person has been authorized to give any information or make any representation in connection with the Company other than as contained in this Listing Statement, and if given or made, any such information or representation must not be relied upon as having been authorized by Lineage.

Information contained in this Listing Statement is given as of February 26, 2018, unless otherwise specifically stated. Neither the delivery of this Listing Statement nor any distribution of the securities referred to in this Listing Statement will, under any circumstance, create an implication that there has been no change in the information set forth herein since the date of such information given in this Listing Statement.

This Listing Statement does not constitute an offer to sell or a solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or a proxy solicitation.

Currency

In this Listing Statement, all dollar amounts are expressed in Canadian dollars, except as otherwise indicated. References to "$", "C$" or "dollars" are to Canadian dollars and references to "US$" are to U.S. dollars.

Forward Looking Information

The information contained in this listing statement does not purport to be all-inclusive or to contain all information that prospective investors may require. Prospective investors are encouraged to conduct their own analysis and reviews of the Company and of the information contained in this presentation. Prospective investors should consult their own professional advisors to assess their potential investment in the Company. This listing statement contains "forward-looking statements" within the meaning of applicable Canadian and U.S. securities legislation. Generally, any statements that are not historical facts may be forward-looking statements, and forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements include, but are not limited to:

- the Company's business strategy to focus on high-quality cannabis, to start with best-of-breed genetics, to grow in microclimates and to develop a premium brand;
- statements regarding expected regulatory changes in Canada on legalizing recreational marijuana; statements regarding changes in laws and enforcements in the United States.
- the performance of the Company's business and operations;
- the intention to grow the business and operations of the Company;
- statements related to the effect and consequences of certain regulatory initiatives and related announcements, and the impact thereof for shareholders, industry participants and other stakeholders;
- the competitive conditions of the industry;
- any commentary related to the legalization of cannabis and the timing related thereto;

- the applicable laws, regulations and any amendments thereof;
- the business strategies and milestones of the Company;
- the Company's investments in the United States, the characterization, and consequences of those investments under federal law, and the framework for the enforcement of medical cannabis and cannabis related offenses in the United States;
- the grant and impact of any license or supplemental license to conduct activities with cannabis or any amendments thereof;
- the anticipated future gross margins of the Company's operations;
- anticipated CSE approval;
- anticipated completion date for the Mt. Baker Strategic Partnership;
- expectations on the completion of the Terpene Station Acquisition and the Pueblo Joint Venture;
- the expected benefits of using microclimates; the expected cost saving and other benefits of deep water culture and precision agriculture;
- expected research and development activities and methods;
- expected licensing and sub-licensing of intellectual property;
- expected marketing strategies in Washington State;
- expected method for growing, testing and processing marijuana;
- expected effects of micropropagation on eliminating use of pesticides and reducing contamination levels;
- expected shorter harvesting cycles of marijuana plants using the Company's methods;
- expected differences between soil, sea of green and deep-water culture methods;
- expectations on the proposed transaction with Mt. Baker and proposed terms of the transaction; expected capital expenditure on the Washington project with Mt. Baker;
- expectations on the proposed acquisition of the Terpene Station assets; expected capital structure of the Company; and
- expected sources of funds and use of proceeds of the Company.

Forward-looking statements are subject to known and unknown risks, uncertainties, assumptions, and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including risks, uncertainties and assumptions set out under the heading "Risk Factors" in Item 17. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update or revise any forward-looking statements that are included herein, except in accordance with applicable securities laws. This presentation has been provided to the recipient for information purposes only and no representation or warranty, express or implied, is made as to the completeness or accuracy of the information contained herein. The contents are not to be reproduced or distributed to the public or press. The information contained herein is not guaranteed as to its accuracy or completeness. Throughout this Listing Statement various logos and trademarks will be used. These trademarks and logos are the property of their respective owners. An investment in the Company's securities should be considered highly speculative. There is no guarantee that an investment in the Company will earn any positive return in the short or long term. An investment in the Company is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. There are certain risk factors associated with an investment in the Company's securities. See *Item 17 – Risk Factors*.

2. Corporate Structure

2.1. Corporate Name

The full corporate name of the company is Lineage Grow Company Ltd. (the "**Company**", the "**Issuer**" or "**Lineage**"). The principal and registered office of the Company is located at 77 King Street West, Suite 2905, Toronto-Dominion Centre, Toronto, ON M5K 1H1.

2.2. Incorporation

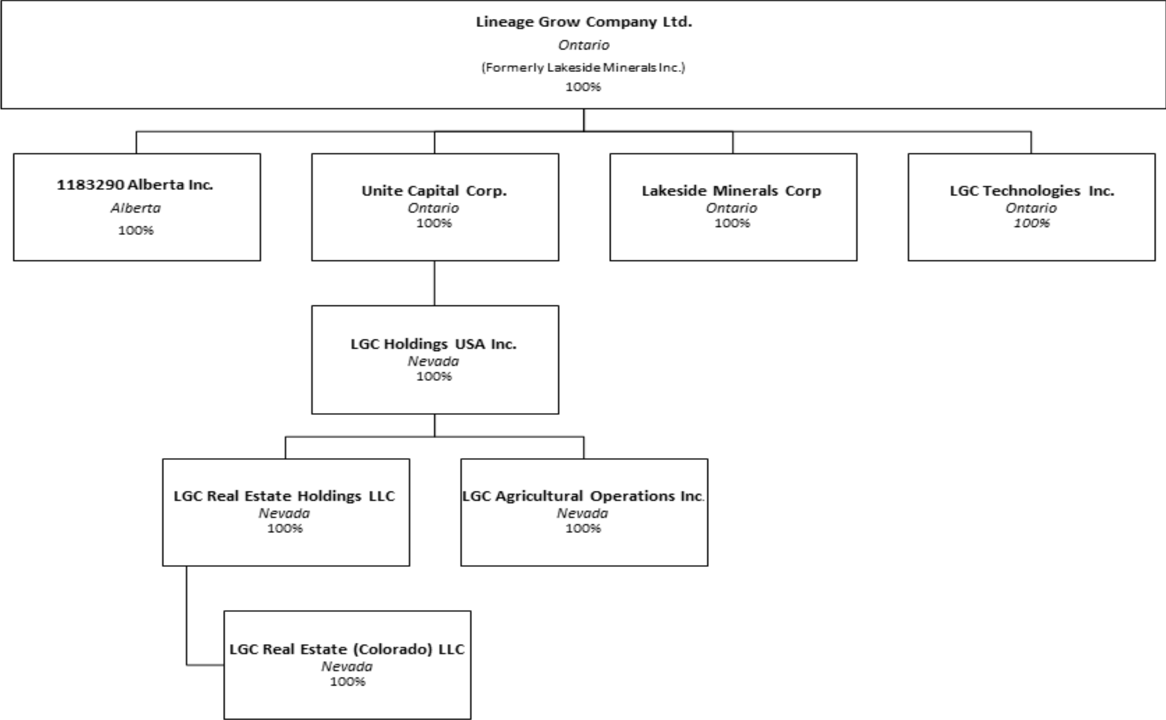
The Company was initially incorporated under the name "Starbright Venture Capital Inc." on June 3, 1999 pursuant to articles of incorporation under the *Business Corporations Act* (Alberta) ("**ABCA**"). Pursuant to articles of amalgamation under the ABCA dated July 11, 2001, The Grasslands Entertainment Group Inc. and the Company amalgamated to form Grasslands Entertainment Inc. ("**Grasslands**"). On December 19, 2011, the Company filed articles of amendment under the ABCA to consolidate its common shares (the "**Common Shares**") on a five for one (5:1) basis.

On December 20, 2011, Grasslands completed a reverse-takeover with Lakeside Minerals Corp. ("**Lakeside Corp.**"), filed articles of continuance to continue to be governed under the *Business Corporations Act* (Ontario) (the "**OBCA**") and to change its name to "Lakeside Minerals Inc." ("**Lakeside**"). Pursuant to the articles of amendment dated June 13, 2014, the Company consolidated its Common Shares on a four for one (4:1) basis. Pursuant to Articles of Amendment dated November 16, 2016, the Company completed a consolidation of its Common Shares on a three for one (3:1) basis.

The Company held an Annual General Meeting ("**AGM**") on July 19, 2017, where it obtained the requisite approval to change the Company's name from "Lakeside Minerals Inc." to "Lineage Grow Company Ltd." Pursuant to the Articles of Amendment dated July 25, 2017, the Company changed its name to "Lineage Grow Company Ltd."

2.3. Intercorporate Relationships

The following chart sets out the Company's corporate structure including all material subsidiaries and their respective jurisdictions or incorporation.



Prior to the Change of Business (as hereinafter defined), the Company was engaged, through Lakeside Minerals Corp. ("**Lakeside Corp.**") a wholly-owned subsidiary of the Company, in acquiring, exploring, and developing mineral properties. Lakeside Corp. currently holds the Launay gold project in Quebec, Canada (the "**Launay Project**").

The Company has a wholly-owned subsidiary, 1183290 Alberta Inc., which holds the intellectual property rights to "Thirsty Traveler". These rights were from a legacy which the Company does not actively promote.

LGC Technologies Inc. ("**LGCT**"), an Ontario corporation, was incorporated for the purpose of holding intellectual property rights and interests in technology solutions that the Company may acquire or earn an interest in. LGCT is currently dormant.

Unite Capital Corp. ("**Unite**"), an Ontario corporation, is currently dormant.

LGC Holdings USA Inc. ("**LGCH**"), a Nevada corporation, is a holding company focused on providing secured and unsecured financing, and holding minority equity investments in Licensed Operators (as hereinafter defined). LGCH is currently dormant.

LGC Real Estate Holdings LLC ("**LGCREH**"), a Nevada corporation, is a holding company which intends to holds interest in the Company's subsidiaries that hold interest in real estate properties. LGCREH is currently dormant.

LGC Real Estate (Colorado) LLC ("**LGCREC**"), a Nevada corporation, is a holding company which intends to lease the Pueblo Facilities (as hereinafter defined) from NHC Edibles LLC and intends to sublease the premises to Palo Verde. LGCREC is currently dormant. Please see *Item 3 -. General Development of the Business – Recent Events - Entry into Definitive Agreements with Nutritional High* for further details.

LGC Agricultural Operations Inc. ("**LGCAO**"), a Nevada corporation, is dormant.

2.4. Requalification

Not applicable. The corporate structure of the Company is not expected to change following the completion of listing (the "**Listing**") of the Common Shares on the Canadian Securities Exchange (the "**CSE**").

2.5. Incorporation outside Canada

The Company is not incorporated outside of Canada.

3. General Development of the Business

3.1. General Business

Prior to the Change of Business (as hereinafter defined), the Company was engaged in the acquisition, exploration and development of properties for the mining of precious metals in North America, and specifically engaged in exploration of precious metals at the Launay Project.

Fiscal Year Ended January 31, 2016

On April 15, 2015, Peter Cashin was appointed President and Chief Executive Officer.

On April 16, 2015, the Company entered into an agreement to acquire a 100% interest in Misery Lakeside Scandium Project from a private entity controlled by Peter Cashin.

On May 25, 2015, the Company modified the Misery Lakeside Scandium Project transfer agreement by increasing the amount of shares to be issued to the private entity holding 100% rights on the project to 21,000,000 Common Shares.

On June 15, 2015, the Company amended an agreement with respect to the Launay Project to revise the payment schedule from $7,500 payable on June 15, 2015 to October 31, 2015.

On October 1, 2015, Peter Cashin resigned as President and CEO of the Company and was replaced by Peter Bilodeau as interim CEO.

On October 1, 2015, due to poor resource market conditions, the Misery Lakeside scandium project acquisition agreement with 2457661 Ontario Limited, a private entity controlled by Peter Cashin, the Company's former President & CEO, lapsed by mutual agreement between Peter Cashin and the Company.

Fiscal Year Ended January 31, 2017

On September 16, 2016, the Company extended the terms and the maturity date of an unsecured convertible debenture issued on September 16, 2014 under the program "Field Action 2014" of SIDEX, s.e.c. in the principal amount of $50,000 due September 16, 2016 and originally convertible at $0.05 per Common Share by September 16, 2015 and at $0.10 per share after September 16, 2015 (the "**SIDEX Debenture**"). The extended SIDEX Debenture were due September 16, 2017 and conversion price was $0.10 per share during the extended term. The rate of interest on the SIDEX Debenture was 12% per annum, to be accrued until and payable on maturity date.

On November 16, 2016, the Company filed Articles of Amendment to consolidate the issued and outstanding Common Shares of the Company on the basis of 1 post-consolidation Common Share for every 3 issued and outstanding pre-consolidated Common Shares.

On November 17, 2016, the Company closed its first tranche of a non-brokered private placement, consisting of 8,200,000 units at a price of $0.05 per unit to raise gross proceeds of $410,000. Each unit consisted of one Common Share and one-half of one share purchase warrant. Each whole warrant entitled the holder thereof to purchase one Common Share at a price of $0.10 per Common Share for a period of 12 months after the closing date.

On December 9, 2016, the Company closed its second and final tranche of the non-brokered private placement, consisting of 13,800,000 units at a price of $0.05 per unit to raise gross proceeds of $690,000 and together with the first tranche issued an aggregate of 22,000,000 units for total gross proceeds of $1,100,000.

On December 12, 2016, the Company announced that it had appointed David Posner, Hamish Sutherland and Robert Schwartz to the board of directors. Effective December 12, 2016 Peter Cashin and Rick Cleath resigned as directors of the Company.

On December 12, 2016, the Company entered into shares for debt agreements totaling $79,840 with arm's length and non-arm's length parties. A total of 1,036,818 units, for the gross proceeds of $51,840, were issued to unrelated parties for settlement of debt, and 560,000 Common Shares for the gross proceeds of $28,000 were issued to the related parties for outstanding fees. Each unit consisted of one Common Share and one-half of one share purchase warrant. Each whole warrant entitled the holder thereof to purchase one Common Share at a price of $0.10 per Common Share for a period of 12 months after the closing date.

On December 22, 2016, the Company announced that further to its review of potential strategies to maximize shareholder value in the mineral exploration space, it had elected to focus on other business opportunities. The Company announced that it was seeking to maximize shareholder value by repositioning its business operations to focus on cannabis cultivation operations in the United States (the "**Change of Business**").

Recent Developments

Proposed Transactions with Nutritional High

On February 28, 2017, the Company announced that it had entered into a letter of intent (the "**Nutritional High LOI**") with Nutritional High International Inc. ("**Nutritional High**") dated February 22, 2017, whereby the Company agreed to build medical and adult use cannabis cultivation facilities in Nevada (the "**Nevada JV**") and Pueblo, Colorado (the "**Pueblo Joint Venture**") (collectively the "**Proposed NH Transactions**"), in accordance with applicable state laws. As part of the Proposed NH Transactions:

- Nutritional High was to assign to Lineage its right to acquire a Provisional Marijuana Cultivation License issued by the Nevada Division of Public and Behavioral Health (the "**Nevada Cultivation License**"); and

- Lineage was to form a joint venture company with Nutritional High for the purposes of acquiring and holding a real property located in Henderson, Nevada ("**Henderson Property**") to be licensed for the Nevada JV;

- Nutritional High was to lease to Lineage land and a building in Pueblo, Colorado ("**Pueblo Facility**") which qualified for marijuana cultivation. Lineage was to sublease the Pueblo Facility to Palo Verde, LLC ("**Palo Verde**"), a party which had applied to renew a Cultivation License in Colorado respecting the Pueblo Facility;

- Lineage was to purchase the Nevada Cultivation License from Nutritional High for a cash payment of US$500,000, payable on completion of the CD Offering; and

- Lineage was to issue to Nutritional High 1,000,000 Lineage shares. In the event that the Lineage's costs were not paid by Lineage to Nutritional High by April 27, 2017, then Lineage was to be obligated to issue to Nutritional High an additional 2,000,000 Lineage shares for a total of 3,000,000 Lineage shares. Lineage was to pay interest on the outstanding balance of the Lineage's costs at a rate equal to 12% per annum.

Nutritional High owns a property with three buildings in Pueblo, Colorado, of which, Building 1 has been leased by Palo Verde, an arm's length entity which holds a marijuana infused products license. Palo Verde currently uses Building 1 to manufacture adult use marijuana-infused products. Palo Verde had previously been granted a retail marijuana cultivation license (an "**RMC License**") to be attached to Buildings 2 and 3, which has expired.

In January 2017, Nutritional High entered into a purchase and sale agreement to acquire a State of Nevada provisional cultivation license ("**NV Cultivation License**") to operate a medical marijuana establishment ("**MME**") in the City of Henderson to be focused on cultivating medical cannabis for US$500,000 in cash.

Convertible Debenture Financing

On April 10, 2017, the Company announced that it was undertaking a brokered private placement offering (the "**CD Offering**") of up to 2,500 units (the "**CD Units**") to raise gross proceeds of up to C$2,500,000. The CD Offering was in accordance with the terms of the Proposed NH Transactions with Nutritional High regarding the building of cannabis cultivation facilities in Nevada and Colorado.

Each Unit had an issue price of $1,000 (the "**Issue Price**") and consisted of (i) $1,000 principal amount of 12.0% convertible secured redeemable debentures (the "**Debentures**"); and (ii) 4,000 common share purchase warrants ("**CD Warrants**"), exercisable into Common Shares at a price of $0.325 per Common Share for a period of 24 months after closing. The Debentures are due and payable on May 12, 2019 (the "**Maturity Date**") and are convertible at the option of the holder at any time prior to the Maturity Date into Common Shares at a conversion price of $0.25 per Common Share ("**Conversion Price**").

The CD Offering was completed in connection with the proposed acquisition by the Company of: (i) a provisional cultivation license issued by the Nevada Department of Health and Human Services, Division of Public and Behavioral Health ("**NDPBH**") for the cultivation of marijuana and operation of a "medical marijuana establishment" (as defined in NV Rev Stat Section 453A.116 (2015) to be acquired from Nutritional High for the sum of US$500,000; and (ii) a 50% interest in premises located in Henderson, Nevada to which a Cultivation License was to be tied, or such other property located in Nevada as may be determined by the Company.

The Company closed the CD offering on May 12, 2017. The majority of the proceeds of the CD offering (the "**Escrowed Funds**") were placed in escrow pursuant to an escrow agreement dated May 12, 2017 between the Company, KW Capital Partners Ltd., as agent for the holders of the CD Offering ("**KW**"), as representative and agent for the holders of the Debentures and the escrow agent (the "**Escrow Agreement**"), to be released upon the satisfaction of a number of conditions, including the completion of the acquisition

of Nevada marijuana cultivation assets and receipt of a Nevada cultivation license. Pursuant to the terms of the Debentures, because the Company conducted the Equity Offering (as hereinafter defined) at a price of $0.25 subsequent to the CD Offering, the Conversion Price of the CD Units was reduced from $0.25 to $0.20 which was 20% discount to the Equity Offering price.

First Amendment to Nutritional High LOI

On July 4, 2017, the Company announced that it had entered into agreement amending the Nutritional High LOI. The amendments include:

- On the completion of the closing of the Proposed NH Transactions, the Company shall issue to Nutritional High 1,750,000 Common Shares ("**Consideration Shares**"), which would satisfy the Company's share issuance obligations in consideration for NH's involvement in the Proposed NH Transactions;

- The Company and Nutritional High agreed to extend the date to enter into definitive agreements for the Proposed NH Transactions on or before September 30, 2017;

- The Company and Nutritional High agreed to extend the drop-dead date to November 30, 2017 ("**Drop-Dead Date**"), prior to which the Company must obtain the conditional approval for the financing and complete the Proposed NH Transactions with Nutritional High, such approval to be satisfactory to each party acting reasonably.

The Company also announced that Palo Verde had received an approval letter for Zoning Compliance Review Marijuana (the "**Zoning Letter**") from the Department of Planning and Development, Liquor and Marijuana Licensing of Pueblo County ("**Pueblo County Department**"). The Zoning Letter provided approval to use the premises for the purpose of retail marijuana cultivation. At the time, Palo Verde was in the process of submitting the application with the Marijuana Enforcement Division of the State of Colorado ("**MED**") to obtain an RMC License.

Under the terms of the Nutritional High LOI, it was intended that Nutritional High would lease certain land and buildings in Pueblo, Colorado (the "**Pueblo Facility**") which qualify for marijuana cultivation to Lineage, which would then sub-lease the Pueblo Facility to Palo Verde, which has applied for a license to cultivate retail cannabis (the "**OPC License**") in Colorado with respect to the Pueblo Facility.

Entry into Letter of Intent with Mt. Baker

On December 21, 2017, the Company announced that it has entered into a Letter of Intent (the "**Mt. Baker LOI**") with Mt. Baker Greeneries, LLC ("**Mt. Baker**"), dated December 20, 2017, whereby Mt. Baker expressed its intention to retain Lineage to assist Mt. Baker to maximize the efficiency of Mt. Baker's cultivation operation located in Bellingham Washington (the "**Mt. Baker Strategic Partnership**"). Pursuant to the Mt. Baker LOI, Mt. Baker and the Company agreed that, subject to regulatory review, Lineage and Mt. Baker would seek to enter into definitive agreements (the "**Mt. Baker Definitive Agreements**") outlining the basis upon which Lineage will provide consulting and equipment leasing services and license intellectual property to Mt. Baker.

Second Amendment and Restatement of Nutritional High LOI

On or about December 4, 2017, Palo Verde was advised the by the Colorado MED, the State regulator of the legal marijuana industry in Colorado, that its renewal application for the OPC License had received a notice of denial. Palo Verde had previously applied for renewal of the OPC License which had been

previously granted to Palo Verde but has subsequently expired. It was intended that upon completing the build-out, obtaining requisite state and local approvals, and obtaining the renewal of the OPC License, Palo Verde would cultivate retail cannabis for sale to licensed dispensaries and infused product manufacturers in Colorado. Palo Verde has advised that it is undertaking an administrative process to determine if the OPC License renewal was improperly denied by the MED and contest the denial. In light of these developments, Lineage would temporarily delay moving forward with the Pueblo Joint Venture until there was greater clarity surrounding Palo Verde's ability to secure an OPC License, and would renegotiate with Nutritional High to further amend the Nutritional High LOI.

On February 1, 2018, the Company announced that it had entered into agreement restating the Nutritional High LOI. The restated Nutritional High LOI outlines the following:

- The Company will enter into the Mt. Baker Definitive Agreements with Mt. Baker to establish the Mt. Baker Strategic Partnership.

- The deadline for entering into the Mt. Baker Definitive Agreements was January 31, 2018.

- In connection with the Mt. Baker Strategic Partnership:

    - The Company would enter into an equipment leasing agreement with Mt. Baker pursuant to which the Company will lease cultivation equipment to Mt. Baker; and

    - The Company would enter into a consulting and intellectual property licensing agreement with Mt. Baker pursuant to which the Company will provide consulting services and license the Company's intellectual property to Mt. Baker.

- The Company would (subject to final tax and regulatory analysis) enter into a joint venture (the "**Pueblo Joint Venture**") with Nutritional High and Palo Verde by entering into a series of agreements (collectively, the "**Pueblo Joint Venture Agreements**") with Nutritional High and Palo Verde in connection with the expansion of a marijuana facility located in Pueblo, Colorado owned by Nutritional High and leased to Palo Verde, operation of the facility by Palo Verde and the provision of loan facility and services by the Company to Palo Verde. Palo Verde is licensed to operate a marijuana infused products business on the premises. The facility is comprised of three buildings: Building 1 (used by Palo Verde), Building 2 (10,000 square feet) and Building 3 (6,000 square feet), together with an abutting property in respect of which a 20,000-square foot greenhouse could be erected.

- In connection with the Pueblo Joint Venture:

    - Nutritional High will work with the Company to build a cultivation facility on the Pueblo Property using Building 2, Building 3 and the Greenhouse Land;

    - Nutritional High will enter into a lease agreement (the "**Pueblo Lease Agreement**") with The Company in respect of Building 2, the Greenhouse Land and, if desired by The Company, Building 3;

    - the Pueblo Lease Agreement will contain the following terms: a monthly rent fee of US$19,190 for "Building 3 of 4" and "Building 4 of 4" of 78 N Silicon Dr., Pueblo West, CO 81007 on Pueblo County property card. Rent shall to accrue for up to 9 months as the cultivation facility is built out, which shall be payable 12 months thereafter bearing an interest of 12% per annum;

- The Company shall sublease the leased space to Palo Verde;
- The Company will agree to provide Palo Verde with funding on an unsecured loan basis to allow Palo Verde to build the cultivation facility;
- The Company will design and manage the cultivation facility build out at a cost to Palo Verde to be determined;
- The Company will develop and acquire certain automation technologies and growing systems which will be licensed to Palo Verde;
- The Company will buy all the equipment for the cultivation facility and will lease such equipment to Palo Verde at rates to be established;
- The Company will supply Palo Verde with non-marijuana inputs (such as fertilizer) and branding packaging, at prices to be determined, and will also provide consulting services to Palo Verde; and
- the completion date for the Pueblo Joint Venture has been delayed to December 31, 2018.

- In connection with the completion of the Proposed NH Transactions:
  - Upon the completion of the Mt. Baker Strategic Partnership, the Company shall issue to Nutritional High 400,000 common shares of the Company as consideration for introducing Mt. Baker to the Company at C$0.25 per share;
  - Upon the completion of the Put Option Agreement (as hereinafter defined), the Company shall issue to Nutritional High 1,250,000 common shares of the Company as partial consideration for providing the put option pursuant to the Put Option Agreement at C$0.25 per share;
  - Upon the completion of the Pueblo Joint Venture, the Company shall issue to Nutritional High 100,000 common shares of the Company as consideration for providing consulting services to the Company in preparation to enter into the Pueblo Joint Venture, at C$0.25 per share, and will provide other compensation to Nutritional High. Please see "Put Agreement" below for more details of the compensation to Nutritional High regarding the Put Agreement.
  - Nutritional High will enter into a put agreement between KW, as agent for the holders of the Debentures, Nutritional High and the Company to be dated on or about February 1, 2018, pursuant to which in the event of default by the Company under the CD Offering, Nutritional High would be obligated, at the election of KW, to purchase the Debentures at a price equal to the amount of all principal and accrued interest outstanding thereon. Please see "Put Agreement" below for more details of the Put Agreement.
  - Nutritional High will grant the Company a right of first refusal in the proposed lease agreement between Nutritional High and the Company over the Pueblo Property if Nutritional High chooses to sell the Pueblo Property with the increase in property value not to include improvements completed by the Company.

Entering into Mt. Baker Definitive Agreements

On January 31, 2018, the Company entered into the Mt. Baker Definitive Agreements with Mt. Baker whereby the Company finalized the terms of the Mt. Baker Strategic Partnership aimed at the Company assisting Mt. Baker in maximizing the efficiency of its cultivation operations at Mt. Baker's cultivation facility in Bellingham, Washington (the "**Mt. Baker Facility**").

With respect to the Mt. Baker Strategic Partnership, the Company entered into the following Mt. Baker Definitive Agreements, comprised of:

- Equipment Lease Agreement between the Company and Mt. Baker, whereby Lineage agrees to lease cultivation equipment to Mt. Baker. The initial term of this agreement is for a beginning on January 31, 2018 and ending January 31, 2021, automatically renewable for one year unless one party gives 30 days' written termination notice. Mt. Baker agrees to pay a total monthly lease payment of US$13,057.99 which shall be deferred and accrue until six (6) months from the date that the equipment is delivered to Mt. Baker.

- Licensing and Services Agreement between Lineage Grow Company Ltd. and Mt. Baker Greeneries LLC, whereby Mt. Baker will purchase cultivation supplies from the Company, license certain trademarks from the Company to place on Mt. Baker's packaged products, and licence certain technology and confidential know-hows from the Company to cultivate the marijuana crops grown at the Mt. Baker Facility. The Company will also provide services to assist in redesigning Mt. Baker's grow facility, implement growing methodologies, training of personnel and other day-to-day advice as requested. Under this agreement, the Company will also advise Mt. Baker with respect to the cultivation process as well as introduce potential technology partners. Pursuant to the Consulting Agreement, Mt. Baker shall pay the Company US$350 per man hour for consulting services provided by Hamish Sutherland, Gary Galitsky, Billy Morrison and David Drutz.

Terpene Station Acquisition

On December 13, 2017, the Company entered into a letter of intent to acquire the assets of Rosebuds Bakery, LLC d/b/a Terpene Station and Brooklyn Holding Co. d/b/a Terpene Station Portland (the "**Terpene Station Acquisition**"). The Terpene Station Acquisition comprises the proposed acquisition of a chain of two retail dispensary stores in Oregon operating under the "Terpene Station" brand name with 5,600 ft^2 of total retail space across two locations in southeast Portland and downtown Eugene. The Terpene Station Acquisition is structured as an asset purchase transaction, with a total purchase price of US$1.2 million, with US$800,000 payable in cash and US$400,000 payable as a 2-year note.

Completion of the Terpene Station Acquisition is subject to satisfactory completion of due diligence, execution of a definitive agreement, and all required approvals and consents, including the approval of the Oregon Liquor Control Commission for the transfer of the dispensary licences under which Rosebuds Bakery, LLC and Brooklyn Holding Co. operate under. There can be no assurance that the Terpene Station Acquisition will be completed as proposed or at all.

Restated Escrow Agreement

On February 1, 2018, the Company and the holders of the CD Debentures (the "**Debenture Holders**") entered into a restated agreement (the "**Restated Escrow Agreement**") whereby, the Debenture Holders agreed to restate and amend the Escrow Agreement to allow the Company to change the Escrow Release Conditions to release Escrowed Funds on the following basis:

- the completion, satisfaction or waiver of all conditions precedent to the Mt. Baker Definitive Agreements to the satisfaction of Foundation Markets Inc. ("**FMI**") and the Company;

- the receipt of all required regulatory approvals and third-party consents required for the Mt. Baker Definitive Agreements;

- the Company and Mt. Baker having entered into the Mt. Baker Definitive Agreements;

- closing of the Terpene Station Acquisition, or such other acquisition by the Company with similar or better financial metrics (including target having all applicable local and state licenses and approvals to operate a cannabis business and having annual revenue in the range of US$1.5 million), approved by FMI;

- registration of a UCC general security agreement over the assets of the Company in Washington State including all equipment leased by the Company to Mt. Baker, and registration of a second secured position over assets acquired in the Terpene Station Acquisition (with only a US$400,000 first charge ranking in priority) or over assets acquired in such other acquisition by the Company with similar or better financial metrics, approved by FMI;

- the Company having completed the Equity Offering;

- the Company shall not be in material breach or default of its covenants or obligations contained in the agency agreement dated May 12, 2017 between the Company and FMI with respect to the CD Offering, except those breaches or defaults that have been waived in writing by FMI; and

- receipt of the Escrow Release Notice by the Escrow Agent from the Company and FMI acting reasonably, confirming that the Escrow Release Conditions have been satisfied or waived;

<u>Put Agreement</u>

On February 1, 2018, Nutritional High entered into a put agreement (the "**Put Agreement**") between KW, as agent for the holders of the Convertible Debentures, Nutritional High and the Company, pursuant to which in the event of default by the Company under the Debentures, Nutritional High would be obligated, at the election of KW, to purchase the Debentures at a price equal to the amount of all principal and accrued interest outstanding thereon. Nutritional High may at its option pay for the purchase of the Debentures by: (i) paying cash, or (ii) issuance of NH Debentures as replacement for the Debentures. "**NH Debentures**" means, collectively, unsecured convertible debentures issued by Nutritional High to each of the Debenture holders, having (1) the current face value plus accrued and unpaid interest of the Debentures, and (2) similar terms and obligations of the Debentures, however, the NH Debentures shall only be convertible into Nutritional High common shares (the "**NH Shares**") at the NH Conversion Price. "**NH Conversion Price**" on any date means the VWAP of the NH Shares on the CSE for the 30 trading days on which the NH Shares trade ending on the fifth trading day preceding such date or, if the NH Shares are not listed on the CSE, on such stock exchange on which the NH Shares are listed or, if the NH Shares are not listed on any stock exchange, then on the over-the-counter market or, if there is no market or the VWAP cannot be determined, the fair value of the NH Shares as determined by the board of directors of NH acting in good faith.

Pursuant to the Put Agreement, the following events would constitute default by the Company under the Debentures which would trigger Nutritional High's purchase obligations under the Put Agreement:

1. Failure of the Company to list its common shares on a stock exchange by February 28, 2018;

2. The Company's common shares trading at a price per share equal to less than 50% of the Conversion Price of the Debentures for sixty (60) consecutive trading days after being listed on a stock exchange; or

3. Failure by the Company to either acquire an operating marijuana business or assisting Mt. Baker in commencing marijuana cultivation operations by June 30, 2018.

Nutritional High agreed to enter into the Put Agreement in exchange for compensation outlined below:

- the issuance to Nutritional High of 1,250,000 Common Shares of the Company at $0.25 per share upon the execution of the Put Agreement;

- $175,000 cash paid to Nutritional High within 2 years of October 16, 2017. The funds will be paid based on 5% royalty on all revenue of the Company with the balance of any amount not yet paid by the second anniversary, to be paid in a lump sum; and

- if the Company acquires any dispensary in a state in which Nutritional High's products are sold, the Company shall purchase Nutritional High's products to stock at least 20% of the dispensary's shelf space per product category at a price equal to Nutritional High's best regular whole sale price to Nutritional High's customers in the state, subject to availability of supply. This commitment may be adjusted on a product by product basis with the parties acting in a commercially reasonable manner, where after a reasonably time of display the Nutritional High products are not generating revenue for Lineage in an amount which is no less than 15% below that generated by comparable products with comparable shelf space.

SIDEX Debenture Extension

On November 2, 2017, the Company further extended the maturity date of the SIDEX Debenture from September 16, 2017 to March 16, 2019 and changed the conversion price to $0.20.

Warrant Extension

On November 10, 2017, the Company's Board of Directors passed a resolution extending the term of the common share purchase warrants ("**2016 Warrants**"), issued pursuant to private placements on November 16, 2016 and December 9, 2016, as well as a debt settlement on December 12, 2016 (the "**2016 Warrant Extension**"). The terms of the 2016 Warrant Extension are as follows: if not exercised by their original expiry date, the expiry date of the 2016 Warrants will be extended for a further 12 month period. This extension is subject to an 8-month legend for resale restriction imposed by the Company on the share(s) beginning on the original expiry date. Any 2016 Warrants exercised prior to the original expiry date will not be legended.

Equity Offering

On October 31, 2017, the Company announced that it was undertaking a private placement offering (the "**Equity Offering**") of a minimum of 3,000,000 units (the "**Minimum Offering**") and a maximum of 6,000,000 units (the "**Maximum Offering**") to raise gross proceeds of a minimum of C$750,000 and a maximum of C$1,500,000. As originally announced, each unit (a "**Unit**") would consist of (i) one (1) Common Share and (ii) one-half of one common share purchase warrant (a "**Warrant**") and has an issue price of C$0.25 per Unit. Each whole Warrant exercisable into one Common Share for a period of 24 months from the date of issuance at a price of C$0.325.

On December 21, 2017, the Company announced that it would be amending the terms of the Equity Offering such that subscribers who waived final listing approval from the CSE as a closing condition will be entitled to receive one full Warrant in a Unit, instead of one-half (1/2) of one Warrant as previously announced, and the maximum size of the Equity Offering was increased to C$4,000,000, or 16,000,000 Units.

The Company engaged FMI and Bond Street Mercantile Ltd. ("**Bond Street**") as finders (the "**Finders**") in the Equity Offering. The Finders will be paid a Finders' fee in the amount of 8% of the amount placed with subscribers (outside the United States) introduced to the Company by the Finders payable in cash, and will be issued Finders' options ("**Finder Options**") to acquire that number of units equal to 8% of Units sold outside of the United States, exercisable to purchase additional units of the Company ("**Finder Units**") at a price of $0.25 per Finder Unit for a period of 24 months from closing. Each Finder Unit will consist of one Common Share (a "**Finder Unit Share**") and one common share purchase warrant (a "**Finder Unit Warrant**"), with each Finder Unit Warrant exercisable to purchase an additional Common Share (a "**Finder Unit Warrant Share**") of the Company at an exercise price of $0.325 per Finder Unit Warrant Share for a period of 24 months from the date of closing.

On January 24, 2018, the Company closed the first tranche of the Equity Offering by issuing a total of 4,74,000 Units for gross proceeds of C$1,185,000 ("**Tranche 1 Closing**"). The Company paid finders fees to FMI and Bond Street (and other sub-finders) of C$94,800 in aggregate and issued finders options to acquire 379,200 Units for 24 months at C$0.25 per Unit. On Tranche 1 Closing, the Company paid a finders' fee of $94,800 in aggregate to the Finders, and issued a total of 379,200 Finder Options exercisable until January 24, 2018. All securities issued in the Tranche 1 Closing are subject to a four months hold expiring May 25, 2018. The Company is continuing with the Equity Offering and may close one or more additional tranches prior to February 9, 2018. If the Equity Offering is subscribed in full in further tranche(s), there will be an additional 11,260,000 units and up to 900,800 Finder Options issuable.

On February 8, 2018, the Company closed the second tranche of the Equity Offering by issuing a total of 3,442,064 Units for gross proceeds of C$860,516 ("**Tranche 2 Closing**"). The Company paid finders fees of C$62,900 in aggregate and issued finders options to acquire 251,600 Units for 24 months at C$0.25 per Unit. All securities issued in the Tranche 2 Closing are subject to a four months hold expiring June 9, 2018.

On February 14, 2018, the Company closed the third tranche of the Equity Offering by issuing a total of 3,047,600 Units for gross proceeds of C$761,900 ("**Tranche 3 Closing**"). The Company paid finders fees of C$18,800 in aggregate and issued finders options to acquire 75,200 Units for 24 months at C$0.25 per Unit. All securities issued in the Tranche 3 Closing are subject to a four months hold expiring June 15, 2018.

On February 16, 2018, the Company closed the fourth tranche of the Equity Offering by issuing a total of 900,000 Units for gross proceeds of C$225,000 ("**Tranche 4 Closing**"). The Company paid finders fees of C$18,000 in aggregate and issued finders options to acquire 72,000 Units for 24 months at C$0.25 per Unit. All securities issued in the Tranche 4 Closing are subject to a four months hold expiring June 17, 2018.

Other Recent Developments

On February 17, 2017, Yannis Banks resigned as a director of the Company.

On March 10, 2017, Collins Barrow Toronto LLP resigned as the auditors for the Company, and the Company approved the appointment of UHY McGovern Hurley LLP as auditors. There had been no reservations in the former auditor's reports in connection with the audits of the two fiscal years ended

January 31, 2015 and 2016, and there were no reportable events, including disagreements, consultations or unresolved issues, as such terms are defined in National Instrument 51-102, between the Company and the former auditors.

On April 19, 2017, the Company announced it had submitted an application to the TSX Venture Exchange to voluntarily de-list all of its shares as it proceeds with its new business strategy of changing its business to the cannabis industry. The delisting became effective on April 26, 2018.

On April 24, 2017, Peter Bilodeau resigned as the Company's Chief Executive Officer and was replaced by David Drutz.

On July 21, 2017, the Company formed three new subsidiaries: LGC Holdings USA Inc., LGC Real Estate Holdings LLC, and LGC Agricultural Operations Inc. in Nevada.

On July 25, 2017, the Company changed its name to Lineage Grow Company Ltd. to reflect its change of business into the cannabis industry.

On August 14, 2017, the Company formed one more subsidiary: LGC Real Estate (Colorado) LLC in Nevada, in addition to the three subsidiaries incorporated on July 21, 2017.

On December 11, 2017, the Company the appointment of Keith Li as its Chief Financial Officer. As CFO, Mr. Li replaces Amy Stephenson as the Company's CFO. Mr. Li is a finance professional with over 10 years of corporate accounting and audit experience. He specializes in providing management advisory services, accounting and regulatory compliance services to companies in a number of industries.

3.2 Significant Acquisitions and Dispositions

There has been no significant acquisition or disposition completed by the Company nor any significant probable acquisition proposed by the Company since the beginning of its fiscal year ended January 31, 2017.

3.3 Trends, Commitments, Events or Uncertainties

The Company has no history of operations in the cannabis industry. Even if the Company is successful in commencing commercial operations, there is no guarantee that the business model of providing consulting services, licensing intellectual property and leasing cultivation equipment to licensed cannabis cultivators will be a viable business. Significant funds are required to establish operations, purchase equipment to be leased, hire and retain staff and develop intellectual property such as brands of cannabis.

Marijuana is a schedule-I controlled substance under the U.S. Controlled Substance Act (the "**CSA**"), the CSA, is illegal under U.S. federal law and the approach to enforcement of U.S. federal laws against marijuana is subject to change. Even in those states in which the use of marijuana has been legalized, its use remains a violation of U.S. federal law. Since U.S. federal law criminalizing the use of marijuana pre-empts state laws that legalize its use, strict enforcement of federal law regarding marijuana would likely result in the Company's inability to proceed with its business plan.

The Company's business is reliant on its ability to assist Mt. Baker to maximize the performance of its cultivation business in the State of Washington, and the Company relies on Mt. Baker to allow it to carry out the business.

The Company's future business expansion into the State of Oregon relies on closing the Terpene Station Acquisition to allow it to carry out the cannabis distribution business. Closing of the Terpene Station Acquisition is contingent on Mt. Baker obtaining approvals from requisite government authorities, which in this case is the Oregon Liquor Control Commission, reviewing and approving the transfer of the cannabis dispensary license to the Company. The Company's inability to close the Terpene Station Acquisition will adversely affect its ability to expand its business in the State of Oregon.

The Company operates in the cannabis industry in the United States, which is dependent on state laws and regulations pertaining to such industry; however, under U.S. federal law, cannabis remains illegal. On January 4, 2018, the U.S. Attorney General, Jeff Sessions, issued a written memorandum (the "**Sessions Memo**") to all U.S. attorneys rescinding previous federal enforcement policies stating "prosecutors should follow the well-established principles that govern all federal prosecutions," which require "federal prosecutors deciding which cases to prosecute". It is unclear at this time whether the Sessions Memo indicates that the Trump administration will strongly enforce the federal laws applicable to cannabis or what types of activities will be targeted for enforcement. However, a significant change in the federal government's enforcement policy with respect to current federal laws applicable to cannabis could cause significant financial damage to the Company.

Please refer to discussions set out in *4. Narrative Description of the Business*, *6. Management's Discussion and Analysis* and *17. Risk Factors*.

4. Narrative Description of the Business

4.1. General

1. <u>Business Description</u>

The current principal business activity of the Company is to provide consulting and equipment leasing services and licenses intellectual property to Mt. Baker in Washington State and to other to state-licensed operators engaged in the cultivation, manufacturing and distribution of cannabis ("**Licensed Operators**") in states in the U.S. where medical and/or adult use of cannabis is legal under state law.

The Company's core business is to provide consulting and equipment leasing services and licenses intellectual property to Licensed Operators. However, the Company's overarching strategy is to improve upon the current cannabis cultivation operating model by applying technologically advanced cultivation and data collection methodologies with a view towards developing a superior model for cultivating cannabis (the "**Operating Model**") from the perspective of improved crop yields and reduced costs. The Company's Operating Model will lead to the development of comprehensive Standard Operating Procedures ("**SOPs**") allowing the Company to seamlessly and consistently replicate the Operating Model in other facilities.

Once fully developed, the Company intends to expand its operations by implementing the Operating Model in new or existing facilities in jurisdictions in the U.S. where medical and/or adult use of cannabis is legal under state law.

The Company's cultivation facilities, or facilities owner by Licensed Operators to whom the Company provides consulting and leasing services and licensed intellectual property to, will be designed to utilize advanced cannabis cultivation techniques and automation to produce high quality cannabis in an efficient, safe and low-cost manner. Throughout the cultivation process, data collection will be used to produce analytics and provide insights into the operation's performance from an efficiency perspective. With each subsequent grow cycle, the Company will use gained insights to incrementally adapt and improve the Operating Model to increase yields and reduce costs.

The Company is currently engaging in discussions with prospective technology providers and developers to acquire, integrate and utilize automation systems and technology. A potential ancillary revenue stream will emerge from sub-licensing the turnkey cultivation solution (technology, intellectual property & plant genetics) to facilities not operated by the Company.

Additionally, as the Company is always assessing potential strategic acquisitions of new businesses, it may in the future also pursue opportunities that include growing and distributing medical or recreational cannabis, should the Company determine that such activities are in the best interest of the Company and its shareholders.

Significant Events, Milestones and Business Objectives

1. *Business Objectives*

The Company's primary initial objective is to create proof-of-concept for its Operating Model by (i) assisting Mt. Baker with its project to renovate and optimize its cannabis cultivation facility in the State of Washington; and (ii) partnering with technology providers. Over the next 12 months, the Company intends to:

- Establish the Mt. Baker Strategic Partnership;
- Commence renovations to Mt. Baker's cannabis cultivation facility in Washington;
- Commence consulting work to assist Mt. Baker in its efforts to optimize its cannabis cultivation operation; and
- Complete the renovations to Mt. Baker's cannabis cultivation facility in Washington.

If all conditions are satisfied or waived, the Company intends to complete the Terpene Station Acquisition in Oregon.

2. *Significant Events and Milestones*

Permitting Milestones

- Mt. Baker securing the necessary building permits from the City of Bellingham

Construction Milestones

- Assist Mt. Baker with securing the general contractors and obtain bids for completing the renovations to the Mt. Baker Facility;
- Place an order for deepwater culture equipment for the Mt. Baker Facility;
- Install cultivation equipment at the Mt. Baker Facility; and
- Assist Mt. Baker with completing the renovations to the Mt. Baker Facility.

Operating Milestones

- Assist Mt. Baker in securing a 'head grower' for the Mt. Baker Facility. The Head Grower will oversee all operational aspects of Mt. Baker's cultivation operation;
- Assist Mt. Baker in optimizing its cultivation operation by consulting on the planting of the first crop of cannabis plants at the Mt. Baker Facility; and
- Provide consulting services to Mt. Baker regarding the harvesting of the first plant first crop of cannabis plants at the Mt. Baker Facility.

Strategic Milestones

- Complete the Equity Offering;
- Identify a technology partner and assist Mt. Baker with entering into agreement to utilize their technology; and
- Complete CSE Listing.

To date, the Company has retained key personnel to oversee the strategic aspects of the business. Gary Galitsky and Billy Morrison have been retained to provide consulting services related to cannabis cultivation to Licensed Operators on behalf of the Company. Adam Szweras will provide legal and regulatory expertise to the Company.

The Company has secured the services of FMICAI to provide management consulting as well as business and financial advisory services. Adam Szweras, the Company's Corporate Secretary, is an employee of FMICAI, and serves as an officer of the Company as part of the consulting services provided by FMICAI to the Company. The Company has also secured the services of Branson Corporate Services Ltd. ("**Branson**"), an outsourced corporate services firm which provides shared accounting/CFO services, shared bookkeeping and related corporate services, shared corporate secretary, management services, shared office facilities and business execution services. Keith Li, the Company's Chief Financial Officer, is an employee of Branson, and serves as an officer of the Company as part of the consulting services provided by Branson to the Company.

3. Total Funds Available and Principal Purposes

The Company has historically relied upon equity financings and loans from directors to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities.

Total Funds Available

The net funds expected to be available to the Company upon completion of the Minimum Offering and Maximum Offering and the expected principal purposes for which such funds will be used are described below:

Sources	Funds Available on completion of Tranche 4 Closing[1]
Gross Proceeds	$3,032,416
Net Working Capital[2]	$2,217,263
Finder's Fees (8% of gross proceeds)	$194,500
Total Funds Available:	**$5,055,179**

Notes:

(1) All figures in Canadian dollars assume an exchange rate of C$1.25 per US$1.00.
(2) Net Working Capital as at February 22, 2018.

Principal Purposes

The Company intends to use its estimated total funds available for the 12-month period following the completion of the Offering as follows:

Principal Purpose	Amount Allocated on completion of Tranche 4 Closing[1]
Capital expenditures related to the Mt. Baker Strategic Partnership	$625,000
Transaction costs related to the Listing	$100,000
General working capital	$4,330,179
Total:	**$5,055,179**

Note:

(1) All figures in Canadian dollars, assuming an exchange rate of C$1.25 per US$1.00.

The above uses of available funds should be considered as estimates only. Depending on cash generated from its initial products, the Company may seek additional capital by way of debt or equity financing to finance its future business plans. Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. Given the fact that the legal cannabis industry is emerging, it is difficult at this time to definitively project revenue or the commensurate funds required to affect the planned undertakings of the Company. For these reasons, management considers it to be in the best interests of the Company and its Shareholders to permit management a reasonable degree of flexibility as to how the Issuer's funds are deployed among the above uses or for other purposes, as the need may arise.

2. Principal Products

Regulatory Regime

The Company's cannabis operations are focused exclusively in the U.S. states that have legalized marijuana for medical and/or recreational uses and require manufacturers of marijuana products to hold a license issued by the applicable state authorities. The Company's business will be affected by both state and federal regulation governing the production and sale of cannabis. Changes in both state and federal law and the enforcement of those laws could have a material positive or negative impact on the Company's operations. The Company is also looking at other states for prospective business opportunities should changes in regulations occur that are favorable to the Company's business. See *Item 17 – Risk Factors* for further discussion regarding the risk factors relating to the Company's business.

License and Residency Requirements

All U.S. states that have legalized marijuana for medical use ("**Medical Marijuana**") and adult use ("**Recreational Marijuana**") impose a range of requirements on the entities wishing to become Licensed Operators including obtaining a license from state governmental authorities. In various states where Medical Marijuana and/or Recreational Marijuana is legal under state law, the state regulatory scheme

allows residents to own a marijuana business while prohibiting non-residents from doing the same (the "**Residency Requirement**"). In Washington State, the WSLCB prohibits non-state residents to be Licensed Operators where licenses are only issued to applicants who can satisfy a temporal residency requirement. The Washington's residency requirement extends to all members of any partnership, employee cooperative, association, nonprofit corporation, or corporation, all agents and managers, basically anyone involved in a Washington state marijuana business, must be a Washington resident.

The Company's strategy in the U.S. states with Residency Requirements is focused on ancillary services to the cannabis industry rather than directly owning production or retail operations. Ancillary services include, but are not limited to, providing consulting and equipment leasing services and licensing intellectual property. The Company is currently actively pursuing opportunities in the following U.S. states:

State	Recreational Use	Medicinal Use
Washington*	X	X

*Indicates that Licensed Operators are subject to State-imposed residency requirements

State of Washington Regulatory Regime

Cannabis is legal in Washington for medical purposes and for any purpose by adults over 21 under state law. Medical Marijuana was legalized in Washington in 1998, and sale and use of Recreational Marijuana was legalized in 2012. In November 2012, the Washington State Liquor Control Board ("**WSLCB**") passed Initiative 502 ("**I-502**"), pursuant to a vote by the people of the State of Washington. I-502 authorized the WSLCB to regulate and tax recreational marijuana products for persons over 21 years of age and thereby created a new industry for the growing, processing and selling of recreational marijuana products regulated by Washington State. This initiative allows adults over the age of 21 to legally possess up to 1 ounce (28 grams) of marijuana, 16 ounces (450 grams) of marijuana infused product in solid form, 72 ounces (2.0 kilograms) of marijuana infused product in liquid form or any combination of all three and to legally consume marijuana, and marijuana infused products.

Licensed Operators in Washington are subject to Residency Requirement. Neither the Company nor any of its subsidiaries own an interest in Licensed Operators, as such, the Company does not have direct or indirect operations in Washington but operates a model with material ancillary involvement. To the Company's knowledge, Mt. Baker is in compliance with all applicable licensing requirements and the regulatory framework that have been enacted by the WSLCB.

Washington's marijuana market mainly consists of three different license types: producer, processor, and retail licenses. To a certain extent, cannabis licensees cannot vertically integrate because an individual cannot have an interest in all cannabis licensing types. A retail license holder may have no interest in a producer or processor license. However, a licensee may possess both a producer and processor license.

U.S. Federal Law

While cannabis is legal under the laws of several U.S. states (with vastly differing restrictions), at the present time, the concept of differentiating between "medical cannabis" and "retail cannabis" does not exist under U.S. federal law. The U.S. federal Controlled Substances Act of 1970 ("**CSA**") classifies "cannabis" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision.

The United States Supreme Court has ruled in a number of cases that the federal government does not violate the federal constitution by regulating and criminalizing cannabis, even for medical purposes. Therefore, federal law criminalizing the use of marijuana pre-empts state laws that legalizes its use for medicinal purposes.

The changes in cannabis policy at the state level has occurred despite the fact that the cultivation and sale of cannabis is still a violation of the CSA as cannabis remains a Schedule I drug under that federal law. However, in 2009 U.S. Department of Justice issued what came to be known as the "Ogden Memo", which documented a new federal policy of refraining from prosecuting medical cannabis operations in states that have legalized medical cannabis programs. The Ogden Memo led to an increase of new cultivation and dispensary operations in states with existing medical cannabis programs and to a strong push in many states to pass new medical cannabis legislation. Nevertheless, the medical cannabis industry grew erratically in the following years as some branches of the federal government periodically cracked down on cannabis businesses despite the new Justice Department policy of refraining from prosecuting such businesses absent clear cut violations of the state law where the business was operating.

In a memorandum dated August 29, 2013 addressed to "All United States Attorneys" from James M. Cole, Deputy Attorney General ("**Cole Memo**"), the U.S. Department of Justice acknowledged that certain U.S. states had enacted laws relating to the use of marijuana and outlined the U.S. federal government's enforcement priorities with respect to marijuana notwithstanding the fact that certain U.S. states have legalized or decriminalized the use, sale and manufacture of marijuana:

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from U.S. states where it is legal under state law in some form to other U.S. states;
- Preventing U.S. state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on U.S. federal property.

Any new U.S. federal government administration that follows could change this policy and decide to enforce the U.S. federal laws vigorously. Any such change in the U.S. federal government's enforcement of current U.S. federal laws could cause adverse financial impact to the Company's business.

In February 2014, the Financial Crimes Enforcement Network, a bureau of the United States Department of the Treasury, issued guidelines allowing banks to legally provide financial services to Licensed Operators that hold a valid License (the "**FinCEN Memo**"). The rules re-iterated the guidance provided by the Cole Memo, stating that banks can do business with Licensed Operators and "may not" be prosecuted. The guidelines provide that "it is possible [for the banks] to provide financial services" to Licensed Operators and while remaining in compliance with federal anti-money laundering laws. The guidance falls short of the explicit legal authorization that banking industry officials anticipated and the outcome of the banks relying on this guidance in transacting with Licensed Operators is currently unclear.

On May 5, 2017 President Trump signed into law H.R. 244, the Consolidated Appropriations Act, 2017, which authorizes appropriations that fund the operation of the Federal Government through September 30, 2017. Section 587 of the Consolidated Appropriations Act prohibits the United States government from using federal funds to prevent states with medical marijuana laws from implementing state laws that authorize the use, distribution, possession, or cultivation of medical marijuana. Nevertheless, there can be no certainty that future U.S. federal funding bills will include similar provisions.

On February 7, 2017, Congressman Dana Rohrabacher sponsored the Respect State Marijuana Laws Act of 2017. The bill amends the Controlled Substances Act to provide that the Act's regulatory controls and administrative, civil, and criminal penalties do not apply to a person who produces, possesses, distributes, dispenses, administers, or delivers marijuana in compliance with state laws. The bill has yet to be passed by the U.S. House of Representatives and is currently being reviewed by the Subcommittee in Health.

On January 4, 2018, U.S. Attorney General Jeff Sessions rescinded the Cole Memo by issuing a memorandum (the "**Sessions Memo**") which effectively placed discretion in the hands of federal prosecutors in the U.S. to decide, individually, how to prioritize resources directed towards enforcing U.S. federal law regarding the procession, distribution and production of cannabis in states where such activities are legal under state law. It is unclear at this time whether the Sessions Memo indicates that the Trump administration will strongly enforce the federal laws applicable to cannabis or what types of activities will be targeted for enforcement. However, a significant change in the federal government's enforcement policy with respect to current federal laws applicable to cannabis could cause significant financial damage to the Company. While the Company do not currently harvest, distribute or sell cannabis, it may be irreparably harmed by a change in enforcement policies of the federal government depending on the nature of such change. The Company plans to provide products and services to Licensed Operators. As a result, the Company could be deemed to be aiding and abetting illegal activities, a violation of federal law. Additionally, as the Company is currently in the process of completion of the Terpene Station Acquisition and is always assessing other potential strategic acquisitions of new businesses, it may in the future pursue opportunities that include growing and distributing medical or recreational cannabis, should it determine that such activities are in the best interest of the Company and its shareholders. Any such pursuit would involve additional risks with respect to the regulation of cannabis, particularly if the federal government determines to actively enforce all federal laws applicable to cannabis.

See *Item 17 – Risk Factors* for additional risk factor disclosure regarding U.S. federal law.

Business Model

The Company's business model differs depending the Residency Requirements of the applicable jurisdiction. The Company will not operate in jurisdictions which have not legalized marijuana, and does not intend on operating in jurisdictions which have legalized marijuana but have not developed and imposed a licensing regime for Licensed Operators.

U.S. States with Residency Requirements

The Company's business model differs depending on the Residency Requirements of the applicable jurisdiction. Residency Requirement refers to a requirement imposed by the regulatory authorities of the respective U.S. state or municipality, requiring Licensed Operators (or their shareholders) to be residents of a certain jurisdiction. Certain U.S. states and municipalities that have legalized marijuana for medical or recreational use require Licensed Operators to hold a license issued by the applicable state authorities. In some states and municipalities, for a Licensed Operator to be eligible to be granted a license, the owners of the Licensed Operator must be in the U.S. or in a specific U.S. state. As such, listed companies or other

widely held enterprises are ineligible to obtain a license in those U.S. states or municipalities where a Licensed Operator must be a U.S. or state resident.

In the U.S. states with Residency Requirements, the Company will work with Licensed Operators to provide an array of services such as consulting, equipment leasing and licensing intellectual property. The Company has developed a business model where it is undertaking a combination of the following functions with the expectation of realizing the following respective revenue streams from such activities.

Activities	**Expected Revenue Streams**
Acquire and develop cultivation methods and know-how to produce cannabis, for use by Licensed Operators entering into consulting agreements with the Company	Consulting Fees
Develop recognizable brands and strains of cannabis for use by Licensed Operators entering into packaging agreements with the Company for their use	Intellectual Property Licensing Fees
Provide consulting services with respect to cultivation processes, techniques, training and know-how relating to cannabis cultivation.	Consulting Fees
Acquire real estate for Licensed Operators	Real Estate Leasing Fees
Provide financing and equipment leasing to Licensed Operators and prospective Licensed Operators	Interest income Loan fees (renewal, origination, etc.) Leasing Fees
Provide financial and strategic support to Licensed Operators in securing supply of raw materials	Miscellaneous Consulting Fees

While the Company's core strength is the cultivation of cannabis and it is developing expertise in cannabis cultivation techniques, it approaches each jurisdiction with a tailored strategy in order to comply with the regulatory framework (including engaging local counsel), while emphasizing its core competencies in the market for cannabis. As such, the Company may focus on different parts of the industry value chain, or focus on acquiring assets in the industries, not directly related to cannabis cultivation in order to ensure such compliance (e.g., acquisition of real estate, unsecured lending and consulting).

To the best of the Company’s knowledge, Mt. Baker has and continues to operate in compliance with applicable licensing requirements and the regulatory framework enacted by the state of Washington.

U.S. States without Residency Requirements

The Company also intends to establish cannabis cultivation facilities in certain U.S. states where state regulatory authorities will provide a license without Residency Requirements or with Residency Requirements that the Company is able to comply with. Currently, there is no Residency Requirements in the States of Oregon, California and Nevada.

Methods of Distribution

Production & Sales – Cultivation

The Company provides consulting services, licenses intellectual property and leases cultivation equipment Mt. Baker, an entity which holds a cannabis producer and processor license issued by the WSLCB.

The main goal of the Company providing services to Mt. Baker is to assist Mt. Baker in continuing to develop expertise in the field of cannabis cultivation including using multiple growth operations. The objective of having multiple grow operations is to provide a larger revenue stream for the licensees through the sale of cannabis flower.

The major stages in the cannabis cultivation process are cloning, vegetation, flowering, curing and trimming. The entire process lasts from 100 to 130 days. However, Mt. Baker's production will be intentionally staggered such that plants are ready for harvest every 30 days. Each mature plant will be bar-coded and tracked in the inventory tracking system and will be internally audited on a regular basis throughout the growth cycle. The plants will be tracked throughout the process and are also weighed and tracked once harvested and ready for sale.

Once the cannabis flower has been prepared for consumption, it will be sold directly to dispensaries through a wholesale distribution network. All of the excess plant material ("**trim**") from internal cultivation operations will be sold to Marijuana Infused Products ("**MIPs**") manufacturers.

Products & Services

Pursuant to the Mt. Baker Definitive Agreement, the Company shall provide the following services to Mt. Baker:

- Assistance in redesigning Mt. Baker's cultivation facility
- Implement Growing Methodologies utilizing the Company's internally developed technology and know-how
- Training of personnel
- Day-to-day advice as requested

Products & Services - Sales, Marketing and Distribution

In Washington, Mt. Baker intends to wholesale its cannabis products to dispensaries and MIPs producers throughout Washington. Pursuant to the Mt. Baker Strategic Partnership, the Company will provide consulting services to assist Mt. Baker with its marking and distribution activities.

The primary sales and marketing goals for the Company in Washington is to increase awareness of the Mt. Baker's product offering to assist Mt. Baker with turning initial trials of their cannabis products into repeat purchases, introducing new strains based on internal market research of patient wants and needs, advertising and consumer promotions.

The Company also intends to license brands that are recognizable in the cannabis space and intellectual property from third parties and sub-license them to Mt. Baker to the extent permitted by the applicable regulation.

Intellectual Property Research and Development

Management believes that research and development is a key factor that will lead to owning intellectual property and know-how that will position the Company as a leader in the cannabis industry.

The Company's R&D program has four key strategic objectives:

(a) To develop new innovative cannabis strains, based on a holistic breeding approach and an integrated technology;

(b) To focus on key market/segment: breeding by design (strains targeting specific illnesses, target THC and CBD (cannabidiol) levels);

(c) To create an intellectual property ("**IP**") portfolio around variety, trait (research) and crop modeling (agronomy); and

(d) To focus research and development efforts on developing cutting-edge cannabis products driven by consumer insights and market demand.

The Company's R&D program is based on three pillars:

(a) Breeding: Genetic factors are the main attribute which controls the plant's cannabinoid profile. This creates opportunities for breeding by design. Breeding by design is breeding to achieve specific chemical genotypes, accomplished by:

i. Using state of the art breeding tools to speed up the breeding process and thus shorten time to market;

ii. Striving for crop uniformity with higher potential yields;

iii. Building a strain portfolio that supports a product profile and specific market needs while focusing on the ratio between CBD and THC;

iv. Developing new varieties with heterosis effect and different profile between THC and CBD;

v. Breeding pure female lines; and

vi. Developing new varieties from clones and seeds using propagation methods and secure IP for breeding methodology and germ plasmas.

(b) Agronomy: The goal is to secure the quality and quantity of commercial cultivation in a sustainable way to maximize profitability by:

i. Designing an efficient cultivation facility equipped with the latest cultivation technologies and techniques;

ii. Using biological products/crop program to control disease and pest; and

iii. Reducing the input for each gram of product (electric energy, temperature control, disease and pest control).

(c) Quality control: The goal is to secure the quality of products year-round coming from a cross growing area/cycle. Quality consistency is assured by active ingredient content and the ratio between THC and CBD, as well as a range of other ingredients by:

i. Developing homogeneous genetic materials;

ii. Implementing a protocol; from growing through harvesting to storage and product manufacturing; and

iii. Strictly adhering to the Company's Standard Operating Procedures (SOPs).

3. Production & Sales

a. *Methods of Production and Services*

Traditional Methodologies

Traditionally, cannabis is cultivated indoors with a philosophy that larger scale operations are superior. Large rooms with large plants counts are generally favored because they afford shorter cultivation cycles and are believed to be more cost effective due to economies of scale. The majority of sophisticated cultivators using a rolling table methodology where various hydroponic and some soil based methodologies are used. The Company believes that this method ignores what drive consumers' preferences of cannabis products by placing less emphasis on the individual characteristics of each strain and more emphasis on outdated large-scale production methods.

Emerging Methodologies

The Company intends to assist Licensed Operators to utilize a modern technological approach to cannabis cultivation that focuses on optimizing the specific characteristics of each individual strain. Based on the concept of "high availability" the Company will assist Licensed Operators to cultivate cannabis with a focus on providing each individual strain the exact optimal environment it requires to maximally enhance the characteristics of the flavor, smell, and potency. The Company will assist Licensed Operators to do this while harvesting smaller more frequent crops to ensure that the Licensed Operator has supply of popular varieties while making quick changes as consumer taste change. Assisting Licensed Operators to build smaller cultivation rooms will enable the Company's clients to produce microclimates and micro lighting recipes for each individual strain. The Company will assist Licensed Operators to use ultra-efficient HVAC systems developed for use in semiconductor manufacturing aiming to sterilize the environment, thus eliminating the need for pesticides and fungicides. The Company will assist Licensed Operators to utilize a low-fertilizer approach by cultivating in an advanced oxygenation environment that the Company believes will dramatically reduce contamination levels in the buds of the plant. The Company believes this will increase the likelihood of regulatory compliance today and in the future as the levels of acceptable contamination become stricter. The Company believes higher oxygen methods also harvest 15-20% faster which increase the value of each square foot of the Company's facility over time. The most important differentiating factor driving the Company's cultivation philosophy is consistency of quality. To achieve this the Company will consider the providing consulting and equipment leasing services to Licensed Operators related to the use of microtissue propagation ("**Micropropagation**") to replicate superior phenotypes of each strain. Micropropagation are believed to allow for disease free genetics that do not suffer mutations over time because of genetic drift. If implemented, the Company believes this would also allow Licensed Operators which whom the Company maintains a strategic relationship to eliminate the need for mother rooms and seeds while reducing the consumption of water.

The payment terms, expiration dates and terms of any renewal options of any material leases or mortgage that the landlord or mortgagee is a Related Person of the Issuer.

Not applicable.

c. Specialized Skill and Knowledge

The Company has formed an Advisory Board comprised of the following individuals who possess the necessary specialized skills and knowledge required by the Company.

- Cannabis Cultivation Facility Construction Expertise – Billy Morrison & Hamish Sutherland
- Cannabis Cultivation Expertise – Billy Morrison and Gary Galitsky
- Knowledge of Advanced Cannabis Cultivation Techniques – Billy Morrison
- Knowledge of Cannabis products – Billy Morrison
- Sales & Marketing Expertise – David Drutz
- Regulatory Expertise – Adam Szweras

Billy Morrison currently services as VP of Extraction for Nutritional High and has extensive experience designing cannabis production facilities and operating cannabis companies. Mr. Morrison has entered into a non-competition and non-disclosure agreement with the Company.

Gary Galitsky has seven years of cannabis cultivation experience and has consulted for several Licensed Operators in Canada to develop scaled plant production growth strategies. Mr. Morrison has entered into a non-competition and non-disclosure agreement with the Company.

The biographies and past experiences for Messrs. Sutherland, Drutz and Szweras can be found in *Item 13-Directors and Officers*.

The Company is currently seeking to acquire the service of an individual with extensive knowledge of Data Collection, Machine Learning and Automation to add to its Advisory Board. The Company does not believe there is a shortage of potential candidates. The Company expects that there are no specialized skill or knowledge required for personnel performing non-managerial tasks.

d. Sources/Pricing/Availability of raw materials

Cultivation equipment is readily available to the Company and can be sourced from various vendors. The Company is positioned to acquire or assist its Licensed Operators to acquire clones and/or seeds from various suppliers specializing in providing cannabis cultivators with clones and seeds in a legally compliant manner.

e. Importance of Licenses

Cultivation licenses are an essential asset required to establish cannabis cultivation operations in a given U.S. state. The Company will provide consulting services, license intellectual property and lease equipment to Mt. Baker which holds a Tier 2 Producer Processor License issued by the WSLCB which is required by Mt. Baker to carry out its cultivation businesses in Washington.

The licensing process is competitive in U.S. states where the Company intends to pursue opportunities to establish cannabis cultivation facilities. Circumstances that inhibit the Company's or its partners'

abilities to maintain and acquire cultivation licenses would have an adverse effect in the Company's operations.

f. Extent to which business is cyclical

The major stages in the cannabis cultivation process are cloning, vegetation, flowering, curing and trimming. The entire process lasts from 100 to 130 days. However, cultivation operations that may be operated by the Company in the future can be intentionally staggered such that plants are ready for harvest every 30 days. Therefore, any potential cultivation facilities operated by the Company in the future will be expected to produce cyclical cash flows based on the aforementioned growing cycle.

In the U.S. states with Residency Requirements, the Company will work with companies or other entities that have a valid license issued by the applicable U.S. state authorities to provide an array of ancillary services. In these instances, the Company will derive cash flows from consulting and equipment lease services, intellectual property licensing fee, etc. Therefore, the Company's cashflows in such states will experience cyclicality based on the growing cycle of the cultivation facility operated by the Company's partners as well as the payment cycle of the fees incurred by the Licensed Operator payable to the Company.

The Company is substantially dependent on Mt. Baker. Mt. Baker is not substantially dependent on one single entity as it intends to serve a broad-based platform of dispensaries and MIPs producers.

g. Impact of renegotiation or Termination

The Company's business is dependent on the operation of the Mt. Baker Strategic Partnership in accordance with the terms of the Mt. Baker Definitive Agreements. If the any of the Mt. Baker Definitive Agreements is terminated, or renegotiated, the Company's operations may be adversely affected.

Further, the Company's planned expansion into Oregon is dependent on the closing of the Terpene Station Acquisition. If the Company is unable to complete the Terpene Station Acquisition or the terms for the acquisition are changed, the Company's business may be adversely affected.

h. Impact of environmental protection requirements

The operations of the Company and the Licensed Producers serviced by the Company are subject to environmental regulation in the various jurisdictions in which they operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Government environmental approvals and permits are currently, and may in the future be required in connection with the Company's operations or the operations of the Licensed Producers serviced by the Company. To the extent such approvals are required and not obtained, the Company or its customers may be curtailed or prohibited from their proposed business activities or from proceeding with the development of their operations as currently proposed.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage due to its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

i. Number of employees

Not Applicable. All managers and advisors are consultants to the Company.

j. Risks associated with foreign operations

To-date all of the Company's operations are based in the United States and, as such, all of the Company's business is dependent on operations outside of Canada.

Marijuana is a schedule-I controlled substance under the U.S. Controlled Substance Act (the "**CSA**"), the CSA, is illegal under U.S. federal law and the approach to enforcement of U.S. federal laws against marijuana is subject to change. Even in those states in which the use of marijuana has been legalized, its use remains a violation of U.S. federal law. Since U.S. federal law criminalizing the use of marijuana pre-empts state laws that legalize its use, strict enforcement of federal law regarding marijuana would likely result in the Company's inability to proceed with its business plan.

The Company engages in marijuana-related activities in the U.S. and thus assumes certain risks due to conflicting state and federal laws. While some states have authorized the use and sale of marijuana, it remains illegal under federal law. The federal law relating to marijuana could be enforced at any time, and this would put the Company at risk of being prosecuted and having its assets seized.

k. Description of key contracts

Please refer to *Item 22 - Material Contracts* for more information.

4. Competitive Conditions in Principal Markets

Since marijuana has only recently been legalized for recreational adult use in certain jurisdictions, the Company's management believes the industry is still in infancy stages, and business, industrial and regulatory frameworks are not fully developed. Lack of traditional sources of financing, absence of an efficient supply chain network and streamlined marketing channels, and strict regulatory requirements (including the Residency Requirement) create market inefficiencies, which create a business opportunity for the Company.

The Company believes it is competing with companies in three categories: (1) cultivation facilities in Washington State, (2) companies seeking to acquire cultivation facilities in North America, and (3) companies seeking to provide technological solutions to cannabis cultivators in North America.

1.) Cannabis Cultivators in Washington

Washington has successfully developed a professionally-managed, well-regulated adult use cannabis market that is growing increasingly competitive. According to the Washington State Liquor and Cannabis Board, as of January 8, 2018, there were 1,278 licensed marijuana producers and processors in the state of

Washington. The list below contains companies engaged in cannabis cultivation in Washington with whom the Company believes to be in direct competition:

- Cowiltz Country Cannabis Cultivation
- Fairwinds Manufacturing
- WA Grower
- Hannah Industries

In the state of Washington, the Company's business is to provide services to Mt. Baker, a Washington limited liability corporation owned by a resident of Washington with a license to cultivate cannabis. While the Company is not directly involved in the cultivation and distribution of cannabis in Washington, the Company considers the products these companies manufacture to be competing with the Company's products by virtue of the relationship with Mt. Baker. As the products that Mt. Baker intends to manufacture using the Company's intellectual property, expertise and packaging need to appeal to the customers in the Washington market, these cultivation companies can be perceived to be directly competitive to those of the Company.

2.) Companies seeking to acquire cultivation facilities in North America

In the United States, there are several public companies offering financing, incubation and strategic services to licensed operators in different U.S. states. There are additional companies within the cannabis industry that offer similar services, but there are very few competitors that offer the same combination of value-added capital and expert management services that the Company provides. The notable competitors in the various areas of service the Company provides include:

- iAnthus Capital Holdings Inc.
- Marapharm Ventures Inc.
- Maple Leaf Green World Inc.
- Terra Tech Corp.
- Green Thumb Industries, LLC.

3.) Cannabis Cultivation Technology Solutions:

In North America, there are several companies offering technology solutions and consulting services specializing in enhanced cannabis cultivation techniques. The Company's primary competition in this space consist of those companies who license their cultivation operating solutions and those who provide experience, expertise, and equipment to licensed producers. Companies operating in this space include:

- **Segra Biogenesis Corp:** Provides consulting, cannabis tissue culture production, and modular growing facilities.

- **Medicine Man Technologies Inc.:** Licenses proprietary standard operating procedures for all phases of commercial and industrial cannabis cultivation.

- **Future Farm Technologies Inc.:** Indoor plant growth technology company specializing in LED lighting, mobile applications and vertical farming solutions for the cannabis industry.

- **Agritek Holdings, Inc.:** Provides real estate services including the acquisition, zoning, infrastructure build of greenhouse operations and leasing of agricultural land developments zoned specifically for cannabis cultivators.

- **FutureLand Corp:** Cannabis and hemp land leasing company focused on targeted acquisitions, zoning, license fulfillment, site plan preparation and financing of cannabis or hemp grow facilities throughout the United States.

- **Indoor Harvest Corp:** Design-build engineering firm specializing in and commercially supplying and designing cultivation equipment for use in indoor farms.

The recent growth in the industry has attracted many businesses trying to enter the market. Some of the Company's competitors have greater capital resources and facilities which may enable them to compete more effectively in this market. Due to this competition, there is no assurance that the Company will not encounter difficulties in generating revenues. If the Company is unable to successfully compete with existing companies and new entrants to the market, this will have a negative impact on its business and financial condition.

The Company believes that it possesses superior technological know-how with respect to maximizing the efficiency and profitability of a given cannabis cultivation operation. The Company believes that this superior technological know-how places it at a competitive advantage relative to its competition.

5. **Lending and Investment Policies**

The Company intends to provide debt or equity capital, sometimes as part of a syndicate, to existing holders or applicants for cannabis licenses. Such investments may include straight debt securities (secured or unsecured), convertible debt instruments, and/or common or preferred equity securities. The Company expects to provide debt financings (typically to non-profit entities in states where medical cannabis licenses may only be held by non-profits) at interest rates currently prevailing in the U.S. cannabis market. Loans to such license holders will typically be secured by real estate and/or leasehold interests and collateral including cultivation, processing and dispensary equipment. The Company may also enter into a management services agreement with the license holder, thereby enhancing the financial return on its investment. In the majority of states where for-profit license holders are permitted, the Company may make direct equity investments in license applicants or existing license holders, working closely with the local operator on its strategy and operating plan, developing a financing and business plan, and coming to agreement on mutually-beneficial terms of an equity investment. The Company will not typically seek a control position in such investments, but may acquire a control position if it believes it to be advantageous to do so.

6. **Bankruptcies, receiverships or similar proceedings against the Issuer or any of its subsidiaries**

Not applicable to the Company.

7. **Nature and results of any material restructuring transaction of the Issuer**

During the two fiscal years ended January 31, 2017 and 2016 and in the current financial year, other than the Change of Business, the Company does not have any material restructuring transaction.

8. **Social or environmental policies that are fundamental to the Issuer's operations**

The Company and the Licensed Producers the Company services are subject to complex laws and regulations, including environmental laws and regulations, which can adversely affect the cost, manner and feasibility of doing business. The operations and facilities of the Licensed Producers serviced by the Company are be subject to extensive federal, state and local laws and regulations relating to the growth of cannabis and the manufacture and distribution of products containing cannabis (and/or its psychoactive

compound, THC). Such existing laws or regulations regarding cannabis and its psychoactive compound, as currently interpreted or reinterpreted in the future, or future laws or regulations, may adversely affect the business and sales of these Licensed Producers. Consequently the Company's revenues would thereby decrease, which may have a material adverse effect on its results of operations.

4.2. Asset Backed Securities

The Company does not have asset backed securities.

4.3. Companies with Mineral Projects

Prior to the Change of Business, the Company was engaged in the acquisition, exploration and development of properties for the mining of precious metals in North America and had been engaged in exploration for precious metals in the province of Quebec.

The Company currently holds mining assets in the Launay Project which it considers to be non-core assets. The Company intends to monetize those assets with a view towards disposing of them in the future.

4.4. Companies with Oil and Gas Operations

The Company does not have oil and gas operations.

5. Selected Consolidated Financial Information

5.1. Annual Information

The following table presents selected audited financial information of the Company for the last two completed fiscal years ended January 31, 2017 and 2016. This summary financial information should be read in conjunction with the Company's financial statements, including the notes thereto, which are set forth in Schedule "A" to this Listing Statement. This table contains financial information derived from financial statements that have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**").

	For the Year Ended Jan. 31		**For the Period Ended October 31, 2017**	
	2017	**2016**	**3 Months**	**9 Months**
Total revenues	Nil	Nil	Nil	Nil
Income (loss) from continuing operations	($272,460)	($242,629)	($268,444)	($571,032)
Net income (loss) for the period	($272,460)	($242,629)	($381,575)	($774,043)
Basic and diluted loss per share	($0.026)	($0.01)	($0.012)	($0.024)
Total assets	$622,334	$28,901	$2,592,381	$2,592,381
Total liabilities	$165,506	$485,878	$2,720,211	$2,720,211
Dividends declared	Nil	Nil	Nil	Nil

5.2. Quarterly Information

The summary of quarterly results for each of the ten most recently completed quarters ending at the end of the most recently completed fiscal year has been prepared in accordance with IFRS:

Quarter Ended	Revenue	Loss	Loss per share
January 31, 2017	Nil	$163,573	$0.013
October 31, 2016	Nil	$31,405	$0.001
July 31, 2016	Nil	$47,606	$0.002
April 30, 2016	Nil	$29,876	$0.001
January 31, 2016	Nil	$41,083	$0.002
October 31, 2015	Nil	$80,667	$0.003
July 31, 2015	Nil	$52,299	$0.002
April 30, 2015	Nil	$68,580	$0.003

5.3. Dividends

There are no restrictions in the Company's articles or elsewhere which prevent the Issuer from paying dividends. The Issuer has not paid dividends in the past, and it is not contemplated that any dividends will be paid on any shares of the Issuer in the immediate future, as it is anticipated that all available funds will be invested to finance the growth of the Issuer's Business. The directors of the Issuer will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Issuer's financial position at the relevant time. All of the Common Shares of the Issuer will be entitled to an equal share in any dividends declared and paid on a per share basis.

5.4. Foreign GAAP

The Company is not presenting consolidated financial information on the basis of foreign GAAP.

6. Management's Discussion and Analysis

Management Discussion and Analysis ("**MD&A**") for the years ended January 31, 2017 and 2016 as well as the revised MD&A for the three and nine months ended October 31, 2017 are attached to this Listing Statement as Schedule "**B**".

7. Market for Securities

The Common Shares of the Company were listed and posted for trading on the NEX under the trading symbol "LAK.H" as a Tier 2 Mining Issuer. Following receipt of 51% of the Shareholders of the Company (excluding insiders) to complete the delisting from the TSXV through their execution of "Consent for Delisting" consents, the Common Shares were delisted from the TSXV effective April 26, 2017 ("**Delisting Date**").

This Listing Statement is being submitted to the CSE to apply for the listing of Common Shares on the CSE under the symbol "**BUDD**". On October 27, 2017, the CSE conditionally approved the listing (the "**Listing**") of Common Shares. Subsequently, the Company made additional submissions to the CSE to notify the CSE on the amendments to the Proposed NH Transactions and CSE has confirmed its conditional approval of the Listing. Listing is subject to the Company fulfilling all of the requirements of the CSE.

8. Consolidated Capitalization

Designation of Security	Amount Authorized	Amount Outstanding as of the date of this Listing Statement
Common Shares	Unlimited	45,786,774 common shares
Preferred Shares	Unlimited	Nil
Convertible Debentures	$2,550,000 aggregate principal amount	Debentures in aggregate principal amount of $2,500,000[1]
		SIDEX Debenture in $50,000 principal amount[2]
Company Warrants[3]	n/a	35,328,217 warrants
Stock Options	10% of issued and outstanding capital	4,578,677 common shares reserved, with 3,170,000 options granted and 1,408,677 available for grant
To be issued to Nutritional High[4]	1,650,000	1,650,000
To be issued to FMICA[5]	320,000	320,000

Notes:

1. The Debentures were issued in the CD Offering and are due and payable on May 12, 2019 (the "**Maturity Date**"), convertible at the option of the holder at any time prior to the Maturity Date into Common Shares at a conversion price of $0.20 per share and bear interest at a rate of 12.0% per annum, payable semi-annually in advance on May 12 and November 12 of each year. The Company may elect to satisfy its obligation to pay all or a portion of the interest owing under the Debentures by issuing Common Shares at a price of $0.20 per share.

2. The SIDEX Debenture was originally issued on September 16, 2014 and was renewed on October 7, 2016 extending the maturity date of the SIDEX Debenture to September 16, 2017. The SIDEX Debenture was renewed again on November 2, 2017, 2017 extending the maturity date to March 16, 2019 and setting the conversion price to $0.20. The SIDEX Debenture bears interest at a rate of 12% per annum, payable semi-annually in cash or common shares of the Company.

3. Does not include 778,000 Finder Unit Warrants.

4. 1,650,000 Common Shares issuable to Nutritional High pursuant to the terms of the Proposed NH Transactions. See *Item 3.1 - General Business – Recent Developments – Second Amendment and Restated Nutritional High LOI* for details.

5. 320,000 Common Shares issuable to FMICAI pursuant to the Corporate Finance Agreement. See *Item 18.1- Promoters* for details.

9. Options to Purchase Securities

The following table summarizes the options, granted under the Company's stock option plan, outstanding as of the date of this Listing Statement:

Group	Securities under Option	Grant Date	Expiry Date	Exercise Price per Company Share	Market Value of the Company Shares on the Date of Grant	Market Value of the Company Shares as the date hereof[1]
Directors	1,290,000	12-Dec-16	12-Dec-21	$0.10	$0.11	$0.25
Past Directors	255,000	12-Dec-16	20-Jan-18 to 17-Feb-18	$0.10	$0.11	$0.25
Officers	415,000	12-Dec-16	12-Dec-21	$0.10	$0.11	$0.25
Past Officers	85,000	12-Dec-26	12-Dec-21	$0.10	$0.11	$0.25
Consultants	1,040,000	12-Dec-16	12-Dec-21	$0.10	$0.11	$0.25
Other[2]	85,000	12-Dec-16	12-Dec-21	$0.10	$0.11	$0.25
Total:	3,170,000	12-Dec-16	12-Dec-21	$0.10	$0.11	$0.25

Notes:

1 Market value of the Company shares of $0.25 based on effective conversion price in most recent financing

2 Other consists of 85,000 options held by Branson Corporate Services Inc.

Stock Option Plan

The following is the summary of the stock option plan of the Company, pursuant to which the Company grants the Stock Options (the "**Stock Option Plan**"):

- The purpose of the Stock Option Plan is to authorize the grant to eligible persons (as such term is defined in the Stock Option Plan) of options to purchase Common Shares and thus benefit the Company by enabling it to attract, retain and motivate eligible persons by providing them with the opportunity, through share options, to acquire an increased proprietary interest in the Company.

- The Stock Option Plan is administered by the Board or a committee established by the Board for that purpose.

- The number of Common Shares reserved for issuance cannot exceed 10% of the issued and outstanding Common Shares at the time of the grant.

- The total number of Common Shares which may be reserved for issuance to any one individual under the Stock Option Plan within any one year period cannot exceed 5% of the issued and outstanding Common Shares at the time of the grant.

- The maximum number of Common Shares which may be reserved for issuance to insiders under the Stock Option Plan, any other employer stock option plans or options for services, shall be 10% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis).

- The maximum number of Common Shares which may be issued to insiders under the Stock Option Plan, together with any other previously established or proposed share compensation arrangements, within any one year period shall be 10% of the outstanding issue. The maximum number of Common Shares which may be issued to any one insider and his or her associates under the Stock Option Plan, together with any other previously established or proposed share compensation arrangements, within a one year period shall be 5% of the Common Shares outstanding at the time of the grant (on a non-diluted basis).

- The maximum number of stock options which may be granted to any one consultant under the Stock Option Plan, any other employer stock options plans or options for services, within any 12 month period, must not exceed 2% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis).

- The maximum number of stock options which may be granted to investor relations persons under the Stock Option Plan, any other employer stock options plans or options for services, within any 12 month period must not exceed 2% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis).

- The purchase price for the Common Shares under each stock option shall be determined by the Board on the basis of the market price, where "market price" shall mean the prior trading day closing price of the Common Shares on any stock exchange on which the Common Shares are listed or last trading price on the prior trading day on any dealing network where the Common Shares trade, and where there is no such closing price or trade on the prior trading day, "market price" shall mean the average of the daily high and low board lot trading prices of the Common Shares on any stock exchange on which the Common Shares are listed or dealing network on which the Common Shares trade for the five immediately preceding trading days. In the event the Common Shares are listed on the CSE, the price may be the market price less any discounts from the market price allowed by the CSE. The approval of disinterested Shareholders will be required for any reduction in the price of a previously granted stock option to an insider of the Company.

- The stock options are exercisable for a period of up to five years from the date of grant.

- If any optionee who is a service provider ceases to be an eligible person of the Company for any reason (whether or not for cause) the optionee may, but only within the period ending within 90 days (unless such period is extended by the Board or the committee, as applicable, and approval is obtained from the stock exchange on which the shares of the Company trade), or 30 days if the eligible person is an investor relations person (unless such period is extended by the Board or the committee, as applicable, and approval is obtained from the stock exchange on which the Common Shares trade), next succeeding such cessation and in no event after the expiry date of the optionee's option, exercise the optionee's option unless such period is extended.

- In the event of the death of an optionee during the currency of the optionee's option, the option theretofore granted to the optionee shall be exercisable within the period of one year next succeeding the optionee's death (unless such period is extended by the Board or the committee, as applicable, and approval is obtained from the stock exchange on which the Common Shares trade).

- Stock options issued under the Stock Option Plan may vest at the discretion of the Board, provided that, if required by any stock exchange on which the Common Shares trade, stock options issued to investor relations consultants must vest in stages over not less than 12 months with no more than one quarter of the stock options vesting in any three month period.

- Stock options granted under the Stock Option Plan are non-assignable and non-transferable.

- The Board or committee, as applicable, may at any time amend or terminate the Stock Option Plan, but where amended, such amendment is subject to regulatory approval.

- Upon exercise of an option, the optionee shall, upon notification of the amount due and prior to or concurrently with the delivery of the certificates representing the shares, pay to the Company amounts necessary to satisfy applicable withholding tax requirements or shall otherwise make

arrangements satisfactory to the Company for such requirements. In order to implement this provision, the Company or any related corporation has the right to retain and withhold from any payment of cash or Common Shares under the Stock Option Plan the amount of taxes required to be withheld or otherwise deducted and paid with respect to such payment. At its discretion, the Company may require an optionee receiving Common Shares to reimburse the Company for any such taxes required to be withheld by the Company and withhold any distribution to the optionee in whole or in part until the Company is so reimbursed. In lieu thereof, the Company has the right to withhold from any cash amount due or to become due from the Company to the optionee an amount equal to such taxes. The Company may also retain and withhold or the optionee may elect, subject to approval by the Company at its sole discretion, to have the Company retain and withhold a number of Common Shares having a market value not less than the amount of such taxes required to be withheld by the Company to reimburse the Company for any such taxes and cancel (in whole or in part) any such shares so withheld.

As of the date hereof, the Company has 45,786,774 Common Shares issued and outstanding. This means that a total of 4,578,677 options are currently available to be granted pursuant to the Stock Option Plan. As of the date of this Listing Statement, 3,170,000 options had been granted pursuant to the Stock Option Plan and 1,408,677 options were still available to be granted.

10. Description of the Securities

10.1. General

Common Shares

The Company's authorized capital consists of an unlimited number of Common Shares without par value and an unlimited number of preferred shares without par value. All of the Common Shares of the Company are of the same class and, once issued, rank equally as to entitlement to dividends, voting powers and participation in assets upon dissolution or winding up. No Common Shares of the Company have been issued subject to call or assessment.

The holders of Common Shares are entitled to receive dividends if, as and when declared by the directors of the Company out of the assets of the Company properly applicable to the payment of dividends in such amount and payable at such time as and at such place in Canada as the Board of Directors of the Company may from time to time determine.

In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of assets or property of the Company amongst its Shareholders for the purpose of winding up its affairs, Shareholders shall be entitled to receive all property and assets of the Company properly distributable to the Shareholders.

The holders of the Common Shares shall be entitled to vote at all meetings of the Shareholders of the Company and at all such meetings each such holder has one (1) vote for each Common Share held.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

As at the date of this Listing Statement, there is a total of 45,786,774 Common Shares issued and outstanding and zero preferred shares issued and outstanding.

Company Warrants

The Company has the following outstanding warrants to purchase Common Shares as of the date of this Listing Statement.

Issuance Date	Expiry Date	Number Outstanding	Exercise Price
16-Feb-18	16-Feb-20	900,000	$0.325
16-Feb-18	16-Feb-20	72,000[1]	$0.250
14-Feb-18	14-Feb-20	3,047,600	$0.325
14-Feb-18	14-Feb-20	75,200[2]	$0.250
08-Feb-18	08-Feb-20	3,442,064	$0.325
08-Feb-18	08-Feb-20	251,600[3]	$0.250
24-Jan-18	24-Jan-20	4,740,000	$0.325
24-Jan-18	24-Jan-18	379,200[4]	$0.250
12-May-17	12-May-19	400,000	$0.250
12-May-17	12-May-19	10,000,000	$0.325
12-Dec-16	12-Dec-18	798,409	$0.100
09-Dec-16	09-Dec-18	6,900,000	$0.100
16-Nov-16	16-Nov-18	3,500,000	$0.100
14-Sep-16	16-Mar-19	333,333	$0.210
26-Mar-13	26-Mar-18	488,811	$1.200
Total:		**35,328,217**	**$0.262**

Notes:

1. Does not include 72,000 Finder Unit Warrants.
2. Does not include 75,200 Finder Unit Warrants.
3. Does not include 251,600 Finder Unit Warrants.
4. Does not include 379,200 Finder Unit Warrants.

Stock Options

As of the date hereof, the Company has 45,786,774 Common Shares issued and outstanding. This means that a total of 4,578,677 options are currently available to be granted pursuant to the Stock Option Plan. As of the date of this Listing Statement, 3,170,000 options had been granted pursuant to the Stock Option Plan and 1,408,677 options were still available to be granted.

For description of the Stock Option Plan of the Company, see *Item 9 – Options to Purchase Securities.*

10.2. Debt Securities

On May 12, 2017, the Company completed a brokered private placement offering (the "**CD Offering**") and issued 2,500 units (the "**CD Units**") to raise gross proceeds of up to C$2,500,000. Each CD Unit had an issue price of $1,000 (the "**Issue Price**") and consisted of (i) C$1,000 principal amount of 12.0% convertible secured redeemable debentures (the "**Debentures**"); and (ii) 4,000 common share purchase warrants ("**CD Warrants**"), exercisable into Common Shares at a price of C$0.325 per Common Share for a period of 24

months after closing. The Debentures are due and payable on May 12, 2019 (the "**Maturity Date**") and are convertible at the option of the holder at any time prior to the Maturity Date into Common Shares at a conversion price of C$0.25 per Common Share which was later adjusted to $0.20 per Common Share pursuant to the terms of the Debentures because the Company conducted the Equity Offering at a price of $0.25 subsequent to the CD Offering ("**Conversion Price**").

The CD Offering was completed in connection with the proposed acquisition by the Company of: (i) a provisional cultivation license issued by the Nevada Department of Health and Human Services, Division of Public and Behavioral Health ("**NDPBH**") for the cultivation of marijuana and operation of a "medical marijuana establishment" (as defined in NV Rev Stat Section 453A.116 (2015) to be acquired from Nutritional High for the sum of US$500,000; and (ii) a 50% interest in premises located in Henderson, Nevada to which a Cultivation License was to be tied, or such other property located in Nevada as may be determined by the Company.

On closing of the CD Offering, the majority of the proceeds of the CD Offering were placed in escrow to be released in accordance with the terms of the Escrow Agreement (as restated by the Restated Escrow Agreement), to be released upon satisfaction of certain release conditions. See "Item 3.1 General Business-Recent Developments-Restated Escrow Agreement" for details.

The Company also has a $50,000 unsecured, convertible debenture (the "**SIDEX Debenture**") outstanding. The SIDEX Debenture was originally issued on September 16, 2014 and was renewed on October 7, 2016 extending its maturity date to September 16, 2017. The SIDEX Debenture bears interest at a rate of 12% per annum, payable semi-annually in cash or common shares of the Company. On November 2, 2017 the Company further extended the maturity date of the SIDEX Debenture to March 16, 2019 and changed the conversion price to C$0.20.

10.3. Not Applicable

Not applicable.

10.4. Other Securities

Not applicable.

10.5. Modification of Terms

Not applicable.

10.6. Other Attributes

Not applicable.

10.7. Prior Sales

For the 12-month period prior to the date of this Listing Statement, the following securities of the Company were sold:

Security Type	Date	Number of Securities Issued	Aggregate Issue Price Before Share Issuance Cost	Issue/Conversion/Exercise Price	Nature of Consideration Received
Common Shares	12-May-17	600,000	$0.25	N/A	Shares in lieu of Interest
	27-Jun-17	3,665	$0.30	N/A	Exercise of Warrants
	13-Nov-17	600,000	$0.25	N/A	Shares in lieu of Interest
	21-Nov-17	600,000	$0.10	N/A	Exercise of Warrants
	24-Jan-18	4,740,000	$0.25	N/A	Cash
	8-Feb-18	3,442,064	$0.25	N/A	Cash
	14-Feb-18	3,047,600	$0.25	N/A	Cash
	16-Feb-18	900,000	$0.25	N/A	Cash
Convertible Debenture(s)	12-May-17	$2,500,000[1] Principal Amount	$2,500,000	$0.20	Cash
	02-Nov-17	$50,000[2] Principal Amount	$50,000	$0.25	Debt Extension
Warrants	12-May-17	400,000	N/A	$0.25	Financing Compensation
	12-May-17	10,000,000	N/A	$0.325	N/A
	24-Jan-18	4,740,000	N/A	$0.325	N/A
	24-Jan-18	379,200[3]	N/A	$0.25	Financing Compensation
	8-Feb-18	3,442,064	N/A	$0.325	N/A
	8-Feb-18	251,600[4]	N/A	$0.25	Financing Compensation
	14-Feb-18	3,047,600	N/A	$0.325	N/A
	14-Feb-18	75,200[5]	N/A	$0.25	Financing Compensation
	16-Feb-18	900,000	N/A	$0.325	N/A
	16-Feb-18	72,000[6]	N/A	$0.25	Financing Compensation

Notes:

1. The Debentures were issued in the CD Offering and are due and payable on May 12, 2019 (the "**Maturity Date**"), convertible at the option of the holder at any time prior to the Maturity Date into Common Shares at a conversion price of $0.20 per share and bear interest at a rate of 12.0% per annum, payable semi-annually in advance on May 12 and November 12 of each year. The Company may elect to satisfy its obligation to pay all or a portion of the interest owing under the Debentures by issuing Common Shares at a price of $0.20 per share.

2. The SIDEX Debenture was originally issued on September 16, 2014 and was renewed on October 7, 2016 extending the maturity date of the SIDEX Debenture to September 16, 2017. The SIDEX Debenture was renewed again on November 2, 2017 extending the maturity date to March 16, 20119 and setting the

conversion price to $0.20. The SIDEX Debenture bears interest at a rate of 12% per annum, payable semi-annually in cash or common shares of the Company.

3. 379,200 Finder Unit Warrants issuable upon exercise of the Finder Options issued in the Trance 1 Closing exercisable into 379,200 Finder Units Warrant Shares at $0.325 per Finder Unit until January 24, 2020. See *Item 3.1-General Business-Recent Developments-Equity Offering* for details of the terms of the Warrants.

4. 251,600 Finder Unit Warrants issuable upon exercise of the Finder Options issued in the Trance 2 Closing exercisable into 251,600 Finder Units Warrant Shares at $0.325 per Finder Unit until February 8, 2020. See *Item 3.1-General Business-Recent Developments-Equity Offering* for details of the terms of the Warrants.

5. 75,200 Finder Unit Warrants issuable upon exercise of the Finder Options issued in the Trance 3 Closing exercisable into 75,200 Finder Units Warrant Shares at $0.325 per Finder Unit until February 14, 2020. See *Item 3.1-General Business-Recent Developments-Equity Offering* for details of the terms of the Warrants.

6. 72,000 Finder Unit Warrants issuable upon exercise of the Finder Options issued in the Trance 4 Closing exercisable into 72,000 Finder Units Warrant Shares at $0.325 per Finder Unit until February 16, 2020. See *Item 3.1-General Business-Recent Developments-Equity Offering* for details of the terms of the Warrants.

10.8.Stock Exchange Price

Prior to the Delisting Date, the Common Shares were listed and posted for trading on the NEX under the trading symbol "LAK.H". The following table sets forth the high and low closing prices and volume for the Common Shares traded through the NEX for each month or part month of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding twelve quarters:

Period	Low Trading Price ($)	High Trading Price ($)	Volume (pre-Consolidation)
Month Ended April 30, 2017	N/A (1)	N/A (1)	N/A (1)
Month Ended March 30, 2017	N/A (1)	N/A (1)	N/A (1)
Month Ended February 28, 2017	$0.17	$0.34	361,794
Quarter Ended January 31, 2017	$0.02	$0.64	2,713,092
Quarter Ended October 31, 2016	$0.005	$0.035	1,227,731
Quarter Ended July 31, 2016	$0.005	$0.04	2,617,382
Quarter Ended April 30, 2016	$0.005	$0.01	178,238
Quarter Ended January 31, 2016	$0.005	$0.005	510,976
Quarter Ended October 31, 2015	$0.005	$0.015	265,283
Quarter Ended July 31, 2015	$0.005	$0.02	511,876

Note:

(1) The trading of the Common Shares was halted on February 22, 2017 at the request of the Company pending a press release on the Proposed NH Transactions. The Common Shares were delisted from the NEX on April 26, 2017. Trading in the Common Shares has not yet resumed.

11. Escrowed and Pooled Securities

11.1. Escrowed Securities

The table immediately below sets out the number of securities held by principals and certain other shareholders of the Issuer that will be expected to be held in escrow upon the completion listing of the Common shares on the CSE ("**Listing**"):

Designation of Class Held in Escrow	Number of Securities Held in Escrow	Percentage of class
Common Shares	5,155,205	11.26%
Options	1,705,000	57.73%
Warrants	2,810,000	7.95%
Convertible Debentures (at conversion)	225,000	1.80%

11.2. Pooled Securities

As of the date of this Listing Statement, the Company does not have any securities subject to Voluntary Pooling Agreements.

12. Principal Shareholders

As of the date of this Listing Statement, to the knowledge of the directors and officers of the Company, no person beneficially owns or exercises control or direction over Common Shares carrying more than 10% of the votes attached to Common Shares.

13. Directors and Officers

The Company's articles provide that the number of directors should not be fewer than one (1) and no more than ten (10) directors. Each director holds office until the close of the next annual general meeting of the Company, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated. The Company's board of directors currently consists of six directors.

13.1. Name, Municipality of Residence and Positions

The following table provides the names of the directors and officers, municipalities of residence province and country, respective positions and offices held with the Company, their principal occupations for the past five years and the number and percentage of Common Shares owned, directly or indirectly, or over which control or direction is exercised, of voting securities of the Company, as of the date hereof:

Name, Province and Country of Residence and Position Held	Principal Occupation for the Past Five Years[2]	Director/Officer of the Company Since	Common Shares Beneficially Owned or Controlled	Percentage of Issued and Outstanding Common Shares
David Drutz Toronto, ON, Canada *Chief Executive Officer* *Director*	Owner, Kiddie Proofers Inc.	Officer since May 3, 2017, Director since July 19, 2017	612,000	1.34% [1]

Name, Province and Country of Residence and Position Held	**Principal Occupation for the Past Five Years(2)**	**Director/Officer of the Company Since**	**Common Shares Beneficially Owned or Controlled**	**Percentage of Issued and Outstanding Common Shares**
Keith Li Toronto, ON, Canada *Chief Financial Officer*	Chief Financial Officer, Branson Corporate Services Inc.	Officer since December 21, 2017	Nil	Nil
David Andrew Posner(2) Toronto, ON, Canada *Director*	Chairman, Nutritional High International Inc.	Director since December 12, 2016	1,140,000	2.49%
Robert Schwartz Toronto, ON, Canada *Director*	Chief Executive Officer, Wa-Lin, Inc.	Director since December 12, 2016	1,140,000	2.49%
Hamish Sutherland(2)(3)(4) Toronto, ON, Canada *Director*	Chief Operating Officer, Bedrocan Canada	Director since December 12, 2016	9,600	0.02% (5)
Peter Bilodeau (3)(4) Windsor, ON, Canada *Director*	President, FMI Capital Advisory Inc.	Director since October 31, 2013	140,814	0.31%
Aurelio Useche(2)(3)(4) Verdun, QC, Canada *Director*	President, ZVS Investments	Director since October 2014	Nil	Nil
Adam Szweras Toronto, ON, Canada *Corporate Secretary*	Chairman, Foundation Markets Inc. Partner, Fogler, Rubinoff LLP	Officer since December 20, 2011	1,163,781	2.54%

Notes:

(1) Mr. Drutz has subscribed for 25 CD Units in the CD Offering, and in addition to beneficially owning 12,000 Common Shares also owns Convertible Debentures in the principal amount of $25,000, convertible into additional 100,000 Common Shares. Mr. Drutz has also subscribed to 600,000 Common Shares in Tranche 3 Closing.
(2) Member of the Audit Committee of the Board.
(3) Member of the Compensation and Nomination Committee of the Board.
(4) Member of the Corporate Governance Committee of the Board.
(5) Mr. Sutherland has subscribed for 20 CD Units in the CD Offering, and in addition to owning 9,600 Common Shares also owns Convertible Debentures in the principal amount of $20,000, convertible into additional 80,000 Common Shares.

13.2. Period Served as Directors and Officers

The table in Item 13.1 above outlines the periods for which the directors and officers have served with the Company in their respective capacities.

13.3. Interests of Director and Officer

At the completion of the Listing, the directors and officers of the Company as a group will beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 4,205,743 Common Shares, representing 9.19% of the issued and outstanding Common Shares (on an undiluted basis). The directors and officers will devote their time and expertise as required by the Company, however it is not anticipated that any director or officer will devote 100% of their time to the activities of the Company.

13.4. Board Committees

The Audit Committee of the Company is responsible for the Company's financial reporting process and the quality of its financial reporting. The Audit Committee is charged with the mandate of providing independent review and oversight of the Company's financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight and compensation of the Company's external auditors. In performing its duties, the Audit Committee maintains effective working relationships with the Board, management, and the external auditors and monitors the independence of those auditors. The Audit Committee is comprised of Aurelio Useche, Hamish Sutherland and David Posner, all of whom are financially literate. Aurelio Useche and Hamish Sutherland are independent directors. Mr. Aurelio Useche services as chair of the Audit Committee.

Other than the Audit Committee, the Company's Board has a Compensation and Nominating Committee and a Corporate Governance Committee.

The Compensation and Nominating Committee's responsibility is to formulate and make recommendations to the directors of the Company in respect of compensation issues relating to directors and officers of the Company. The Compensation and Nominating Committee is comprised of Aurelio Useche, Hamish Sutherland and Peter Bilodeau.

The Corporate Governance Committee's responsibility is to assist the Board in fulfilling its oversight responsibilities in the following principal areas: (i) developing a set of corporate governance rules; (ii) reviewing and recommending the compensation of the Corporation's directors; (iii) facilitating the evaluation of the Board and committees of the Board. The Corporate Governance Committee is comprised of Hamish Sutherland, Peter Bilodeau, and Aurelio Useche.

13.5. Other Directorships

Directorships

In the past five years, the directors and officers of the Company have held officer or director positions with the following issuers other than the Company:

Name	Name of Reporting Issuer	Name or Exchange or Market	Position	From	To
David Posner	The Tinley Beverage Company Inc.	CSE	Director	October 2015	February 2017
	Capricorn Business Acquisitions Inc.	NEX	Director	December 2016	Present

Name	Name of Reporting Issuer	Name or Exchange or Market	Position	From	To
Aurelio Useche	Relevium Technologies Inc.	TSX-V	Chief Executive Officer	November 2016	Present
Hamish Sutherland	Bedrocan Cannabis Corp.	TSX-V	Chief Operation Officer	November 2013	August 2016
Adam Szweras	Petrolympic Ltd.	TSXV	Secretary	June 2008	Present
	Mahdia Gold Corp.	CSE	Director, Secretary	April 2016	Present
	Canada Pacific Canada Corp.	NEX	Director, Secretary	May 2010	August 2014
	SustainCo Inc.	TSXV	Director	March 2017	Present
	Sagittarius Capital Corp.	TSXV	Corporate Secretary, Director	August 2009	Present
	The Tinley Beverage Company Inc.	CSE	Director, Corporate Secretary	December 2010	September 2016
	Aurora Cannabis Inc.	CSE	Director	August 2015	Present
Keith Li	Tele-FIND Technologies Corp.	TSXV	Chief Financial Officer	December 2017	Present

13.6. to 13.9. Corporate Cease Trade Orders and Bankruptcies

Other than as set out below, no proposed director, executive officer or promoter has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director, officer or promoter.

Other than as set out below, as at the date of this Listing Statement and within the ten (10) years before the date of this Listing Statement, no proposed director, executive officer or promoter of the Company:

(a) is or has been a director, executive officer or promoter of the Company, that while that person was acting in that capacity:

(i) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days;

(ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar

order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days;

(iii) or within one (1) year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within ten (10) years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such nominee; or

(c) has within ten (10) years before the date of the Circular became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officers or shareholders.

Adam Szweras was a director and Secretary of Bassett Media Group Corp. ("**Bassett**"), a TSXV-listed company, until March 16, 2010. Bassett has been subject to a cease trade order since June 16, 2010 for failing to file financial statements.

Adam Szweras was appointed as a director for Mahdia Gold Corp.'s ("**Mahdia**") on April 14, 2016. Mahdia was a Canadian Securities Exchange listed company until February 4, 2016. Mahdia has been subject to a cease trade order since March 13, 2015, due to not filing its financial statements and management's discussion and analysis pursuant to NI 51-102.

Onco Petroleum Inc. ("**Onco**") was listed on the CNQ exchange (now CSE). Peter Bilodeau was CEO and director of Onco from September 2008 to April 2011. In July 2008, prior to Mr. Bilodeau assuming his posts with Onco, a cease trade order was issued against Onco for failing to file financial statements. On March 30, 2010, a receiver was appointed by the Ontario Superior Court and the company's assets sold off. Energex Petroleum Inc., founded by Mr. Bilodeau, filed for bankruptcy in June 2016. Due to his heavy investment in the above companies, Mr. Bilodeau filed a creditor proposal in June 2016. It was discharged in February 2017.

13.10. Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of the Company holding positions as directors or officers of other companies. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation of assets and businesses, with a view to potential acquisition of interests in businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies under the OBCA or other applicable corporate legislation.

13.11. Management

Officers:

David Drutz, Chief Executive Officer and Director (Age 55) - Mr. Drutz is a contractor to the Company and will be responsible for the overall direction and business development of the Company. Mr. Drutz is a

senior executive specializing in business re-engineering and value creation with over 25 years of leadership experience. During his career, he excelled in various aspects of corporate development – including international sales, operational structure, and revenue generating initiatives. He owns Kiddie Proofers, Canada's leading specialized child safety company, and First Comes Safety, an industrial supplier of anti-slip solutions. Mr. Drutz has experience in the not-for-profit sector as well, as he serves as the Chairman of Chai Tikvah/Life and Hope Foundation, an organization that provides housing and support for mentally ill adults in the Greater Toronto Area. He also sits on the Advisory Board and Board of Directors of Comfort Keepers, a leading Franchisor in the Senior Care Market. Mr. Drutz anticipates devoting 100% of his time to the affairs of the Company during the next year. Mr. Drutz has entered into a non-competition and a non-disclosure agreement with the Company.

Keith Li, Chief Financial Officer (Age 38) – Mr. Li is a contractor to the Company and is responsible for the financial affairs of the Company. Mr. Li has over 10 years of experiences in both the public accounting and private sector, specializing in audit and assurance, corporate accounting, financial reporting and regulatory compliance services to companies in a number of industries. Between 2011 and 2016, Mr. Li was a senior auditor with UHY McGovern Hurley LLP. Prior to joining Lineage, Mr. Li held the position of Manager of External Reporting with Sears Canada Inc. from 2016 to 2017, overseeing the external reporting functions of the company. Mr. Li holds a Bachelor of Commerce Degree in Finance from McGill University, and has been a CPA, CA since 2012. It is anticipated that he will assist the Company on an as-needed basis during the next year. Mr. Li is an employee of Branson and serves as Chief Financial Officer of the Company as part of the consulting services provided by Branson to the Company under the Branson Agreement.

Adam Szweras, Corporate Secretary (Age 46) – Mr. Szweras has practiced corporate and securities law since 1996 and is a partner in the Securities Law Group of Fogler, Rubinoff LLP. In January 2006, Mr. Szweras founded Foundation Markets Inc. and FMI Capital Advisory Inc., a Toronto brokerage firm and merchant bank respectively, where he continues on in the role of Chairman. In Mr. Szweras' law and banking practices, he focuses on working with emerging growth companies to develop and execute on their business plans, make acquisitions, finance their growth strategy and seek public listing. Mr. Szweras works with companies in the mineral exploration sector, oil and gas, technology, and cannabis sectors. Mr. Szweras is a founder, director, corporate secretary, and key member of the Nutritional High International Inc. management team, a company developing marijuana oil and edible products for the US medical and recreational markets. Mr. Szweras is a board member or Corporate Secretary of several publicly listed companies where he plays a role as a key advisor and stakeholder. Mr. Szweras is a contractor to the Company and is responsible for Company's corporate governance, securities and compliance matters. It is anticipated that he will assist the Company on an as-needed basis during the next year. Mr. Szweras is an employee of FMICAI and serves as Corporate Secretary of the Company as part of the consulting services provided by FMICAI to the Company under the Corporate Finance Agreement.

Non-Executive Directors:

Peter O. Bilodeau, Director

Mr. Bilodeau has been the Chief Executive Officer of FMI from May 2017, and President of FMICAI since April 2017. Mr. Bilodeau has also been the President of Wingold Energy Corp. since March 2017. Mr. Bilodeau has numerous business interests in various sectors, including oil and gas, corporate finance, real estate investments, management and financial consulting, the retail sign business, and the alternative financial services. Prior to launching his entrepreneurial career, Mr. Bilodeau worked for one of Canada's major chartered banks quickly advancing to the senior management ranks. He is a former real estate appraiser with extensive experience in real property valuation.

Aurelio Useche, Director

Mr. Useche is currently CEO of Relevium Technologies and President of ZVS Investments. Mr. Useche has over 20 years of senior management experience in both private and publicly traded corporations in manufacturing, clean technologies, mineral exploration and most recently, consumer products and e-commerce. Mr. Useche has served on several corporate boards of private and public corporations. Mr. Useche holds an Executive MBA from Queens University and a BA in Economics from Concordia University. Mr. Useche is a CPA, CMA and is also a Certified Corporate Director ICD.D

Hamish Sutherland, Director

Mr. Sutherland is the former COO of Bedrocan Cannabis Ltd./Bedrocan Cannabis Corp. (Nov 2013 to August 2016), Managing Partner of The Marketing Partners Until Nov 2013, and the former President and Managing Director of Bod.Com in the Asia Pacific. Through the start-up and growth phases at Bedrocan, Hamish led the operations teams through first time legal import of cannabis into Canada, the commissioning and full capacity operations of their 52,000 sq ft automated indoor cultivation and production facility, and the first legal cross-border transport of live cannabis plant material. Bedrocan currently comprises approximately 25% of the market value for Canopy Growth's $1.4B market value. Previously, Hamish was also a founding limited partner at the Upper Canada Brewing Company. Hamish is a hands-on team builder and leader with a history of success creating, designing and executing comprehensive operations, marketing, business development and sales programs and strategies. He values most a commitment to customer satisfaction, a clear value proposition and market focus. He excels in high-growth, dynamic business operations in pharma, technology, integrated solutions, manufacturing and services. Specialties: Start-ups, high growth strategies, international market development, technology branding, financial capital structuring for small, high-growth tech companies - he fancies himself a corporate "sherpa" to entrepreneurs and intrapreneurs, outside and inside his organizations. He holds a Bachelor of Engineering Physics from McMaster University & an MBA from the Schulich School at York University.

Robert Schwartz, Director

Mr. Schwartz has been the Principal at Wa-Lin Trading from 2002. Mr. Schwartz is a serial entrepreneur for over 15 years. His expertise lies in manufacturing, global distribution, and corporate restructuring. His background is in financial services and financing micro and small cap companies in the venture capital space niche agricultural and technology space. He holds a Bachelor's degree in Economics at York University.

David Posner, Director

Mr. David Posner currently serves as the Chairman of the board of Nutritional High, a director of Capricorn Business Acquisitions Inc. and of Aura Health Corp. (a private company involved in the development and acquisition of marijuana health clinics in the U.S.). Between July 2014 and July 2016, Mr. Posner was the President and Chief Executive Officer of NHII. Between 2012 and 2014, Mr. Posner served as the Acquisitions Manager for Stonegate Properties Inc., where he managed real estate properties and brokered deals in Canada and Oklahoma. He was a Managing Director of Sales and Acquisitions for Maria Chiquita Development Company from 2005 to 2012. From 2004 to 2007 he was a partner in a private investment group investment group involved in the acquisition, re-zoning and re-positioning for sale of land holdings in Costa Rica and Panama. Mr. Posner holds a Bachelor of Arts degree from York University.

14. Capitalization

14.1.Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully-diluted)
Public Float Total outstanding (A)	45,786,774	101,141,668	100%	100%
Held by Related Persons or employees of the securities held) (B) Company or Related Person of the Company, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Company (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Company upon exercise or conversion of other. [1]	5,299,205	15,564,205	11.57%	15.39%
Total Public Float (A-B)	40,487,569	85,577,463	88.43%	84.61%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	16,544,869	32,799,533	36.13%	32.43%
Total Tradeable Float (A-C)	29,241,905	68,342,135	63.87%	67.57%

Note:

(1) Includes KW Capital Partners and FMICAI security holdings

Public Securityholders (Registered)

The persons enumerated in (B) of the *Issued Capital* table above are not included in the following table.

Class of Security: Common Shares

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	2	17
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	1	1,050
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	1	3,256
4,000 – 4,999 securities	1	4,800
5,000 or more securities	160	42,736,051
Total	**165**	**42,745,174**

Public Securityholders (Beneficial)

The following table sets forth information regarding the number of beneficial "public security holders" of the Company, being persons other than persons enumerated in section (B) of the issued capital chart who either: (i) hold securities in their own name as registered shareholders; or (ii) hold securities through an intermediary where the Company has been given written confirmation of shareholdings:

Class of Security: Common Shares

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	33	685
100 – 499 securities	45	11,030
500 – 999 securities	9	6,043
1,000 – 1,999 securities	43	69,488
2,000 – 2,999 securities	16	40,575
3,000 – 3,999 securities	21	72,800
4,000 – 4,999 securities	11	48,291
5,000 or more securities	166	21,894,993
Total	**344**	**22,143,905**

Non-Public Securityholders (Registered)

The following table sets forth information regarding the number of registered "non-public securityholders" of the Company, being persons enumerated in section (B) of the issued capital chart:

Class of Security: Common Shares

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	0	-
5,000 or more securities	6	3,041,600
Total	**6**	**3,041,600**

14.2.Convertible/Exchangeable Securities

Description of Security	Date of Expiry	Exercise Price $	Number of convertible/ exchangeable securities outstanding	Number of listed securities issuable upon conversion/ exercise
Company Warrants	March 26, 2013 to March 26, 2018	$1.20	488,811	488,811
Company Warrants	September 16, 2014 to September 16, 2017	$0.21	333,333	333,333
Company Warrants	November 16, 2016 to November 16, 2018	$0.10	4,100,000	4,100,000
Company Warrants	December 9, 2016 to December 9, 2018	$0.10	6,900,000	6,900,000
Company Warrants	December 12, 2016 to December 12, 2018	$0.10	798,409	798,409
Company Warrants	May 12, 2017 to May 12, 2019	$0.325	10,000,000	10,000,000
Company Warrants	May 12, 2017 to May 12, 2019	$0.25	400,000	400,000
Company Warrants	January 24. 2018 to January 24, 2020	$0.325	4,740,000	4,740,000
Company Warrants	January 24. 2018 to January 24, 2020	$0.25	379,200[1]	379,200
Company Warrants	February 8, 2018 to February 8, 2020	$0.325	3,442,064	3,442,064
Company Warrants	February 8, 2018 to February 8, 2020	$0.25	251,600[2]	251,600
Company Warrants	February 14, 2018 to February 14, 2020	$0.325	3,047,600	3,047,600
Company Warrants	February 14, 2018 to February 14, 2020	$0.25	75,200[3]	75,200
Company Warrants	February 16, 2018 to February 16, 2020	$0.325	900,000	900,000
Company Warrants	February 16, 2018 to February 16, 2020	$0.25	72,000[4]	72,000
Stock Options	December 12, 2016 to December 12, 2021	$0.10	3,170,000	3,170,000
Debentures	May 12, 2017 to May 12, 2019	$0.20	$2,500,000 Aggregate principal amount	12,500,000
SIDEX Debenture	March 16, 2019	$0.20	$50,000 principal Amount	200,000

Notes:

1. Does not include 379,200 Finder Unit Warrants.
2. Does not include 251,600 Finder Unit Warrants.
3. Does not include 75,200 Finder Unit Warrants.
4. Does not include 72,000 Finder Unit Warrants.

As of the date hereof, the Company has 45,786,774 Common Shares issued and outstanding. This means that a total of 4,578,677 options are currently available to be granted pursuant to the Stock Option Plan. As of the date of this Listing Statement, 3,170,000 options had been granted pursuant to the Stock Option Plan and 1,408,677 options were still available to be granted.

14.3. Convertible/Exchangeable Securities

There are no other listed securities reserved for issuance that are not included in Item 14.2.

15. Executive Compensation

See Schedule "**D**" attached hereto.

16. Indebtedness of Directors and Executive Officers

16.1. Aggregate Indebtedness

No existing or proposed director, executive officer or senior officer of the Company or any associate of any of them, was indebted to the Company as at the financial year ended January 31, 2017, or is currently indebted to the Company.

16.2. Indebtedness under Securities Purchase and Other Programs

Not applicable.

17. Risk Factors

There are numerous and varied risks, known and unknown, that may prevent the Company from achieving its goals. If any of these risks actually occur, the Company's business, financial condition or results of operation may be materially adversely affected. In such case, the trading price of the Common Shares could decline and investors could lose all or part of their investment. The following is a summary of certain risks that could be applicable to the business of the Company:

Operational Risks

The Company will be affected by a number of operational risks and the Company may not be adequately insured for certain risks, including but not limited to: labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company’s properties, cultivation facilities, personal injury or death, environmental damage, adverse impacts on the Company’s operation, 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, the Company may be subject to or affected by liability or sustain loss for certain risks and hazards against which the Company cannot insure or which the Company 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.

Marijuana remains illegal under US Federal law

Marijuana is a schedule-I controlled substance under the U.S. Controlled Substance Act (the "**CSA**"), the CSA, is illegal under U.S. federal law and the approach to enforcement of U.S. federal laws against marijuana is subject to change. Even in those states in which the use of marijuana has been legalized, its use remains a violation of U.S. federal law. Since U.S. federal law criminalizing the use of marijuana pre-empts state laws that legalize its use, strict enforcement of federal law regarding marijuana would likely result in the Company’s inability to proceed with its business plan.

The Company engages in marijuana-related activities in the U.S. and thus assumes certain risks due to conflicting state and federal laws. While some states have authorized the use and sale of marijuana, it remains illegal under federal law. The federal law relating to marijuana could be enforced at any time, and this would put the Company at risk of being prosecuted and having its assets seized.

29 U.S. states plus the district of Columbia have enacted at least one law that permits the manufacturing, distribution, dispensing or possession of cannabis or concentrates. Many other states are considering similar legislation. Conversely, under the CSA, the policies and regulations of the 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 prohibited. Unless and until Congress amends the CSA with respect to medical marijuana, as to the timing or scope of any such potential amendments there can be no assurance, there is a risk that federal authorities may enforce current federal law, and the Company may be deemed to be producing, cultivating or dispensing marijuana in violation of federal law with respect to the Company's current or proposed business operations. Active enforcement of the current federal regulatory position on cannabis may thus indirectly and adversely affect the Company’s future cash flows, earnings, results of operations and financial condition. The risk of strict enforcement of the CSA in light of Congressional activity, judicial holdings and stated federal policy remains uncertain. On January 4, 2018, U.S. Attorney General Jeff Sessions rescinded the Cole Memo by issuing a memorandum which effectively placed discretion in the hands of federal prosecutors in the U.S. to decide, individually, how to prioritize resources directed towards enforcing U.S. federal law regarding the procession, distribution and production of cannabis in states where such activities are legal under state law.

Variation in State Regulations

Individual state laws do not always conform to the federal standard or to other states’ laws. A number of states have decriminalized marijuana to varying degrees, other states have created exemptions specifically for medical cannabis, and several have both decriminalization and medical laws. The use of both recreational and medicinal marijuana has been legalized in the states of Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon, and Washington. The District of Columbia has fully legalized recreational and medical marijuana, but recreational commercial sale is currently blocked by Congress. Variations exist among states that have legalized, decriminalized or created medical marijuana exemptions. For example, Alaska and Colorado have limits on the number of marijuana plants that can be home grown. In most states, the cultivation of marijuana for personal use continues to be prohibited except for those states that allow small-scale cultivation by the individual in possession of medical marijuana needing care or that person’s caregiver. Active enforcement of state laws that prohibit personal cultivation of marijuana may indirectly and adversely affect the Company’s future cash flows, earnings, results of operations and financial condition.

Change of Cannabis laws

Local, state and U.S. federal medical marijuana laws and regulations are broad in scope and subject to evolving interpretations, which could require the Company to incur substantial costs associated with compliance or alter certain aspects of its business plan. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Company's business plan and result in a material adverse effect on certain aspects of its planned operations. In addition, it is possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the Company's businesses. The Company cannot predict the nature of any future laws, regulations, interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on the Company's business. The legislative and regulatory environment across North America, is dynamic and reflects the uncertainty and search for novel solutions in the highly-regulated cannabis industry. There can also be no assurance that local governments, such as counties within Washington State or Oregon, could take regulatory action which may negatively affect the Company's cannabis business. Management expects that the legislative and regulatory environment in the cannabis industry will continue to be dynamic and will require innovative solutions to try to comply with this changing legal landscape in this nascent industry, for the foreseeable future.

Security Risks

The business premises of the Company or its partners who are Licensed Operators is a target for theft. While the Company has implemented security measures and continues to monitor and improve its security measures, its cultivation facilities could be subject to break-ins, robberies and other breaches in security. If there was a breach in security and the Company fell victim to a robbery or theft, the loss of cannabis plants, cannabis flowers and cultivation equipment could have a material adverse impact on the business, financial condition and results of operation of the Company.

As the Company's business may in the future involve the movement and transfer of cash which is collected from dispensaries and used to purchase raw materials or deposited into its bank, there is a risk of theft or robbery during the transport of cash. While the Company plans to take robust steps to prevent theft or robbery of cash during transport, there can be no assurance that there will not be a security breach during the transport and the movement of cash involving the theft of product or cash.

Operational Permits and Authorizations.

Although the Company has applied for various recreational marijuana licenses, it may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate its medical marijuana and recreational business. In addition, it may not be able to comply fully with the wide variety of laws and regulations applicable to the medical and recreational marijuana industry. Failure to comply with or to obtain the necessary licenses, permits, authorizations or accreditations could result in restrictions on the Company's ability to operate the medical and recreational marijuana business, which could have a material adverse effect on the Company's business.

The Licensed Operators to whom the Company provides equipment leasing, intellectual property licensing and consulting services require licenses issued by regulatory bodies in order to operate. If any on the Licensed Operators to whom the Company provides services were to lose their licenses, it would have an adverse effect on the Company.

Liability, Enforcement Complaints etc.

The Company's participation in the medical and recreational marijuana industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or local governmental authorities against the Company or its subsidiaries. Litigation, complaints, and enforcement actions involving Company or its subsidiaries 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.

Banking

Since the use of marijuana is illegal under U.S. federal law, there is a strong argument that banks cannot accept deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty finding a bank willing to accept their business. The inability to open bank accounts may make it difficult to operate the Company's medical and recreational marijuana business.

The Company's Limited Operating History Makes Evaluating Its Business and Prospects Difficult

The Company has a limited operating history on which to base an evaluation of its business, financial performance and prospects. As such, the Company's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development. As the Company is in an early stage and is introducing new products, the Company's revenues may be materially affected by the decisions, including timing decisions, of a relatively consolidated customer base. The Company has had limited experience in addressing the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving industries such as the medical and recreational marijuana industries. There can be no assurance that the Company will be successful in addressing these risks, and the failure to do so in any one area could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

The Company May be Exposed to Infringement or Misappropriation Claims by Third Parties, Which, if Determined Adversely to the Company, Could Subject the Company to Significant Liabilities and Other Costs

The Company's success may likely depend on its ability to use and develop new extraction technologies, know-how and new strains of marijuana without infringing the intellectual property rights of third parties. The Company cannot assure that third parties will not assert intellectual property claims against it. The Company is subject to additional risks if entities licensing to it intellectual property do not have adequate rights in any such licensed materials. If third parties assert copyright or patent infringement or violation of other intellectual property rights against the Company, it will be required to defend itself in litigation or administrative proceedings, which can be both costly and time consuming and may significantly divert the efforts and resources of management personnel. An adverse determination in any such litigation or proceedings to which the Company may become a party could subject it to significant liability to third parties, require it to seek licenses from third parties, to pay ongoing royalties or subject the Company to injunctions prohibiting the use of the Company's technologies in certain markets.

The Company May Need to Incur Significant Expenses to Enforce its Proprietary Rights, and if the Company is Unable to Protect Such Rights, its Competitive Position Could be Harmed

The Company regards proprietary methods and processes, domain names, trade names, trade secrets, recipes and other intellectual property as critical to its success. The Company's ability to protect its proprietary rights is critical for the success of its business and its overall financial performance. However, the Company cannot assure that such measures will be sufficient to protect its proprietary information and intellectual property. Policing unauthorized use of proprietary information and intellectual property is difficult and expensive. Any steps the Company has taken to prevent the misappropriation of its proprietary technology may be inadequate. The validity, enforceability and scope of protection of intellectual property in the medical marijuana industry is uncertain and still evolving. In particular, the laws and enforcement procedures in some developing countries are uncertain and may not protect intellectual property rights in this area to the same extent as do the laws and enforcement procedures in Canada, the United States and other developed countries.

Trade Secrets

The Company's trade secrets may be difficult to protect. The Company's success depends upon the skills, knowledge, and experience of the Company's scientific and technical personnel, the Company's consultants and advisors, as well as the Company's licensors and contractors. Because the Company operates in a highly competitive industry, it relies in part on trade secrets to protect the Company's proprietary technology and processes. However, trade secrets are difficult to protect. The Company has entered into confidentiality or non-disclosure agreements with the Company's corporate partners, employees, consultants, outside scientific collaborators, developers, and other advisors. These agreements generally require that the receiving party keep confidential and not disclose to third parties confidential information developed by the receiving party or made known to the receiving party during the course of the receiving party's relationship with the Company. These agreements also generally provide that inventions conceived by the receiving party during the Company rendering services to us will be the Company's exclusive property, and we enter into assignment agreements to perfect the Company's rights. These confidentiality, inventions, and assignment agreements may be breached and may not effectively assign intellectual property rights to the Company. The Company's trade secrets also could be independently discovered by competitors, in which case we would not be able to prevent the use of such trade secrets by the Company's competitors. The enforcement of a claim alleging that a party illegally obtained and was using the Company's trade secrets could be difficult, expensive, and time consuming and the outcome would be unpredictable. The failure to obtain or maintain meaningful trade secret protection could adversely affect the Company's competitive position.

The Company is Dependent Upon its Existing Management, its Key Research and Development Personnel and its Growing and Extraction personnel, and its Business May be Severely Disrupted if it Loses Their Services.

The Company's future success depends substantially on the continued services of its executive officers and its key cultivation personnel. If one or more of its executive officers or key personnel were unable or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. In addition, if any of its executive officers or key employees joins a competitor or forms a competing company, the Company may lose know-how, key professionals and staff members. These executive officers and key employees could compete with and take customers away from 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 medical and recreational marijuana research and development, growing marijuana, data collection and analytics is 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.

Potential for Conflict of Interest

Certain directors of the Company also serve as directors and/or officers of other companies involved in other business ventures. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving Nutritional High will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Inability to Innovate and Find Efficiencies

If the Company is unable to continually innovate and increase efficiencies, its ability to attract new customers, clients or strategic partners may be adversely affected. In the area of innovation, the Company must be able to develop new technologies and products that appeal to its customers. This depends, in part, on the technological and creative skills of the Company's personnel and on its ability to protect its intellectual property rights. The Company may not be successful in the development, introduction, marketing, and sourcing of new technologies or innovations, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

Competition

The Company faces intense competition and many of its competitors have greater resources that may enable them to compete more effectively. The industries in which the Company operates in general are subject to intense and increasing competition. Some of the Company's competitors may have greater capital resources, facilities, and diversity of product lines, which may enable them to compete more effectively in this market. The Company's competitors may devote their resources to developing and marketing products that will directly compete with its product lines. Due to this competition, there is no assurance that the Company will not encounter difficulties in obtaining revenues and market share or in the positioning of its products. There are no assurances that competition in the Company's respective industries will not lead to reduced prices for its products. If the Company is unable to successfully compete with existing companies and new entrants to the market this will have a negative impact on its business and financial condition.

Although the Company believes it has positioned itself to become a leader in cannabis cultivation industry, there can be no assurance that the Company will become or remain an industry leader. There can be no assurance that significant competition will not enter the marketplace and offer some number of comparable products and services or take a similar approach. Such competition could have a significant adverse effect on the growth potential of the Company's business by effectively dividing the existing market for its products.

A drop in the retail price of Marijuana Products may negatively impact the Business.

Fluctuations in economic and market conditions that impact the prices of commercially grown marijuana, such as increases in the supply of marijuana and decreases in demand for marijuana, could have a negative impact on the Company's business.

Consumer Acceptance of Marijuana

The Company is dependent on the popularity of consumer acceptance of its product lines. The Company's ability to generate revenue and be successful in the implementation of the Company's business plan is dependent on consumer acceptance of its product lines. Acceptance of the Company's products will depend on several factors, including availability, cost, ease of use, familiarity of use, convenience, effectiveness, safety, and reliability. If these customers do not accept the Company's products, or if the Company fails to meet its customers' needs and expectations adequately, its ability to continue generating revenues could be reduced.

The Company is substantially dependent on continued market acceptance and proliferation of consumers of cannabis, medical marijuana and recreational marijuana. The Company believes that as marijuana becomes more accepted the stigma associated with marijuana use will diminish and as a result consumer demand will continue to grow. While the Company believes that the market and opportunity in the marijuana space continues to grow, it cannot predict the future growth rate and size of the market. Any negative outlook on the marijuana industry will adversely affect the Company's business operations.

Potential Future Acquisitions and/or Strategic Alliances May Fail to Materialize and May Have an Adverse Effect on the Company's Ability to Manage its Business

As part of the Company's overall business strategy, the Company may pursues select strategic acquisition to acquire technologies, businesses or assets that are complementary to its business and/or enter into strategic alliances in order to leverage its position in the medical and recreational cannabis markets. These would include but not be limited to acquisitions to provide additional product offerings, vertical integrations, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. The supply of attractive acquisition and/or strategic alliance targets may be limited and therefore the Company's growth prospects could suffer as a result. Future acquisitions may expose the Company to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Company's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. Any difficulties encountered in the acquisition and strategic alliance process may have an adverse effect on the Company's ability to manage its business. In addition, any proposed acquisitions may be subject to regulatory approval.

Management of Growth

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

General Economic Trends

The worldwide economic slowdown and tightening of credit in the financial markets may impact the business of the Company's customers, which could have an adverse effect on the Company's business, financial condition, or results of operations. Adverse changes in general economic or political conditions in the United States or any of the states within the United States and especially the States of Washington or Oregon could adversely affect the Company's business, financial condition, or results of operations.

Tax Risk

The provisions of Internal Revenue Code section 280E are being applied by the Internal Revenue Service ("**IRS"**) to businesses operating in the medical and recreational marijuana industry. Section 280E provides:

No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted.

Even though several states have medical and recreational marijuana laws, the IRS is applying section 280E to deny business deductions to businesses involved with medical and recreational marijuana. Businesses operating legally under state law argue that section 280E should not be applied because Congress did not intend the law to apply to businesses that are legal under state law. The IRS asserts that it was the intent of Congress to apply the provision to anyone "trafficking" in a controlled substance, as defined under federal law (as stated in the text of the statute). Thus, section 280E is at the center of the conflict between federal and state laws with respect to medical and recreational cannabis which applies to the business conducted by the Company.

Currency Fluctuations

Due to the Company's present operations in the United States, and its intention to continue future operations outside Canada, the Company is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. All or substantially all of the Company's revenue will be earned in U.S. dollars, but a portion of its operating expenses are incurred in Canadian dollars. The Company does not have currency hedging arrangements in place and there is no expectation that the Company will put any currency hedging arrangements in place in the future. 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.

Resale of Shares

There can be no assurance that the publicly-traded stock price of the Company will be high enough to create a positive return for investors. Further, there can be no assurance that the stock of the Company will be sufficiently liquid so as to permit investors to sell their position in the Company without adversely affecting the stock price. In such event, the probability of resale of the Company's shares would be diminished.

As well, the continued operation of the Company will be dependent upon its ability to procure additional financing in the short term and to generate operating revenues in the longer term. There can be no assurance

that any such financing can be obtained or that revenues can be generated. If the Company is unable to obtain such additional financing or generate such revenues, investors may be unable to sell their shares in the Company and any investment in the Company may be lost.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the shares of the Company will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Company's shares will be affected by such volatility.

Need for Funds

In the short term, the continued operation of the Company may be dependent upon its ability to procure additional financing. The Company must obtain such financing through a combination of equity and debt financing and there can be no assurance that the Company can raise the required capital it needs to build and expand its current grow and extraction facilities, nor that the capital markets will fund the business of the Company. Without this additional financing, the Company may be unable to achieve positive cash flow and earnings as quickly as anticipated or to meet its obligations as they become due. There can be no certainty that the Company can obtain these funds, in which case any investment in the Company may be lost. The raising of equity funding would also result in dilution of the equity of the Company's Shareholders.

Given the illegality of marijuana under U.S. federal law, the Company's ability to access both public and private capital may be hindered by the fact that certain financial institutions are regulated by the U.S. Federal Government and are thus prohibited from providing financing to companies engaged in marijuana related activities. The Company's ability to access public capital markets in the U.S. is directly hindered as a result, however the Company is able to access public and private capital markets in Canada in order to support continuing operations.

Dividends

The Company has not paid dividends to shareholders in the past and does not anticipate paying dividends in the foreseeable future. The Company expects to retain its earnings to finance growth, and where appropriate, to pay down debt.

18. Promoters

18.1.Promoters

The following table below sets out the Common Shares owned by persons who can be considered Promoters:

Person or Company Name	Number of Common Shares	% of total issued and outstanding Common Shares
Robert Schwartz	1,140,000	2.49%
David Posner	1,140,000	2.49%
FMI Capital Advisory Inc.	949,010	2.07%
Total:	**3,229,010**	**7.05%**

Foundation Financial Holdings Corp. ("**FFHC**") owns 100% of FMICAI and FMI. Adam Szweras, who is Chairman of FFHC, holds an indirect 100% interest in FFHC through The Goomie Trust, a family trust for the benefit of his minor children.

On May 30, 2017, FMICAI entered into a consulting agreement with the Company, to provide the services of corporate finance advisory services (the "**Corporate Finance Agreement**") to the Company effective February 1, 2017. Under the terms of the Corporate Finance Agreement, the Company shall pay FMICAI a monthly fee of $12,000 of which $6,000 plus applicable taxes thereon is due on the first day of each calendar month, and $6,000 plus applicable taxes thereon accrues until the closing date of the Equity Financing. The Company shall also pay FMICAI an additional fee of $30,000 plus applicable taxes upon the Company receiving the conditional approval for Listing from the CSE.

On January 1, 2018, FMICAI and the Company amended and restated the Corporate Finance Agreement to indicate that in consideration for the services provided by FMICAI to the Company, the Company will compensate FMICAI with an additional number of Common Shares in the capital of the Company, equivalent to $80,000 issued to FMICAI upon CSE listing at $0.25 per share. Also, the consulting fees and additional fees to FMICAI will be payable on completion of the CSE Listing.

On July 7, 2017, FMI entered into a consulting agreement with the Company, to act as an exclusive financial advisor to the Company in connection with the sale, spin-out, joint venture, investment by a strategic investor or a business combination of the Company ("**M&A Agreement**"). Under the terms of the M&A Agreement, the Company shall pay FMI an advisory fee equal to 4% (plus applicable taxes thereon), if any, payable in cash or Common Shares of the Company of any transaction value of any acquisition, divestiture, spin-off, sale or merger, or joint-venture that is introduced by FMI or FMI's representatives.

Robert Schwartz has been a serial entrepreneur for over 15 years. His expertise lies in manufacturing, global distribution, and corporate restructuring. For over 15 years, Mr. Schwartz has been a leader in the import/export industry. He has direct ties with aftermarket automotive manufacturers and SOEs in China, distributing quality product throughout Canada, United States and Mexico. His background includes jobs at one of the top five banks in Canada and also financing micro-cap companies in the venture capital space. Robert currently serves as a director at Aura Health Corp. Mr. Schwartz holds a Bachelor of Arts degree from York University in Economics.

Mr. David Posner currently serves as the Chairman of the board of directors of Nutritional High International Inc., Capricorn Business Acquisitions Inc. and a director of Aura Health Corp. (a private company involved in the development and acquisition of marijuana health clinics in the US). Between 2012 and 2014, Mr. Posner served as the Acquisitions Manager for Stonegate Properties Inc., where he managed real estate properties and brokered deals in Canada and Oklahoma. He was a Managing Director of Sales and Acquisitions for Maria Chiquita Development Company from 2005 to 2012. From 2004 to 2007 he was a partner in a private investment group investment group involved in the acquisition, re-zoning and re-positioning for sale of land holdings in Costa Rica and Panama. Mr. Posner holds a Bachelor of Arts degree from York University.

18.2. Corporate Cease Trade Orders or Bankruptcies

Please see Item 13.6.

19. Legal Proceedings

The Company is not a party to any legal proceedings or regulatory actions and is not aware of any such proceedings or actions known to be contemplated.

20. Interest of Management and Others in Material Transactions

No director, executive officer or promoter of the Company or any person or company that is the director or indirect beneficial owners of, or who exercises control or direction over, more than 10 percent of any class of the Company's outstanding voting securities, or an associate or affiliate of any persons or companies referred to in this paragraph, has any material interest, direct or indirect, in any proposed transaction, that has materially affected or will materially affect the Company or a subsidiary of the Company within the two years preceding the date of this Listing Statement other than as disclosed in the financial statements and MD&A of the Company, which are attached to this Listing Statement.

21. Auditors, Transfer Agents and Registrars

21.1. Auditors

UHY McGovern Hurley LLP
251 Consumers Rd Suite 800
North York, ON M2J4R3

21.2. Transfer Agent and Registrar

AST Trust Company (Canada)
1 Toronto Street, Suite 1200
Toronto, ON M5C 2V6

22. Material Contracts

Except for contracts made in the ordinary course of business, the following are the material contracts entered into by the Company within two years prior to the date hereof and which are currently in effect:

(a) Restated Nutritional High LOI dated February 1, 2018, amending and restating the Nutritional High LOI dated February 22, 2017 as amended on June 29, 2017. Please see *Item 3.1 – General Business – Recent Events – Proposed Transactions with Nutritional High* and *Second Amendment and Restatement of Nutritional High LOI* for details of the Letter of Intent.

(b) Mt. Baker Definitive Agreements dated January 31, 2018. Please see *Item 3.1 – General Business – Entering into Mt. Baker Definitive Agreements* for details of these agreements.

(c) The Put Agreement. Please see *Item 3.1 – General Business – Put Agreement* for details of this agreement.

(d) Drutz Agreement. Please see *Schedule "D" – Form 51-102F6 Executive Compensation Form – Termination and Change of Control Benefits and Management Contracts* for details of the Drutz Agreement.

(e) Branson Agreement. Please see *Schedule "D" – Form 51-102F6 Executive Compensation Form – Termination and Change of Control Benefits and Management Contracts* for details of the Branson Agreement.

(f) Regulatory Escrow Agreement with CST Trust Company and certain shareholders. Please see *Item 11.1 - Escrowed Securities* for details.

(g) The certificates representing the Debentures, as amended. Please see *Item 3.1 – General Business – Convertible Debenture Financing* for details of this agreement.

(h) The certificate representing the SIDEX Debenture, as amended. Please see *Item 3.1 – General Business – Fiscal Year ended January 31, 2017* and *Recent Developments - SIDEX Debenture Extension* for details of this agreement.

(i) Restated Escrow Agreement dated February 1, 2018 between the Company, KW and the Escrow Agent. Please see *Item 3.1 - General Development of the Business – Recent Events - Escrow Amendment* for details of the Escrow Amendment Agreement.

(j) Agency Agreement dated May 12, 2017 between the Company and FMI with respect to the CD Offering.

(k) Corporate Finance Agreement dated January 1, 2018 between the Company and FMICAI. Please see *Item 18.1- Promoters* for details of the Corporate Finance Agreement.

(l) Finder's Fee Agreement with respect to the Equity Offering. Please see *Item 3.1 – General Business – Recent Developments – Equity Offering* for details of this agreement.

(m) M&A Advisory Agreement between the Company and Foundation Markets Inc. Please see *Item 18.1 – Promoters* for details of this agreement.

23. Industry Experts

Certain legal matters relating to preparing the Proposed NH Transactions and the distribution of the Units were passed upon by Fogler, Rubinoff LLP on behalf of the Company. To the Company's knowledge, as of the date hereof, with the exception of Adam Szweras (as disclosed herein), the partners and associates of Fogler, Rubinoff LLP as a group, do not beneficially own, directly or indirectly, any of the outstanding Common Shares.

UHY McGovern Hurley LLP is the current auditor of the Company. As of the date hereof, the partners, employees or consultants of UHY McGovern Hurley LLP, as a group, own, directly or indirectly, less than 1% of the outstanding Common Shares. In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

RSM Canada LLP (formerly Collins Barrow Toronto LLP) was the auditor of the Company until March 28, 2017. As of the date hereof, the partners, employees or consultants of RSM Canada LLP (formerly

Collins Barrow Toronto LLP), as a group, own, directly or indirectly, less than 1% of the outstanding Common Shares. In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

24. Other Material Facts

There are no other material facts that are not elsewhere disclosed herein and which are necessary in order for this document to contain full, true and plain disclosure of all material facts relating to the Company.

25. Financial Statements

The following financial statements are included in this Listing Statement:

(i) Schedule "A" - Annual audited consolidated financial statements of the Company including the auditor's report from UHY McGovern Hurley LLP, for the financial year ended January 31, 2017 and RSM Canada LLP (formerly Collins Barrow Toronto LLP) for the financial year ended Jan 31, 2016;

(ii) Schedule "C" – Unaudited restated condensed interim consolidated financial statements for the three and nine months ended October 31, 2017 and 2016.

SCHEDULE "A"

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2017 AND 2016

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Lakeside Minerals Inc., are the responsibility of the management and Board of Directors of the Company.

The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

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

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"David Drutz"
David Drutz
Chief Executive Officer

"Amy Stephenson"
Amy Stephenson
Chief Financial Officer

UHY McGovern Hurley LLP
Chartered Professional Accountants

251 Consumers Road, Suite 800
Toronto, Ontario
M2J 4R3
Canada

Tel 416-496-1234
Fax 416-496-0125
Email info@uhymh.com
Web www.uhymh.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Lakeside Minerals Inc.

We have audited the accompanying consolidated financial statements of Lakeside Minerals Inc. and its subsidiaries, which comprise the consolidated statement of financial position as at January 31, 2017 and the consolidated statement of loss and comprehensive loss, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lakeside Minerals Inc. and its subsidiaries as at January 31, 2017 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

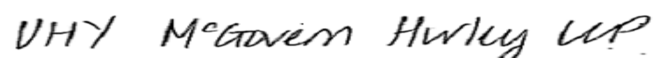
Other Matters

The consolidated financial statements of Lakeside Minerals Inc. for the year ended January 31, 2016, were audited by another auditor who expressed an unmodified opinion on those statements on May 30, 2016.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that Lakeside Minerals Inc. had continuing losses during the year ended January 31, 2017, limited working capital and a cumulative deficit as at January 31, 2017. These conditions along with other matters set forth in Note 1 indicate the existence of material uncertainties which cast significant doubt about the ability of Lakeside Minerals Inc. to continue as a going concern.

UHY McGovern Hurley LLP



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
May 24, 2017

LAKESIDE MINERALS INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	**January 31, 2017**	January 31, 2016
Assets		$	$
Current			
Cash		**606,695**	1,261
HST receivable and other receivables	7	**14,806**	27,640
Prepaid expenses		**833**	-
Total assets		**622,334**	28,901
Liabilities			
Current			
Accounts payable and accrued liabilities	8	**113,190**	446,682
Convertible debentures	12	**52,316**	39,196
Total liabilities		**165,506**	485,878
Shareholders' Equity (Deficiency)			
Share capital	9	**4,838,430**	3,720,304
Conversion component of convertible debentures	12	**8,824**	6,002
Reserve for warrants	10	**907,414**	712,901
Reserve for options	11	**31,175**	160,374
Accumulated deficit		**(5,329,018)**	(5,056,558)
Total shareholder's equity (deficiency)		**456,828**	(456,977)
Total liabilities and shareholder's equity (deficiency)		**622,334**	28,901

Nature of operations and going concern 1
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APPROVED ON BEHALF OF THE BOARD

"David Drutz" (CEO) **"Hamish Sutherland"** (Director)

[The accompanying notes are an integral part of these consolidated financial statements.]

LAKESIDE MINERALS INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Years ended January 31,	
		2017	2016
	Notes	**$**	$
Expenses			
Management, consulting fees and salaries	13	**87,804**	125,350
Professional fees		**31,170**	39,687
Share based payments		**31,175**	-
Office and general		**52,564**	58,229
Exploration and evaluation expenditures	6	**53,858**	4,608
Total expenses		**(256,571)**	(227,874)
Other income (expense)			
Interest income and other income		**53**	-
Gain on settlement of debt	12	**-**	4,800
Net gain on extension of convertible debenture		**6,007**	-
Finance cost	12	**(21,949)**	(19,555)
		(15,889)	(14,755)
Loss before income taxes		**(272,460)**	(242,629)
Deferred income tax recovery	15	**-**	-
Net loss and comprehensive loss		**(272,460)**	(242,629)
Weighted Average shares outstanding – basic and diluted	9	**10,537,500**	8,233,418
Loss per share – basic and diluted	9	**(0.026)**	(0.029)

[The accompanying notes are an integral part of these consolidated financial statements.]

LAKESIDE MINERALS INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Notes	**Years ended January 31, 2017**	2016
		$	$
Operating Activities			
Net loss for the year		**(272,460)**	(242,629)
Items not affecting cash:			
Shares issued for debenture interest		**-**	6,000
Accrued interest on convertible debenture		**6,033**	-
Stock-based compensation		**31,175**	-
Gain on settlement of debt		**-**	(4,800)
Gain on extension of convertible debenture		**(6,007)**	-
Accretion expense		**15,916**	13,555
		(225,343)	(227,874)
Change in non-cash working capital items:			
HST receivable and other receivables		**12,834**	(3,145)
Accounts payable and accrued liabilities		**(253,651)**	177,213
Prepaid expenses		**(833)**	1,250
Net change in non-cash working capital items		**(241,650)**	175,318
Cash flows (used in) operating activities		**(466,993)**	(52,556)
Financing Activities			
Private placements		**1,100,000**	-
Share issuance cost		**(27,842)**	(1,030)
Exercise of warrants		**269**	**-**
Cash flows from financing activities		**1,072,427**	(1,030)
Increase (decrease) in cash		**605,434**	(53,586)
Cash, beginning of year		**1,261**	54,847
Cash, end of year		**606,695**	1,261

[The accompanying notes are an integral part of these consolidated financial statements.]

LAKESIDE MINERALS INC.

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

		Share Capital		Reserves				
	Note	**Number of Shares**	**Amount**	**Share based payments**	**Conversion Component of convertible debentures**	**Warrants**	**Accumulated Deficit**	**Total**
Balance at January 31, 2015		8,208,405	3,717,179	163,329	6,002	712,901	(4,813,929)	(214,518)
Issued for non-cash consideration:								
Issued for debenture interest	9	40,000	1,200	-	-	-	-	1,200
Share issuance costs	9	-	(1,030)	-	-	-	-	(1,030)
Stock options expired and unexercised	11	-	2,955	(2,955)	-	-	-	-
Net loss for the year		-	-	-	-	-	(242,629)	(242,629)
Balance at January 31, 2016		**8,248,405**	**3,720,304**	**160,374**	**6,002**	**712,901**	**- (5,056,558)**	**(456,977)**
Issued for cash consideration:								
Private placement	9	22,000,000	1,100,000	-	-	-	-	1,100,000
Warrants issued on private placement	10	-	(220,000)	-	-	220,000	-	-
Share issuance costs	9	-	(21,655)	-	-	(6,187)	-	(27,842)
Issued for non-cash consideration:								
Issued for settlement of debt	9	1,596,818	79,841	-	-	(15,968)	-	63,873
Warrants issued for debt settlements	9	-	-	-	-	15,968	-	15,968
Equity component of convertible debentures		-	-	-	2,822	-	-	2,822
Warrants exercised	10	895	273	-	-	(4)	-	269
Warrants expired		-	19,293	-	-	(19,293)	-	-
Stock options exercised	10	-	-	31,175	-	-	-	31,175
Stock options expired	10	-	106,374	(160,374)	-	-	-	-
Net loss for the year		-	-	-	-	-	(272,460)	(272,460)
Balance at January 31, 2017		**31,846,118**	**4,838,430**	**31,175**	**8,824**	**907,417**	**(5,329,018)**	**456,828**

[The accompanying notes are an integral part of these consolidated financial statements.]

1. NATURE OF OPERATIONS AND GOING CONCERN

Lakeside Minerals Inc. and its subsidiaries (the "Company") are engaged in the acquisition, exploration and development of mineral resource properties in Canada. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The address of the Company's registered office is 77 King Street West, Suite 2905, Toronto, Ontario M5K 1H1.

The Company is in the process of exploring, and has not yet determined whether there are economically viable reserves on the properties it owns or has optioned. As such, there is uncertainty with respect to the Company's ability to continue as a going concern, dependent upon such events as financing, discovery of reserves, and market demand conditions.

As is common with exploration companies, the Company is dependent upon obtaining necessary equity financing from time to time to finance its on-going and planned exploration activities and to cover administrative costs.

At January 31, 2017, the Company had a working capital of $456,828 (January 31, 2016 – working capital deficiency of $456,977) has not yet achieved profitable operations, has accumulated losses of $5,329,018 (January 31, 2016 – $5,056,558), convertible debenture due within 12 months and expects to incur further losses in the development of its business including joint-venture commitments to build cannabis cultivation facilities in Nevada and Colorado, all of which indicate the existence of material uncertainties which cast significant doubt upon the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due (Note 17). These consolidated financial statements do not reflect the adjustments to carrying amounts of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption was deemed inappropriate. Such adjustments could be material.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and noncompliance with regulatory, social and environmental requirements.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

The Company's consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended January 31, 2017.

These consolidated financial statements were authorized by the Board of Directors of the Company on May 24, 2017.

2.2 Basis of presentation

These consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries' functional currency. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3

2.3 Adoption of new and revised standards and interpretations

Accounting changes
During 2017, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company's financial statements.

2. BASIS OF PRESENTATION (continued)

2.3 Adoption of new and revised standards and interpretations (continued)

New standards and interpretations

At the date of authorization of these financial statements, the IASB and IFRIC have issued certain new and revised standards and interpretations which are not yet effective. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below. The Company has not early adopted and is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

- IFRS 9 Financial Instruments was issued in final form in July 2014 by the IASB and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

- IFRS 16 Leases was issued in January 2016 and replaces IAS 17 Leases. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. If the lease was classified as a finance lease, a lease liability was included on the statement of financial position. IFRS 16 now requires lessees to recognize a right of use asset and lease liability reflecting future lease payments for virtually all lease contracts. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability accrues interest. The IASB has included an optional exemption for certain short term leases and leases of low value assets; however, this exemption can only be applied by lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and obtain substantially all the economic benefits from that use. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied.

- IAS 7 Statement of Cash Flows was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017.

- IAS 12 Income Taxes was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries; Lakeside Minerals Corp., 1183290 Alberta Inc., and Unite Capital Corp.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. The Company controls an entity when it is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All significant inter-company transactions and balances are eliminated on consolidation.

b) Mineral properties

Acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment (“PPE”).

c) Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which the options vest. The offset to the recorded cost is to share based payment reserve. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Consideration received on the exercise of stock options is recorded as share capital and the related share-based payment reserve is transferred to share capital. Upon expiry, the recorded value is transferred to share capital.

d) Compound instruments

The components of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the contractual agreement. At the date of issue, the fair value of the liability component is estimated using the market interest rate then in effect for a similar convertible instrument. This amount is recorded as a liability, at amortized cost, using the effective interest rate method until its expiry at the time of conversion or maturity of the instrument. The equity component is determined by deducting the amount of the liability component of the total fair value of the compound instrument. This amount is recognized in equity, net of income tax effects, and is not subsequently remeasured. Transaction costs related to the issuance of the convertible debenture are allocated to the liability and equity components in proportion to their initial carrying amounts. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the debenture using the effective interest method. Interest and accretion expense are recognized as a finance cost in the consolidated statement of loss. Upon expiry, the equity component is transferred to deficit.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax

Deferred taxation is recognized using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred taxation is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred taxation asset is realized or the deferred taxation liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

f) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes conversion, exercise or contingent issuance of options, warrants and securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. For the years ended January 31, 2017 and 2016, no potential shares are included in the computation as they are anti-dilutive. Basic and diluted loss per share are adjusted for the effects of consolidation (note 9).

g) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss (“FVTPL”). Financial assets classified as FVTPL are measured at fair value with realized gains and losses recognized through net income (loss). The Company’s cash is classified as loans and receivable. Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for when there is objective evidence of impairment. At January 31, 2017 and 2016, the Company has not classified any financial assets as FVTPL, available for sale or held to maturity. Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The Company's accounts payable and accrued liabilities and convertible debentures are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statements of loss. At January 31, 2017 and 2016, the Company has not classified any financial liabilities as FVTPL.

In accordance with IFRIC 19, when debt is extinguished with equity, the difference between the carrying amount of the debt extinguished and the fair value of the equity is recognized in the consolidated statement of loss.

i) Impairment of financial assets

The Company assesses at each financial reporting date whether a financial asset is impaired.

Assets carried at amortized cost
If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in net income or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in net income or loss.

j) Cash

Cash in the statement of financial position comprises cash at banks and funds held in trust with legal counsel which is available on demand.

k) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Flow-through shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investors. Proceeds received on the issuance of such shares have been credited to share capital less the premium paid for the sale of tax deductions. To the extent that the Company issues common shares to subscribers on a flow-through basis at a premium to the market value of non flow-through common shares, any such premium is recorded as a liability on the Company's statement of financial position at the time of subscription. This liability is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation, when renunciation occurs, associated with such flow-through share issuances, with the premium recognized as income. The Company takes the initial recognition exemption on deferred taxes as it relates to flow-through shares.

m) Share issuance costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

n) Share capital

In situations where the Company issues units, the value of units is bifurcated and the value of warrants is included as a separate reserve of the Company's equity. On expiry, the value of warrants is transferred to share capital.

o) Decommissioning, restoration and similar liabilities ("Asset retirement obligation" or "ARO")

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. As at January 31, 2017 and 2016, no provision for restoration was necessary.

p) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Significant accounting judgements and estimates

The preparation of these consolidated financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period.

On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to: recoverability of taxes receivable, valuation of deferred income tax amounts, determination of equity portion of convertible debentures, and the valuation of warrants and share-based payments. The most significant judgements relate to going concern assessment, recognition of deferred tax assets and liabilities, and the determination of the economic viability of a project.

4. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of share capital, reserves and accumulated deficit. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions by:

i. minimizing discretionary disbursements;
ii. reducing or eliminating exploration expenditures which are of limited strategic value;
iii. exploring alternate sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient potential and if it has adequate financial resources to do so.

As at January 31, 2017, the Company's capital consists of share capital, conversion component of convertible debentures, reserves for warrants, reserves for options and accumulated deficit in the amount of $456,828 (January 31, 2016 - $(456,977)).

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

There were no changes in the Company's approach to capital management during the years ended January 31, 2017 and 2016. The Company is not subject to externally imposed capital requirements.

5. RISK FACTORS

Fair value

The carrying amount of cash, other receivables, convertible debentures and accounts payables and accrued liabilities approximate fair value due to the relative short maturity of these financial instruments.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with a reputable Canadian chartered bank and in trust by the Company's legal counsel. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. See Note 1 for the Company's requirement for additional financing in order to conduct its planned work, to meet ongoing levels of corporate overhead, and to discharge its liabilities as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at January 31, 2017, the Company had a cash balance of $606,695 (January 31, 2016 - $1,261) and current liabilities of $165,506 (January 31, 2016 - $485,878).

6. EXPLORATION AND EVALUATION EXPENDITURES

The Company is engaged, in acquiring, exploring, and developing mineral properties in the jurisdiction of Quebec. At January 31, 2017, Lakeside holds one main property, Launay. The Launay property, for which the Company incurred exploration and evaluation expenditures of $53,858 during the year ended January 31, 2017 (2016 - $4,608).

Launay Property

- 21 claims are under option agreement to the Company to acquire a 100% interest, subject to property payment, work commitments and subject to a 2% NSR with buyback of 1% NSR for $1,000,000.
- 21 claims were purchased from Melkior Resources Inc. with Company shares. All are held 100% by Lakeside. 15 of these claims are subject to an underlying 2% NSR with buyback of 1% NSR for $1,000,000; the other 6 claims are subjected to a 1% NSR with total buyback for $500,000.
- 11 claims were purchased from Jack Stoch Geoconsultant Services Ltd. with Company shares and are subjected to a 2% Gross Metal Royalty ("GMR"). The Company has the option of first refusal to buy back a 1% GMR. All are 100% owned by the Company.
- 3 claims were purchased from 9219-8845 Québec Inc. (Canadian Mining House) with Company shares and are subjected to a 2% NSR with a buyback of 1% NSR for $1,000,000. All are held by Lakeside 100%.
- The remaining 13 claims were staked by Lakeside and are 100% owned by the Company.

7. HST RECEIVABLE AND OTHER RECEIVABLES

The Company's HST and other receivables arise from harmonized services tax ("HST"), and amounts due from government taxation authorities. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables, which are due in less than one year.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities, professional fees, amounts payable for financing activities and payroll liabilities.

The following is an aged analysis of the accounts payables and accrued liabilities:

		January 31, 2017		January 31, 2016
Less than 90 days	**$**	**79,549**	$	102,145
Greater than 90 days		**33,641**		344,537
Total accounts payable and accrued liabilities	**$**	**113,190**	$	446,682

9. SHARE CAPITAL

The share capital of the Company is as follows:

The Company is authorized to issue an unlimited number of common shares and preferred shares.

During the year ended January 31, 2017, the Company has the following share capital transactions:

a. On November 9, 2016, the Company completed the consolidation of its outstanding common shares on a ratio of 3 old shares for 1 new share. The number of shares, options, warrants, convertible instruments and per share amounts have been adjusted for the effects of the consolidation for the years ended January 31, 2017 and 2016.

b. On November 17, 2016, the Company closed its first tranche of a non-brokered private placement, consisting of 8,200,000 units at a price of $0.05 per unit to raise gross proceeds of $410,000. Each unit consists of one common share and one-half of one share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.10 per common share for a period of 12 months after the closing date.

c. On December 9, 2016, the Company closed its final tranche of the non-brokered private placement, consisting of 13,800,000 units at a price of $0.05 per unit to raise gross proceeds of $690,000 and together with the first tranche raised an aggregate of 22,000,000 units for total gross proceeds of $1,100,000. Each unit consists of one common share and one-half of one share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.10 per common share for a period of 12 months after the closing date.

d. On December 12, 2016, the Company entered into shares for debt agreements totaling $79,841. A total of 1,036,818 units, with an estimated fair value of $51,840 were issued to unrelated parties for settlement of debt, and 560,000 units with an estimated fair value of $28,000 were issued to a law firm, where a director of the Company is a partner, for outstanding fees. Each unit consists of one share and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire one common share of the Company at a price of $0.10 per share for a period of one year from the closing date.

9. SHARE CAPITAL (continued)

e. On December 12, 2016, the Company granted 3,170,000 options of which 1,960,000 were granted to current directors and officers. The options are exercisable into common shares of the Company at $0.10 per share for a period of five years from the date of issue.

During the year ended January 31, 2016, the Company has the following share capital transactions:

a. On March 16, 2015, the Company issued 19,835 common shares in exchange for payment of debenture interest of $2,975 resulting in a gain on settlement of debt of $2,380. Share issue costs included cash payments of $515.

b. On September 16, 2015, the Company issued 20,164 common shares in exchange for payment of debenture interest of $3,025 resulting in a gain on settlement of debt of $2,420. Share issue costs included cash payments of $515.

10. RESERVE FOR WARRANTS

Common share purchase warrant transactions for the years ended January 31, 2017 and 2016 are summarized as follows:

	No. of Warrants	Weight Average exercised price ($)
Balance, January 31, 2015 and 2016	**2,845,403**	**$0.45**
Issued	11,798,409	$0.10
Exercised	(298)	$0.30
Balance, January 31, 2017	**14,643,514**	**$0.17**

As at January 31, 2017, the Company had the following outstanding common share purchase warrants to purchase common shares of the Company:

Date of Expiry	No. of warrants (post consolidation)	Exercise Price ($)
June 23, 2017	623,300	0.30
June 25, 2017	1,399,655	0.30
September 16, 2017	333,333	0.21
November 16, 2017	4,100,000	0.10
December 9, 2017	6,900,000	0.10
December 12, 2017	798,409	0.10
March 26, 2018	488,811	1.20
	14,643,514	**0.17**

10. RESERVE FOR WARRANTS (continued)

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the fair value of the warrants issued during the year ended January 31, 2017. No warrants were issued during the year ended January 31, 2016.

	2017
No. of warrants	11,798,409
Share price	$0.04
Exercise price	$0.10
Expected life	1 year
Volatility[(i)]	246% - 261%
Risk-free interest rate	0.66% - 0.74%
Dividend yield	-
Fair value of warrants	**235,968**

(i) Expected volatility is based on historical volatility.

11. RESERVE FOR OPTIONS

The Company awards stock options to directors, management and employees of the Company. The compensation expense is recognized when options are issued if exercisable immediately; otherwise, expense is recognized over the vesting term. The Company established a stock option plan to provide additional incentive to its directors, officers, employees and consultants in their efforts on behalf of the Company in the conduct of its affairs. The stock option plan provides that the total number of shares which may be issued thereunder is limited to 10% of the aggregate number of shares outstanding.

On December 12, 2016, the Company granted a total of 3,170,000 options exercisable at $0.10 to directors, officers and consultants under the following terms:

1. 2,455,000 options were vested 1/6th immediately and 1/6th vested every six months, and expire on December 12, 2021.
2. 460,000 options were vested immediately and expire on December 12, 2021.
3. 85,000 options were vested immediately and expire on February 17, 2018.
4. 170,000 options were vested immediately and expire on December 12, 2017.

11. RESERVE FOR OPTIONS (continued)

During the years ended January 31, 2017 and 2016, stock options transactions of the Company can be summarized as follows:

	January 31, 2017		January 31, 2016	
	Weighted Average Exercise Price	**Number of Options**	Weighted Average Exercise Price	Number of Options
Outstanding - beginning of year	**$ 4.80**	**12,500**	$ 2.79	79,167
Transactions during the year:				
Granted	**$ 0.10**	**3,170,000**	-	-
Expired	**$ 4.80**	**(12,500)**	2.40	(66,667)
Outstanding	**$ 0.10**	**3,170,000**	4.80	12,500
Exercisable	**$ 0.10**	**1,124,167**	4.80	12,500

The Company did not grant any stock options during the year ended January 31, 2016. The grant date fair value of options granted during the year ended January 31, 2017 were estimated using the Black-Scholes option pricing model and the following weighted average assumptions:

	2017
No. of options	3,170,000
Share price	$0.04
Exercise price	$0.10
Expected life	1 - 5 years
Volatility (ii)	214% - 260%
Risk-free interest rate	0.74% - 0.96%
Dividend yield	-
Fair value of warrants	31,175

(i) Expected volatility is based on historical volatility.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Expected volatility is based on comparable companies. Changes in the subjective input assumptions can materially affect the fair value estimated, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

11. RESERVE FOR OPTIONS (continued)

As at January 31, 2017, the Company had the following outstanding and exercisable options:

Options Granted	Options Exercisable	Exercise Price	Weighted Average Remaining Contractual Life of Outstanding Options (Years)	Expiry Date
#	#	$		
2,455,000	409,167	0.10	4.87	12-Dec-21
460,000	460,000	0.10	4.87	12-Dec-21
85,000	85,000	0.10	1.05	17-Feb-18
170,000	170,000	0.10	0.86	12-Dec-17
3,170,000	1,124,167	0.10	4.55	

As at January 31, 2017, the Company has 14,612 (January 31, 2016 – 812,340) options available for issuance under the plan.

12. CONVERTIBLE DEBENTURES

On September 16, 2014, the Company closed a non-brokered private placement of an unsecured convertible debenture under SIDEX's program "Field Action 2014" for total gross proceeds of $50,000. The debentures mature 2 years from the closing date. As an incentive for purchasing debentures, the Company issued 333,333 warrants on closing. Each warrant is exercisable into shares at a price of $0.15 per share for the first year and $0.30 per share in the second year from the closing date and had a value of $19,293. These warrants expired on September 16, 2016.

On September 16, 2016, the Company extended the terms and the maturity date of the debenture until September 17, 2017. These debentures were issued at face value and are convertible, at the option of the holder, at any time prior to the maturity date, into common shares of the Company at a conversion price equal to $0.30 per share from September 17, 2016 until September 16, 2017. The rate of interest on the debentures is 12% per annum, to be accrued until and payable on the maturity date.

The debentures are classified as a liability, with the exception of the portion relating to the conversion feature, resulting in the carrying value of the debentures being less than face value. The discount is being accreted over the term of the debentures utilizing the effective interest rate method at a 36% discount rate.

12. CONVERTIBLE DEBENTURES (continued)

The following table reflects the continuity of convertible debentures:

Balance, January 31, 2015	**$**	**25,641**
Interest expense		6,000
Accretion expense		13,555
Shares issued as interest payment		(1,200)
Gain on settlement of debt		(4,800)
Balance, January 31, 2016	**$**	**39,196**
Change in value of convertible debenture on extension		(8,829)
Gain on settlement of convertible debenture		6,007
Interest accrued		(6,000)
Interest expense		6,026
Accretion expense		15,916
Balance, January 31, 2017	**$**	**52,316**

13. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Company and FMI Capital Advisory Inc. ("FMI") (formerly Foundation Opportunities Inc.) entered into a financial advisory and consulting agreement on October 15, 2010. FMI is a subsidiary of Foundation Financial Holdings Corp. ("FFHC"). FFHC is an entity in which Adam Szweras, secretary of the Company, is a director of FFHC and his minor children hold an indirect interest, and Yannis Banks, a director and former officer of the Company, holds an interest. For the year ended January 31, 2017, the Company was charged $24,000 (2016 - $54,000) for consulting fees by FMI. At January 31, 2017 $nil (January 31, 2016 - $107,231) is included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and due on demand.

The Company and Branson Corporate Services ("Branson") entered into a management services agreement on March 1, 2014, which includes the services of the Company's Chief Financial Officer ("CFO"), as well as other accounting and administrative services. Branson is an entity in which FFHC owns 49% of the shares. In consideration for services the Company agreed to pay $5,000 per month. For the year January 31, 2017, the Company recorded $60,000 (2016 - $29,000) for management services provided by Branson. At January 31, 2017, $nil (January 31, 2016 - $69,813) is included in accounts payable and accrued liabilities in relation to Branson. This amount is unsecured, non-interest bearing and due on demand.

During the year ended January 31, 2017, Fogler Rubinoff LLP ("Fogler") a law firm in which Adam Szweras, the secretary of the Company is also a partner, provided $64,508 (2016 - $18,486) of legal services, which are included in professional fees and cost of share issuance. At January 31, 2017, $72,094 (January 31, 2016 - $60,233) is included in accounts payable and accrued liabilities to Fogler. This amount is unsecured, non-interest bearing and due on demand.

During the year ended January 31, 2017, $nil (2016 - $12,500) was paid to directors or officers of the Company is included in management, consulting fees and salaries in the statement of loss. As at January 31, 2017, $nil (January 31, 2016 - $633) is included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and due on demand.

During the year ended January 31, 2017, the Company issued 560,000 units for the gross proceeds of $28,000 to settle outstanding fees due to a partner at Fogler (Note 9).

During the year ended January 31, 2017, 1,875,000 options exercisable at $0.10 for a period of five years were granted to directors and officers (Note 11).

14. SEGMENTED INFORMATION

At January 31, 2017, the Company's operations comprise of a single reporting operating segment engaged in mineral exploration in Quebec.

15. INCOME TAXES

a. Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2016 - 26.5%) were as follows:

	2017	2016
	$	$
(Loss) before income taxes	**(272,459)**	(242,629)
Expected income tax recovery based on statutory rate	**(72,000)**	(64,000)
Adjustment to expected income tax benefit:		
Expenses not deductible for tax purposes	**8,000**	(2,000)
Change in benefit of tax assets not recognized	**64,000**	66,000
Deferred income tax provision (recovery)	**-**	-

b. Deferred Income Tax

	2017	2016
	$	$
Unrecognized Deferred Tax Assets		
Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:		
Non-capital loss carry-forwards	**4,088,000**	3,818,000
Share issue costs and other	**36,000**	69,000
Mineral property costs	**684,000**	644,000
Total	**4,808,000**	4,531,000

The tax losses expire from 2028 to 2037. The other temporary differences do not expire under current legislation.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

16. COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

17. SUBSEQUENT EVENTS

On May 12, 2017, The Company closed a brokered private placement offering (the "Offering") for 2,500 units (the "Units") for gross proceeds of CAD $2,500,000. The Offering is in accordance with the Proposed Transaction with Nutritional High International Inc. regarding the building of cannabis cultivation facilities in Nevada and Colorado. The issue price of each Unit was $1,000 (the "Issue Price") and consisted of (i) $1,000 principal amount of 12.0% convertible secured redeemable debentures (the "Debentures"); and (ii) 4,000 warrants ("Warrants"), exercisable into common shares in the capital of the Company ("Common Shares") at a price of $0.325 for a period of 24 months. The Debentures rank pari passu and mature twenty-four months from the Closing Date. The Debentures bear interest at a rate of 12.0% per annum, payable semi-annually in advance, with the first interest payment due at the closing of the Offering and paid in Common Shares of the Company at an issue price of $0.25 per Common Share. US $1,600,000 of the funds are being held in escrow until the date the transaction with Nutritional High International Inc. is completed, with the exception of US$500,000 that can be released upon signing a definitive purchase agreement with Nutritional High International Inc. If the transaction is not completed within eight months, the remaining escrowed funds will be repaid to the investors as part of the principal and interest due.

SCHEDULE "B"
ANNUAL MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEARS ENDED JANUARY 31, 2017 AND 2016

INTERIM REVISED MANAGEMENT DISCUSSION & ANALYSIS
FOR THE QUARTER ENDED OCTOBER 31, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEARS ENDED JANUARY 31, 2017 and 2016

May 31, 2017

Management's discussion and analysis (MD&A) is current to May 31, 2017, and is management's assessment of the operations and the financial results together with future prospects of Lakeside Minerals Inc. ("Lakeside", "Corporation", or the "Company"). This MD&A should be read in conjunction with our audited consolidated financial statements and related notes for the years ending January 31, 2017 and 2016, prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless stated otherwise. This discussion contains forward-looking statements that are historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to Lakeside's future results as there are inherent difficulties in predicting future results. This MD&A includes, but is not limited to, forward looking statements regarding: the potential of the Company's properties to contain economic precious and base metal deposits; the Company's ability to meet its working capital needs for the twelve month period ending January 31, 2018; the plans, costs, timing and capital for future exploration and development of the Company's property interest in Quebec, including the cost and potential impact in complying with existing and proposed laws and regulations. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. The Company has adopted National Instrument 51-102F1 as the guideline in presenting the MD&A.

Description of Business

Lakeside Minerals Inc. ("Lakeside" or the "Company") is engaged in the acquisition, exploration and development of mineral resource properties in Canada. The Company is in the process of exploring and has not yet determined whether there are economically viable reserves on its properties. As such, there is uncertainty with respect to the Company's ability to continue as a going concern, dependent upon such events as financing, discovery of reserves, and market demand conditions.

As at May 31, 2017, the members of Company's Management and Board of Directors consisted of:

David Drutz	Chief Executive Officer
Amy Stephenson	Chief Financial Officer
Adam Szweras	Secretary
David Posner	Director
Aurelio Useche	Director
Harmish Sutherland	Director
Robert Schwartz	Director
Peter Bilodeau	Director

Recent Developments

On March 27, 2017, the Company's Board of Directors approved the delisting of all of the issued and outstanding Common Shares of the Company from the TSXV. The Company has determined to apply for de-listing from the Exchange as it proceeds with its new business strategy of changing its business to the cannabis industry.

On March 10, 2017, Collins Barrow Toronto LLP resigned as the auditors for the Company, and the appointment of UHY McGovern Hurley LLP as the auditors was approved.

On February 22, 2017, the Company entered into a letter of intent with Nutritional High International Inc., whereby the Company will build medical and adult use cannabis cultivation facilities in Nevada and Colorado in accordance with applicable state law.

On February 17, 2017, Yannis Banks resigned as a director of the Company.

On December 12, 2016, the Company appointed David Posner, Hamish Sutherland and Robert Schwartz to the board of directors. Effective December 12, 2016 Peter Cashin and Rick Cleath resigned as directors of the Company.

On October 1, 2015, Peter Cashin resigned as President and CEO of the Company and was replaced by Peter Bilodeau as interim CEO, a current director of the Company. Peter Cashin continues on as a director. Steve Brunelle has also resigned as a director of the Company.

On October 1, 2015, due to poor resource market conditions, the Misery Lake scandium project acquisition agreement with 2457661 Ontario Limited, a private entity controlled by Peter Cashin, Lakeside's former President & CEO, lapsed by mutual agreement between Peter Cashin and the Company.

On June 15, 2015, the Company amended the Launay property agreement to revise the payment schedule from $7,500 payable on June 15, 2015 to October 31, 2015. The final payment has been settled and paid in cash during the year ended January 31, 2017.

On May 25, 2015, the Company modified the Misery Lake Scandium Project transfer agreement by increasing the amount of shares to be issued to the private entity holding 100% rights on the project to 21,000,000 shares. The closing of the modified acquisition agreement is subject to the Company closing an equity financing for a minimum gross proceeds of $300,000 within 120 days of the date of the revised agreement, and obtaining all necessary regulatory and shareholder approvals.

On April 16, 2015, the Company entered into an agreement to acquire 100% interest in Misery Lake Scandium Project from a private entity controlled by Peter Cashin. Under the terms of the agreement, the Company has agreed to issue 13,500,000 common shares to the vendor. Closing of the acquisition is subject to the Company closing an equity financing for minimum gross proceeds of $500,000 within 120 days of the date of the agreement, and obtaining all necessary regulatory and shareholder approvals.

On April 15, 2015, Peter Cashin, a current director of the Company, was appointed President and Chief Executive Officer.

The Company continues to actively seek strategic partners and financing to advance the Launay property. The Company intends to maintain the Launay property and regularly seeks and reviews properties of merit to add to its property portfolio.

Financing Developments

On May 12, 2017, The Company closed a brokered private placement offering (the "Offering") of up to 2,500 units (the "Units") for gross proceeds of CAD $2,500,000. The Offering is in accordance with the proposed transaction with Nutritional High International Inc. ("NHII") regarding the building of cannabis cultivation facilities in Nevada and Colorado. The issue price of each Unit was $1,000 (the "Issue Price") and consisted of (i) $1,000 principal amount of 12.0% convertible secured redeemable debentures (the "Debentures"); and (ii) 4,000 warrants ("Warrants"), exercisable into common shares in the capital of the Company ("Common Shares") at a price of $0.325 for a period of 24 months. The Debentures rank pari passu and mature twenty-four months from the Closing Date. The Debentures bear interest at a rate of 12.0% per annum, payable semi-annually in advance, with the first interest payment due at the closing of the Offering and paid in Common Shares of the Company at an issue price of $0.25 per Common Share. As at the date of the MD&A, the proceeds are held in escrow pending completion of the proposed transaction with NHII.

On December 12, 2016, the Company entered into shares for debt agreements totaling $79,840 with arm's length and non-arm's length parties. A total of 1,036,818 units, for the gross proceeds of $51,840 were issued to unrelated parties for settlement of debt, and 560,000 common shares for gross proceeds of $28,000 were issued to the related parties for outstanding fees. Each unit, priced at $0.05, consists of one share and one half of one purchase warrant. Each full warrant entitles the holder to acquire one common share of the Company at a price of $0.10 per share for the period of one year from the closing date.

On December 9, 2016, the Company closed its final tranche of the non-brokered private placement, consisting of 13,800,000 units at a price of $0.05 per unit to raise gross proceeds of $690,000 and together with the first tranche raised an aggregate of 22,000,000 units for total gross proceeds of $1,100,000. Each unit consists of one common share and one-half of one share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.10 per common share for a period of 12 months after the closing date. The Company has paid no finders on the closing of this trance of the Offering.

On November 17, 2016, the Company closed its first tranche of a non-brokered private placement, consisting of 8,200,000 units at a price of $0.05 per unit to raise gross proceeds of $410,000. Each unit consists of one common share and one-half of one share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.10 per common share for a period of 12 months after the closing date. The Company has paid no finders on the closing of this trance of the Offering.

On November 8, 2016, the Company through Articles of Amendment consolidated the issued and outstanding common shares of the Company on the basis of 1 post-consolidation common shares for every 3 issued and outstanding pre-consolidated common shares.

On September 16, 2016, the Company extended the terms and the maturity date of the convertible debenture issued on September 16, 2014 (see below) to September 17, 2017. These debentures were issued at face value and are convertible, at the option of the holder, at any time prior to the maturity date, into common shares of the Company at a conversion price equal to $0.30 per share from September 17, 2016 until September 16, 2017. The rate of interest on the debentures is 12% per annum, to be accrued until and payable on Maturity date.

On September 16, 2014, the Company closed an unsecured convertible debenture financing under SIDEX's program "Field Action 2014" for gross proceeds of $50,000. The Debenture paid interest at an annual interest rate of 12%, payable semi-annually in cash or common shares of the Company. The Debenture was convertible at a price of $0.15 per share until September 16, 2015, and $0.30 per share from September 17, 2015 until September 16, 2016. The Company also issued 333,333 warrants on closing. Each warrant is exercisable into shares at a price of $0.21 per Share, for a period of 2 years from the closing date. The debenture will mature 2 years from the closing date. The Debenture may be repaid at any time by the Company, subject to providing 45 days notice, and is repayable at maturity in cash or shares at the option of the Company.

Exploration Highlights

Lakeside Minerals Inc. is engaged, through Lakeside Minerals Corp., a wholly-owned subsidiary of the Company, in acquiring, exploring, and developing mineral properties in the mining friendly jurisdiction of Quebec. Currently the Company holds a portfolio of properties with an emphasis on gold.

To January 31, 2017 and the date of this MD&A, Lakeside holds one main property, Launay. The Launay property, for which the Company incurred exploration and evaluation expenditures of $53,858 in 2017, and $4,608 in 2016.

Launay Property

The property is located northeast of Rouyn-Noranda, in Launay, Privat, and Manneville Townships, northwestern Quebec. Through staking, option and purchase agreements, the Company consolidated a land package over the prospective Macamic deformation zone, a major deformation zone in the Abitibi subprovince.

As of January 31, 2017, the Launay property comprised 69 non-contiguous claims:

- 21 claims are under option agreement to the Company to acquire a 100% interest from Jean Robert et. al, subject to property payment, work commitments and subject to a 2% NSR with buyback of 1% NSR for $1,000,000.
- 21 claims were purchased from Melkior Resources Inc. with Company shares. All are held 100% by Lakeside. 15 of these claims are subject to an underlying 2% NSR payable to Roby with buyback of 1% NSR for $1,000,000; the other 6 claims are subjected to a 1% NSR payable to Lavoie with total buyback for $500,000.
- 11 claims were purchased from Jack Stoch Geoconsultant Services Ltd. with Company shares and are subjected to a 2% Gross Metal Royalty ("GMR"). The Company has the option of first refusal to buy back a 1% GMR. All are 100% owned by the Company.
- 3 claims were purchased from 9219-8845 Québec Inc. (Canadian Mining House) with Company shares and are subjected to a 2% NSR with a buyback of 1% NSR for $1,000,000. All are held by Lakeside 100%.
- The remaining 13 claims were staked by Lakeside and are 100% owned by the Company.

As of May 31, 2017, the Launay property reduced to 63 non-contiguous claims with the following ownership and subjected royalties:

- 21 claims are under option agreement to the Company to acquire a 100% interest from Jean Robert et. al, subject to property payment, work commitments and subject to a 2% NSR with buyback of 1% NSR for $1,000,000.
- 15 claims were purchased from Melkior Resources Inc. with Company shares. All 15 of these claims are subject to an underlying 2% NSR payable to Roby with buyback of 1% NSR for $1,000,000; the other 6 claims that were part of the original agreement with Melkior and were subjected to a 1% NSR payable to Lavoie with total buyback for $500,000 were allowed to lapse on their expiry date of March 25, 2017.
- 11 claims were purchased from Jack Stoch Geoconsultant Services Ltd. with Company shares and are subjected to a 2% Gross Metal Royalty ("GMR"). The Company has the option of first refusal to buy back a 1% GMR. All are 100% owned by the Company.
- 3 claims were purchased from 9219-8845 Québec Inc. (Canadian Mining House) with Company shares and are subjected to a 2% NSR with a buyback of 1% NSR for $1,000,000. All are held by Lakeside 100%
- The remaining 13 claims were staked by Lakeside and are 100% owned by the Company.

The property claims cover a 17-km long trend of gold occurrences associated with the Macamic Deformation Zone ("MDZ") and associated subsidiary faults. Mineralization style is typical of a shear zone-related Archean lode-gold occurrences. Several of the occurrences display historical high grade gold drill intersections, trench, and grab results.

The Trojan block, located in the northwest portion of the property, is the area where the majority of past exploration has been conducted. Of the initial 29 drill holes drilled in 1945, visible gold was reported in 13 holes with historical drilling cutting several narrow and metre-length high grade gold intersections including 235.20 g/t Au over 0.15 m, 47.66 g/t Au over 0.09 m, and 40.80 g/t Au over 0.18 m.

In the summer and fall of 2012, the Company conducted an exploration program on the Trojan block consisting of line cutting, geological mapping, a humus geochemical survey, and ground magnetic, VLF-EM, and induced polarization/resistivity surveys. A follow-up diamond drill program consisting of thirteen holes totaling 3981 m was completed to test the Trojan zone, a series of northwest-trending, steeply southwest-dipping to subvertical auriferous zones associated with the Macamic deformation zone. Gold assay results from the first seven drill holes, LKTR-001 to LKTR-007were published in the Company press release dated Oct. 17, 2012 (http://www.lakesideminerals.com/pdfs/20130115-Lakeside-Minerals-Announces-Launay-Property-Drill-Results.pdf). Results from the last six holes from this drill program are pending.

In 2013 and the first half of 2014, the Company primarily focused on interpreting the results of its 2012 program including the creation of detailed geological sections to understand the potential continuity and position of the various gold zones intersected during the 2012 drill program. This work will contribute to targeting future exploration at the Trojan zone.

The Freegold block, located approximately 7.5 km southeast of the Trojan zone, overlies a quartz vein which has been traced for 122 m, varying from 1.1 to 1.5 m in width. The shear that hosts the quartz vein has been interpreted by past workers to extend for up to 7 km between the Labreteche block to the east and the Privat block to the west. A 1995 humus survey outlined a greater than 5 km long southeast-trending anomaly in an area underlain by sheared massive to pillowed basalts and ultramafic flows with strong carbonatization, fuchsite alteration, and pyrite mineralization.

Between October and December 2014, Lakeside Minerals completed orientation soil and humus geochemical surveys, and grab sampling in the area south of the Freegold Zone, and an orientation soil survey and grab sampling in the Trojan Zone area. Two trenches were completed near the historical Freegold exploratory shaft to investigate a regional structure interpreted to be associated with gold mineralization, and interpreted to extend from the Trojan Zone through the area of the Freegold Zone to the east into the area of the Labretech Zone.

The orientation line of MMI soil samples in the area in of the Trojan Zone returned two anomalous samples approximately 125 m southwest of the projected eastern strike extension of the Trojan Zone. The reason for this offset is not apparent and, although offset to the south of the known mineralization, the anomalous MMI Au samples indicate that the MMI method detects the mineralization in this area and suggests that a result of 2.1 ppb Au may be indicative of bedrock gold mineralization. An MMI sample collected in the area of a 1.2 g/t Au anomaly from the 2007 B horizon survey, south of the Freegold Zone suggests follow-up work should be conducted in that area to determine the cause of the anomaly.

Three orientation lines of humus samples were taken along the same lines as the 1995 humus survey and the 2007 B horizon soil survey, in the area south of the Freegold Zone. Samples were collected along the old lines as close to the original stations as possible with humus and MMI samples from the same location. The 1995 humus survey line included a 480 ppb Au humus anomaly and the 2007 B horizon survey included a 1.2 ppm Au anomaly and both warranted further investigation. An anomaly was defined by the 2014 survey which included the same station as the 480 ppb Au sample from 1995, but also included two adjacent stations, and the southern-most station in the humus anomaly also returned an anomalous MMI Au value. However, the 2014 samples returned Au values an order of magnitude lower than the 1995 sample. In addition, two samples located toward the south end of the 1995 line and adjacent samples collected toward the north end of the 2007 B horizon lines returned coincident Au in humus and MMI Au anomalies. Further prospecting of the outcrops in the areas of these coincident anomalies should be conducted to determine if there is a bedrock source than could explain the anomalous gold values.

Two trenches, completed in the area adjacent to the Freegold exploration shaft, totaled 1,120 m^2. Trench 1, located 10m west of the Freegold exploratory shaft, exposed a 50cm quartz vein hosted by sheared and altered intermediate volcanic rock. Trench 2, located 150 m southeast of the shaft, exposed a 20m wide sheared and altered zone with centimetre-scale quartz veining hosted by variolitic intermediate volcanic rock. A total of 26 samples were taken from the two trenches, but due to the time of year and thick accumulations of snow, systematic mapping and sampling could not be completed.

Overall Performance

As at January 31, 2017, the Company had assets of $622,334 (January 31, 2016 - $28,901), liabilities of $165,506 (January 31, 2016 - $485,878) and shareholders' equity of $456,828 (January 31, 2016 - $(456,977) deficiency). During the year ended January 31, 2017, the Company incurred a loss of $272,460 (2016 - $242,629).

At January 31, 2017, the Company had a working capital of $456,828 (January 31, 2016 - $417,781 working capital deficiency) and cash of $606,695 (January 31, 2016 - $1,261).

The Company is a junior mineral exploration company that has assembled an experienced management team to engage in the acquisition, exploration and development of properties prospective for economic deposits. The Company's financial success will depend on the extent to which it can make discoveries of minerals on its properties and on the economic viability of such discoveries. The development of such properties may take years to complete and the resulting income, if any, is difficult to determine with any certainty. The Company lacks mineral resources and mineral reserves and to date has not produced any revenues. The economic viability of any mineral discovery by the Company will be largely dependent upon factors beyond its control, such as the market value of the commodities produced. The Company remains cautious in case the economic factors that impact the mining industry deteriorate. These factors include uncertainty regarding the prices of commodities, and the availability of equity financing for the purposes of mineral exploration and development. The prices of commodities have been volatile in recent periods and financial markets have deteriorated to the point where it has become extremely difficult for companies, particularly junior exploration companies, to raise new capital. The Company's future performance is largely tied to the development of its mining properties and the overall financial markets. As a result, the Company may have difficulties raising equity financing for the purposes of mineral exploration and development, particularly without excessively diluting the interests of its current shareholders. The Company's current strategy is to continue its exploration program at Launay on a cost-effective basis and to seek out other prospective business opportunities that may be financeable in the current market conditions. The Company believes that this focused strategy will enable it to meet the near-term challenges presented by the capital markets while maintaining momentum on key initiatives. These trends may limit the Company's ability to develop and/or further explore its mineral property interests and/or other property interests that it may acquire. Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates into both short-term operating and longer-term strategic decisions.

Selected Annual Information

Summarized selected financial information with respect to Lakeside is as follows:

		Year ended January 31, 2017		Year ended January 31, 2016		Year ended January 31, 2015
Total expenses	$	(256,571)	$	(227,874)	$	(490,615)
Other income (expense)		(15,889)		(14,755)		16,546
Loss before income taxes		(272,460)		(242,629)		(474,069)
Deferred income tax recovery		-		-		7,277
Net loss		(272,460)		(242,629)		(466,792)
Loss per share		(0.03)		(0.03)		(0.06)
Total assets		622,334		28,901		80,592
Total liabilities		165,506		485,878		295,110
Shareholders' equity (deficiency)	$	456,828	$	(456,977)	$	(214,518)

Three months period ended January 31, 2017 compared to 2016

The Company incurred a net loss of $163,573 or $0.013 per common share for the three months ended January 31, 2017, compared with a net loss of $41,083 or $0.006 per common share for the same period ended January 31, 2016.

For the three months ended January 31, 2017, expenses were higher on all front from the same period last year as management geared up for its new business strategy of changing its business to the cannabis industry, including financing activities in November and December 2016 and settling various debt outstanding.

Management, consulting fees and salaries totaled $21,804 during the three months ended January 31, 2017, and primarily consisted of services provided by FMI Capital Advisory Inc., for strategic advisory services, Branson Corporate Services Inc. for financial accounting, including CFO services. Management and consulting fees totaled $17,000 for the three months ended January 31, 2016, for the services provided by FMI Capital Advisory Inc. Professional fees totaled $19,447 during the three months ended January 31, 2017 (2016 - $6,489).

The Company incurred $33,976 (2016 - $(10,892)) in office and general expenses during the three months ended January 31, 2016, which consisted primarily of transfer agent fees, insurance, travel and entertainment, rent and other miscellaneous costs.

Total exploration and evaluation costs in the three months ended January 31, 2017 was $53,858 (2016 - $4,196). A breakdown of exploration and evaluation expenditures for the Company for the three months ended January 31, 2017 and 2016 were as follows:

Launay	2017	2016
Acquisition Cost	$ 7,500	$ 61
Claim Staking	28,861	-
Line Cutting	7,610	-
Geological fieldwork	9,887	-
Mining tax refund	-	(4,257)
	$53,858	$ (4,196)

Years ended January 31, 2017 compared to 2016

The Company incurred a net loss of $275,460 or $0.026 per common share for the years ended January 31, 2017, compared with a net loss of $242,629 or $0.029 per common share for the same period ended January 31, 2016.

Management, consulting fees and salaries totaled $87,804 during the year ended January 31, 2017, and primarily consisted of services provided by FMI Capital Advisory Inc., for strategic advisory services, Branson Corporate Services Inc. for financial accounting, including CFO services. Management and consulting fees totaled $125,350 for the year ended January 31, 2016, for the services provided by FMI Capital Advisory Inc.

Professional fees totaled $31,170 during the years ended January 31, 2017 (2016 - $39,687).

The Company incurred $52,564 (2016 - $58,229) in office and general expenses during the year ended January 31, 2017, which consisted primarily of transfer agent fees, insurance, travel and entertainment, rent and other miscellaneous costs.

Total exploration and evaluation costs in the year ended January 31, 2017 was $53,858 (2016 - $4,608). A breakdown of exploration and evaluation expenditures for the Company for the years ended January 31, 2017 and 2016 were as follows:

Launay	2017	2016
Acquisition Cost	$ 7,500	$ 61
Claim Staking	28,861	-
Claim maintenance	-	1,343
Line Cutting	7,610	356
Geological fieldwork	9,887	5,738
Reports & maps	-	1,368
Mining tax refund	-	(4,257)
	$53,858	$ 4,608

Summary of Quarterly Results

		Net income (loss)	Income (Loss) per share
Q4	**2017**	(163,573)	(0.013)
Q3	**2017**	(31,405)	(0.004)
Q2	**2017**	(47,606)	(0.006)
Q1	**2017**	(29,877)	(0.003)
Q4	**2016**	(41,083)	(0.006)
Q3	**2016**	(80,667)	(0.009)
Q2	**2016**	(52,299)	(0.006)
Q1	**2016**	(68,580)	(0.009)

Liquidity and Financial Position

As a junior exploration resource company, the Company has no regular cash flow from operations, and the level of operations is principally a function of availability of capital resources. The principal source of funding has been through the completion of private placements. Going forward, the Company will have to continue to rely on equity or debt financings for its working capital. There is no guarantee that the Company will be able to successfully complete such financings, as market conditions may dictate availability and interest.

At January 31, 2017, total assets increased by $593,433 since the prior fiscal year end to $622,334 (2016 - $1,261), consisting of $606,695 in cash, $14,806 of HST receivable and other receivables.

Related Party Transactions and Key Management Compensation

The Company and FMI Capital Advisory Inc. ("FMI") (formerly Foundation Opportunities Inc.) entered into a financial advisory and consulting agreement on October 15, 2010. FMI is a subsidiary of Foundation Financial Holdings Corp. ("FFHC"). FFHC is an entity in which Adam Szweras, a secretary of the Company, is a director of FFHC and his minor children hold an indirect interest, and Yannis Banks, a director and former officer of the Company, holds an interest. For the year ended January 31, 2017, the Company was charged $24,000 (2016 - $54,000) for consulting fees by FMI. At January 31, 2017 $nil (January 31, 2016 - $107,231) is included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and due on demand.

The Company and Branson Corporate Services ("Branson") entered into a management services agreement on March 1, 2014, which includes the services of the Company's Chief Financial Officer ("CFO"), as well as other accounting and administrative services. Branson is an entity in which FFHC owns 49% of the shares. In consideration for services the Company agreed to pay $5,000 per month. For the year January 31, 2017, the Company recorded $60,000 (2016 - $29,000) for management services provided by Branson. At January 31, 2017, $nil (January 31, 2016 - $69,813) is included in accounts payable and accrued liabilities in relation to Branson. This amount is unsecured, non-interest bearing and due on demand.

During the year ended January 31, 2017, Fogler Rubinoff LLP ("Fogler") a law firm in which Adam Szweras a secretary of the Company is also a partner, provided $64,508 (2016 - $18,486) of legal services, which are included in professional fees and cost of share issuance. At January 31, 2017, $72,094 (January 31, 2016 - $60,233) is included in accounts payable and accrued liabilities to Fogler. This amount is unsecured, non-interest bearing and due on demand.

During the year ended January 31, 2017, $nil (2016 - $12,500) was paid to directors or officers of the Company is included in Management, consulting fees and salaries on profit and loss statement. As at January 31, 2017, $nil (January 31, 2016 - $633) is included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and due on demand.

During the year ended January 31, 2017, the Company issued 560,000 units for the gross proceeds of $28,000 to settle outstanding fees due to a partner at Fogler.

During the year ended January 31, 2017, 1,875,000 options exercisable at $0.10 for a period of five years were granted to directors and officers.

Disclosure of outstanding share data as of May 31, 2017

	Authorized	Outstanding
Voting or Equity securities issued and outstanding	Unlimited Common Shares	31,846,118 common shares
Securities convertible or exercisable into voting or equity		a) 14,642,917 warrants exercisable to acquire common shares of the Company; b) Convertible debentures in the principal amount of $2,550,000, convertible into common shares at the Conversion Price; and c) 3,170,000 options exercisable into common shares of the Company.

Off-Balance Sheet Arrangements

As of January 31, 2017, and 2016, the Company has no off balance sheet arrangements.

Critical Accounting Estimates

Significant accounting policies

Mineral properties

Acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment ("PPE").

Share based payments

Share based payment transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value of the equity instruments at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled, award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. When there is a loss, no potential shares are included in the computation as they are anti-dilutive.

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL"). Financial assets classified as FVTPL are measured at fair value with realized gains and losses recognized through net income (loss). The Company's cash is classified as loans and receivable. Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for when there is objective evidence of impairment. At January 31, 2017 and 2016, the Company has not classified any financial assets as FVTPL, available for sale or held to maturity. Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's line of credit, accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At January 31, 2017 and 2016, the Company has not classified any financial liabilities as FVTPL.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and short term deposits.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Fair value

The carrying amount of cash, accounts payables and accrued liabilities approximate fair value due to the relative short maturity of these financial instruments. As at January 31, 2017 and 2016, all financial instruments measured at fair value are considered level 1, consisting of cash and cash equivalents.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash are held with a reputable Canadian chartered bank. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. See Note 1 for the Company's requirement for additional financing in order to conduct its planned work, to meet ongoing levels of corporate overhead, and to discharge its liabilities as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at January 31, 2017, the Company had a cash and cash equivalents balance of $606,695 (January 31, 2016 - $1,261) and current liabilities of $165,506 (January 31, 2016 - $446,682).

Commodity Price Risk

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious metals. These metal prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of these metals may be produced in the future, a profitable market will exist for them. As of January 31, 2017, the Company was not a producing entity. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

During the year ended January 31, 2017, there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Corporation's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at January 31, 2017, covered by this management's discussion and analysis, management of the Corporation, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Corporation's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Corporation, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Cautionary Note Regarding Forward Looking Statements

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include,

but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Lakeside to fund the capital and operating expenses necessary to achieve the business objectives of Lakeside, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

Management's Responsibility for Financial Information

Management is responsible for all information contained in this report. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the audited consolidated financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Audit Committee has reviewed the audited consolidated financial statements with management. The Board of Directors has approved the audited consolidated financial statements on the recommendation of the Audit Committee.

May 31, 2017

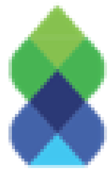
David Drutz
Chief Executive Officer

NOTICE TO READER

The Audit Committee, in consultation with the management of the Company, has determined that the Company's previously filed unaudited condensed interim consolidated financial statements and management's discussion and analysis for the three and nine months ended October 31, 2017 and 2016 needed to be restated to correct the value assigned to the conversion feature and warrants of the convertible debentures issued in May 12, 2017 as embedded derivative liabilities. Previously recorded amounts of $345,518 for the conversion component and $124,713 for the warrants of the convertible debentures were accounted in equity.

Details of the changes are fully described in Note 16 to the Restated Condensed Interim Consolidated Financial Statements as filed on SEDAR on February 26, 2018.

The previously filed financial statements and management's discussion and analysis for the financial periods were originally filed by the Company on SEDAR on December 28, 2017. Each of the Restated Condensed Interim Consolidated Financial Statements and Revised MD&A replaces and supersedes the respective previously filed original financial statements and related management's discussion and analysis. There have been no other changes. This notice supersedes the previously filed version.



LINEAGE GROW
COMPANY LTD.

(formerly Lakeside Minerals Inc.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2017

(Revised)
February 26, 2018

The following Management's Discussion and Analysis ("MD&A") is effective December 28, 2017, and was revised on February 26, 2018. This MD&A and constitutes management's assessment of the factors that affected the Company's financial and operating performance of Lineage Grow Company Ltd. ("Lineage", the "Corporation" or the "Company") for the three and nine months ended October 31, 2017. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A should be read in conjunction with the Company's restated condensed interim consolidated financial statements and related notes for the three and nine months ended October 31, 2017, as well as the audited consolidated financial statements of the Company for the year ended January 31, 2017 ("Fiscal 2017"). The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. All figures are in Canadian dollars unless stated otherwise.

This MD&A includes, but is not limited to, forward-looking statements regarding: the success in the Company's operations in establishing state-of-the-art cultivation facilities to develop its premium quality craft cannabis business in the states of Nevada and Colorado in the United States (the "US"); the potential of the Company's mineral properties to contain economic precious and base metal deposits; the Company's ability to meet its working capital needs for the twelve months period ending October 31, 2018; the plans, costs, timing and capital for future exploration and development of the Company's property interest in Quebec, including the cost and potential impact in complying with existing and proposed laws and regulations. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements.

Description of Business

Lineage was a Canadian-based company engaged in the acquisition, exploration and development of mineral resource properties in Canada. On July 25, 2017, the Company through an Article of Amendment, changed its name to Lineage Grow Company Ltd. to reflect the change of business to focus in the cannabis industry in the US. Lineage is focused on establishing, either directly or through joint venture with licensed producers, state-of-the-art cultivation facilities and a view towards developing a brand of premium quality craft cannabis. The Company is seeking to deploy advanced cultivation techniques and best-of-breed genetics to develop brands of craft cannabis known for emphasizing the unique flavors, smells, and potencies of each individual strain. By leveraging cutting edge agricultural and technological solutions, Lineage intends to optimize the variable costs associated with cannabis cultivation and produce craft cannabis at a commercially viable industrial scale. The Company also continued to hold mining claims on its properties in Quebec but it has not yet determined whether there are economically viable reserves on its properties.

As at December 28, 2017, members of the Company's management team and Board of Directors consisted of:

David Drutz	Chief Executive Officer and Director
Keith Li	Chief Financial Officer
Adam Szweras	Secretary
David Posner	Director
Aurelio Useche	Director
Hamish Sutherland	Director
Robert Schwartz	Director
Peter Bilodeau	Director

Recent Developments

On February 17, 2017, Yannis Banks resigned as a director of the Company.

On February 22, 2017, the Company entered into a Letter of Intent ("LOI") with Nutritional High International Inc. ("NHII"), whereby the Company will build medical and adult use cannabis cultivation facilities in the states of Nevada and Colorado in accordance with applicable state law.

On March 10, 2017, Collins Barrow Toronto LLP resigned as the auditors for the Company, and the Company approved the appointment of UHY McGovern Hurley LLP as auditors.

On April 19, 2017, the Company announced it has submitted an application to the TSX Venture Exchange to voluntarily de-list all of its shares as it proceeds with its new business strategy of changing its business to the cannabis industry.

On April 24, 2017, Peter Bilodeau resigned as the Company's Chief Executive Officer ("CEO") and was replaced by David Drutz.

On May 12, 2017, the Company completed a brokered private placement of convertible debenture by issuing of 2,500 units for gross proceeds of $2,500,000 (see Financing Developments for details).

On July 21, 2017, the Company formed three new subsidiaries: LGC Holdings USA Inc., LGC Real Estate Holdings LLC, and LGC Agricultural Operations Inc. in Nevada.

On July 25, 2017, the Company changed its name to Lineage Grow Company Ltd. to reflect its change of business into the cannabis industry.

On August 14, 2017, the Company formed one more subsidiary: LGC Real Estate (Colorado) LLC in Nevada, in addition to the three subsidiaries incorporated on July 21, 2017.

On December 11, 2017, Keith Li was appointed as the Company's Chief Financial Officer ("CFO"), replacing Amy Stephenson.

On December 21, 2017, the Company announced it has entered into LOIs with respect to an asset acquisition and a strategic partnership (see Proposed Transactions for details).

On December 21, 2017, the Company also announced that it is currently in the process of negotiating with NHII to amend the LOI entered on February 22, 2017 as amended on June 29, 2017, pending new developments of the Colorado JV (see Proposed Transactions for details).

On February 7, 2018, the Company announced that it has entered into definitive agreements to implement the Washington Agreement with Mt. Baker, a Tier 2 licensed cannabis producer processor in the State of Washington. An Equipment Lease Agreement was entered into, whereby the Company agrees to lease cultivation equipment to Mt. Baker. A Licensing and Services Agreement was also entered, whereby Mt. Baker will purchase cultivation supplies, license certain trademarks to place on Mt. Baker's packaged products, and license certain technology from the Company, to cultivate the marijuana crops grown at the Mt. Baker Facility. The Company will also provide services to assist in redesigning Mt. Baker's grow facility, implement growing methodologies, training of personnel and other advice as requested.

On February 7, 2018, the Company and NHII have entered into an amended and restated LOI dated February 1, 2018 (the "Restated NH LOI"), setting forth the Proposed Transactions that the Company wishes to undertake in the United States with the assistance of NHII to develop its marijuana-related operations (Proposed Transactions for details).

Financing Developments

On May 12, 2017, the Company closed a brokered private placement offering of Convertible Debentures (the "Convertible Debentures") of up to 2,500 units (the "Units") for gross proceeds of $2,500,000. The offering is in accordance with the proposed transaction with NHII regarding the building of cannabis cultivation facilities in Nevada and Colorado. The issue price of each Unit was $1,000 and consisted of (i) $1,000 principal amount of 12.0% convertible secured redeemable debentures; and (ii) 4,000 warrants, exercisable into common shares in the capital of the Company at a price of $0.325 for a period of 24 months. The Convertible Debentures rank pari passu and mature 24 months from the closing date, and are convertible at the option of the holder at any time prior to the maturity date into common shares of the Company at a conversion price of $0.25 per share. The Convertible Debentures bear interest at a rate of 12.0% per annum, payable semi-annually in advance, with the first interest payment due at the closing of the offering and paid in common shares of the Company at an issue price of $0.25 per common share. The Company may elect to satisfy its obligation to pay interest on the Convertible Debentures by issuing common shares to the debenture holders at a price of $0.25 per common share.

The conversion price of the Convertible Debentures is subject to the following adjustments:

- If the Company completes an equity financing, within eight months of the date of the offering, at a price less than $0.30 per common share (the "Equity Financing Price"), the conversion price shall be adjusted, subject to compliance with applicable stock exchange and securities regulatory requirements, to a price equal to a 20% discount to the Equity Financing Price; and

- If the Company completes an equity financing, at any time that the Convertible Debentures remains outstanding, at an Equity Financing Price of less than $0.25 per common share, the conversion price

shall be adjusted, subject to compliance with applicable stock exchange and securities regulatory requirements, to an amount equal to such Equity Financing Price.

The warrant exercise price is subject to the following adjustment:

- If the Company issues warrants, at any time that the Convertible Debentures remain outstanding, with an exercise price of less than $0.325 (the "Equity Financing Warrant Price"), the warrant exercise price shall be adjusted, subject to compliance with applicable stock exchange and securities regulatory requirements, to an amount equal to such Equity Financing Warrant Price.

As at the date of this MD&A, most of the proceeds are held in escrow pending completion of the proposed transaction with NHII.

On October 31, 2017, the Company announced that it has received conditional approval to list its common shares on the Canadian Securities Exchange (the "CSE") subject to the completion of the Concurrent Financing and customary listing requirements of the CSE, including receipt of all required documentation. Closing of the Concurrent Financing is for a maximum of 16,000,000 Units and a minimum of 3,000,000 Units to raise gross proceeds in the range of $750,000 to $4,000,000. Each Unit will have an issue price of $0.25 and consist of one (1) Common Share and one-half (1/2) of one common share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to purchase one Common Share at a price of $0.325 per Common Share until the date which is twenty-four (24) months following the closing date of the Offering, whereupon the Warrants will expire.

On November 2, 2017, the Company extended the maturity date of the SIDEX Debentures to March 16, 2019. The conversion price was also amended to equal to $0.20 per share.

On November 10, 2017, the Company announced a term extension of the share purchase warrants previously issued pursuant to private placements on November 16, 2016 and December 9, 2016, as well as a debt settlement on December 12, 2016. If the warrants are not exercised by their original expiry date, the expiry date of these warrants will be extended for a further 12-month period, to November 16, 2018, December 9, 2018 and December 12, 2018, respectively. This extension is subject to an 8-month legend for resale of the shares beginning on the original expiry date.

On November 21, 2017, 600,000 common shares were issued as a result of the exercise of warrants previously issued on November 16, 2016, for proceeds of $60,000. The warrants were exercised at a weighted average exercise price of $0.10 per warrant. All issued shares are fully paid.

On December 21, 2017, the Company announced that it will be delaying its listing on the CSE until the necessary disclosures have been made with respect to the Washington Agreement and the delay in the Colorado JV (see Proposed Transactions for details). As such, the Company will be amending the terms of the Concurrent Financing such that subscribers who waive final listing approval from the CSE as a closing condition will be entitled to receive one full Warrant, instead of one-half (1/2) of one Warrant.

On January 24, 2018, the Company closed the first tranche of the previously announced Concurrent Financing and issued 4,740,000 Units for gross proceeds of $1,185,000. Each Unit consists of one (1) Common Share and one (1) Warrant. Each Warrant entitles the holder to purchase one (1) additional Common Share at a price of $0.325 per Common Share, exercisable for 24-months until January 24, 2020.

On February 7, 2018, the Company also announced the repricing of the Convertible Debentures. As the Company closed the first tranche of the Concurrent Financing within 8 months of the issuance of the Convertible Debentures at a price of $0.25, the conversion price of the Convertible Debentures is reduced from $0.25 to $0.20 by operation of the adjustment terms of the debentures. In addition, the exercise price of the common share purchase warrants issued is reduced from $0.325 to $0.25.

On February 20, 2018, the Company announced the closing of the final tranches of the Concurrent Financing, as it issued a total of 7,389,664 Units in three tranches with total gross proceeds of $1,847,416 as follows:

- 3,442,065 Units issued in the second tranche on February 8, 2018;
- 3,047,600 Units issued in the third tranche on February 14, 2018, and
- 900,000 Units issued in the fourth and final tranche on February 16, 2018.

Each Unit consists of one (1) common share and one (1) Warrant. Each Warrant entitles the holder to purchase one (1) Common Share at a price of $0.325 per Common Share, exercisable for a 24-month period from the applicable issue date. In connection with the final three tranches, the Company also paid Finders' fees totaling $99,700, and issued a total of 778,000 Finder Options. Together with the first tranche closed on January 24, 2018, the Company issued a total of 12,129,664 Units to raise total gross proceeds of $3,032,416. All Common Shares, Warrants and Finder Options issued are subject to a four-month resale restriction from the date of the applicable issue date.

Exploration Highlights

Lineage, through Lakeside Minerals Corp. ("Lakeside"), a wholly-owned subsidiary of the Company, holds mineral properties in the mining jurisdiction of Quebec.

As at October 31, 2017 and the date of this MD&A, Lineage holds one main property, the Launay Property, for which the Company incurred exploration and evaluation expenditures of $18,826 during the nine months ended October 31, 2017 (2016 – $nil).

Launay Property

The Launay Property is located northeast of Rouyn-Noranda, in the Launay, Privat, and Manneville Townships, in northwestern Quebec. Through staking, option and purchase agreements, the Company consolidated a land package over the prospective Macamic deformation zone, a major deformation zone in the Abitibi subprovince.

As of the date of this MD&A, the Launay Property is comprised of 63 non-contiguous claims with the following ownership and subjected royalties:

- 21 claims are under option agreement to the Company to acquire a 100% interest from Jean Robert et. al, subject to property payment, work commitments and subject to a 2% net smelter returns royalty ("NSR") with buyback of 1% NSR for $1,000,000.

- 15 claims were acquired from Melkior Resources Inc. ("Melkior") through issuance of shares. All 15 of these claims are subject to an underlying 2% NSR payable to Roby with buyback of 1% NSR for $1,000,000; the other 6 claims that were part of the original agreement with Melkior and were subjected to a 1% NSR payable to Lavoie with total buyback for $500,000 were allowed to lapse on their expiry date of March 25, 2017.

- 11 claims were acquired from Jack Stoch Geoconsultant Services Ltd. through issuance of shares and are subjected to a 2% Gross Metal Royalty ("GMR"). The Company has the option of first refusal to buy back a 1% GMR. All these claims are 100% held by the Company.

- 3 claims were acquired from 9219-8845 Québec Inc. (Canadian Mining House) through issuance of shares and are subjected to a 2% NSR with a buyback of 1% NSR for $1,000,000. All these claims are 100% by the Company.

- The remaining 13 claims were staked and are 100% held by the Company.

The Launay Property claims cover a 17-km long trend of gold occurrences associated with the Macamic Deformation Zone ("MDZ") and associated subsidiary faults. Mineralization style is typical of a shear zone-related Archean lode-gold occurrences. Several of the occurrences display historical high grade gold drill intersections, trench, and grab results.

The Trojan block, located in the northwest portion of the Property, is the area where the majority of past exploration has been conducted. Of the initial 29 drill holes drilled in 1945, visible gold was reported in 13 holes with historical drilling cutting several narrow and metre-length high grade gold intersections including 235.20 g/t Au over 0.15 m, 47.66 g/t Au over 0.09 m, and 40.80 g/t Au over 0.18 m.

In the summer and fall of 2012, the Company conducted an exploration program on the Trojan block consisting of line cutting, geological mapping, a humus geochemical survey, and ground magnetic, VLF-EM, and induced polarization/resistivity surveys. A follow-up diamond drill program consisting of thirteen holes totaling 3,981 m was completed to test the Trojan zone, a series of northwest-trending, steeply southwest-dipping to subvertical auriferous zones associated with the MDZ. Gold assay results from the first seven drill holes, LKTR-001 to LKTR-007were published in the Company press release dated October 17, 2012 (http://www.lakesideminerals.com/pdfs/20130115-Lakeside-Minerals-Announces-Launay-Property-Drill-Results.pdf). Results from the last six holes from this drill program are pending.

In 2013 and the first half of 2014, the Company primarily focused on interpreting the results of its 2012 program including the creation of detailed geological sections to understand the potential continuity and position of the various gold zones intersected during the 2012 drill program. This work will contribute to targeting future exploration at the Trojan zone.

The Freegold block, located approximately 7.5 km southeast of the Trojan Zone, overlies a quartz vein which has been traced for 122 m, varying from 1.1 to 1.5 m in width. The shear that hosts the quartz vein has been interpreted by past workers to extend for up to 7 km between the Labretech block to the east and the Privat block to the west. A 1995 humus survey outlined a greater than 5 km long southeast-trending anomaly in an area underlain by sheared massive to pillowed basalts and ultramafic flows with strong carbonatization, fuchsite alteration, and pyrite mineralization.

Between October and December 2014, Lakeside completed orientation soil and humus geochemical surveys, and grab sampling in the area south of the Freegold Zone, and an orientation soil survey and grab sampling in the Trojan Zone area. Two trenches were completed near the historical Freegold exploratory shaft to investigate a regional structure interpreted to be associated with gold mineralization, and interpreted to extend from the Trojan Zone through the area of the Freegold Zone to the east into the area of the Labretech Zone.

The orientation line of MMI soil samples in the area in of the Trojan Zone returned two anomalous samples approximately 125 m southwest of the projected eastern strike extension of the Trojan Zone. The reason for this offset is not apparent and, although offset to the south of the known mineralization, the anomalous MMI Au samples indicate that the MMI method detects the mineralization in this area and suggests that a result of 2.1 ppb Au may be indicative of bedrock gold mineralization. An MMI sample collected in the area of a 1.2 g/t Au anomaly from the 2007 B horizon survey, south of the Freegold Zone suggests follow-up work should be conducted in that area to determine the cause of the anomaly.

Three orientation lines of humus samples were taken along the same lines as the 1995 humus survey and the 2007 B horizon soil survey, in the area south of the Freegold Zone. Samples were collected along the old lines as close to the original stations as possible with humus and MMI samples from the same location. The 1995 humus survey line included a 480 ppb Au humus anomaly and the 2007 B horizon survey included a 1.2 ppm Au anomaly and both warranted further investigation. An anomaly was defined by the 2014 survey which included the same station as the 480 ppb Au sample from 1995, but also included two adjacent stations, and the southern-most station in the humus anomaly also returned an anomalous MMI Au value. However, the 2014 samples returned Au values an order of magnitude lower than the 1995 sample. In addition, two samples

located toward the south end of the 1995 line and adjacent samples collected toward the north end of the 2007 B horizon lines returned coincident Au in humus and MMI Au anomalies. Further prospecting of the outcrops in the areas of these coincident anomalies should be conducted to determine if there is a bedrock source than could explain the anomalous gold values.

Two trenches, completed in the area adjacent to the Freegold exploration shaft, totaled 1,120 m^2. Trench 1, located 10 m west of the Freegold exploratory shaft, exposed a 50 cm quartz vein hosted by sheared and altered intermediate volcanic rock. Trench 2, located 150 m southeast of the shaft, exposed a 20 m wide sheared and altered zone with centimetre-scale quartz veining hosted by variolitic intermediate volcanic rock. A total of 26 samples were taken from the two trenches, but due to the time of year and thick accumulations of snow, systematic mapping and sampling could not be completed.

Going Concern

The Company was, until recently, a junior mineral exploration company. On July 25, 2017, the Company changed its name to Lineage Grow Company Ltd. to reflect the change of business to focus in the cannabis industry in the US through the formation of the four new subsidiaries incorporated in Nevada.

As at October 31, 2017, the Company had not yet achieved profitable operations and, with an accumulated deficit of $6,103,061 (January 31, 2017 – $5,329,018), it expects to incur further losses in the development of its business including joint-venture commitments to build cannabis cultivation facilities in the states of Nevada and Colorado. The cannabis business may be subject to government licensing requirements or regulations, and non-compliance with regulatory requirements.

The Company continued to hold mining claims under the Launay Property in Quebec and has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties. These procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and noncompliance with regulatory, social and environmental requirements.

The business of cannabis cultivation involves a high degree of risk, and there can be no assurance that planned programs will result in profitable operations. The Company's ability to continue as a going concern is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continuing operations, or, in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. The uncertainty of the cannabis business and limited working capital may cast significant doubt upon the Company's ability to continue as a going concern.

Selected Annual Information

The following table presents a summary of selected financial information with respect to Lineage:

	Year ended January 31, 2017	Year ended January 31, 2016	Year ended January 31, 2015
	$	$	$
Operating expenses	(256,571)	(227,874)	(490,615)
Other income (expenses)	(15,889)	(14,755)	16,546
Loss before income taxes	(272,460)	(242,629)	(474,069)
Net loss	(272,460)	(242,629)	(466,792)
Loss per share	(0.03)	(0.03)	(0.02)
Total assets	622,334	28,901	80,592
Total liabilities	165,506	485,878	295,110
Shareholders' equity (deficiency)	456,828	(456,977)	(214,518)

Financial Results

Three months period ended October 31, 2017

The Company incurred a net loss of $381,575 or $0.012 per common share during the three months ended October 31, 2017, compared with a net loss of $31,405 or $0.001 per common share in the comparative period of the prior year. The increase in loss was the direct result of higher expenses being incurred as management geared up for its new strategy of changing its business to the cannabis industry.

Management, consulting fees and salaries totaled $77,539 during the three months ended October 31, 2017 (2016 – $24,000), primarily consisted of services provided by FMI Capital Advisory Inc. ("FMI"), for strategic advisory services, David Drutz for CEO services, and Branson Corporate Services Inc. ("Branson") for financial accounting, including CFO services. This increase was also due to an increase in monthly service fees from $2,000 to $12,000 by FMI beginning on February 1, 2017 under a new advisory agreement. Professional fees totaled $115,579 during the three months ended October 31, 2017 (2016 – $5,043) and increased as a result of the new cannabis business strategy initiative and related financing.

Office and general expenses totaled $44,889 during the three months ended October 31, 2017 (2016 – $2,985), which consisted primarily of transfer agent fees, insurance, travel and entertainment, rent and other miscellaneous costs.

Share-based compensation totaled $27,910 during the three months ended October 31, 2017 (2016 – $nil), in relation with the vesting of stock options granted in Fiscal 2017.

Exploration and evaluation expenditures of $2,527 were incurred on the Launay Property during the three months ended October 31, 2017 (2016 – $nil).

Finance costs, comprising of interest and accretion on debentures, totaled $156,207 during the three months ended October 31, 2017 (2016 – $5,438), primarily as a result of the brokered private placement of $2,500,000 from the Convertible Debentures offering completed on May 12, 2017. The conversion feature and the warrants component of the Convertible Debentures are accounted for as embedded derivative liabilities as their fair value is affected by changes in the fair value of the Company's shares. The fair value change of the embedded derivative liabilities resulted in a gain of $43,076 during the three months ended October 31, 2017 (2016 – $nil), as the fair value of the embedded derivative liabilities had decreased since the date of issuance.

Nine months period ended October 31, 2017

The Company incurred a net loss of $774,043 or $0.024 per common share during the nine months ended October 31, 2017, compared with a net loss of $108,887 or $0.004 per common share for the same period ended October 31, 2016. The increase in loss was the direct result of higher expenses being incurred during Fiscal 2017 as management geared up for its new strategy of changing its business to the cannabis industry.

Management, consulting fees and salaries totaled $217,439 during the nine months ended October 31, 2017 (2016 – $66,000), primarily consisted of services provided by FMI for strategic advisory services, David Drutz for CEO services, and Branson for financial accounting, including CFO services. This increase was also due to the increase in monthly service fees by FMI beginning on February 1, 2017 under a new advisory agreement. Professional fees totaled $223,685 during the nine months ended October 31, 2017 (2016 – $11,723), and increased as a result of the new cannabis business strategy initiative and related financing in Fiscal 2017.

Office and general expenses totaled $70,897 during the nine months ended October 31, 2017 (2016 – $18,588), which consisted primarily of transfer agent fees, insurance, travel and entertainment, rent and other miscellaneous costs.

Share-based compensation totaled $40,185 during the nine months ended October 31, 2017 (2016 – $nil), in relation with the vesting of stock options granted in Fiscal 2017.

Exploration and evaluation expenditures of $18,826 were incurred on the Launay Property during the nine months ended October 31, 2017 (2016 – $nil).

Finance costs, comprising of interest and accretion on debentures, totaled $279,586 during the nine months ended October 31, 2017 (2016 – $18,637), primarily as a result of the brokered private placement of $2,500,000 from the Convertible Debentures offering completed on May 12, 2017. The conversion feature and the warrants component of the Convertible Debentures are accounted for as embedded derivative liabilities as their fair value is affected by changes in the fair value of the Company's shares. The fair value change of the embedded derivative liabilities resulted in a gain of $76,575 during the nine months ended October 31, 2017 (2016 – $nil), as the fair value of the embedded derivative liabilities had decreased since the date of issuance.

Summary of Quarterly Results

	Net loss ($)	Loss per share ($)
Q3 2018	(381,575)	(0.012)
Q2 2018	(283,246)	(0.009)
Q1 2018	(109,222)	(0.003)
Q4 2017	(163,573)	(0.013)
Q3 2017	(31,405)	(0.004)
Q2 2017	(47,606)	(0.006)
Q1 2017	(29,877)	(0.003)
Q4 2016	(41,083)	(0.006)

Liquidity and Financial Position

As a former junior exploration resource company which is currently changing its business strategy to focus in the cannabis industry, the Company has no regular cash flow from operations, and the level of operations is principally a function of availability of capital resources. The principal source of funding has been through the completion of private placements. Going forward, the Company will have to continue to rely on equity or debt financings for its working capital requirements. There is no guarantee that the Company will be able to successfully complete such financings, as market conditions may dictate availability and interest.

As at October 31, 2017, the Company had total assets of $2,592,381, total liabilities of $2,720,211 and total shareholders' deficiency of $127,830. This compares to total assets of $622,334, total liabilities of $165,506 and total equity of $456,828 as at January 31, 2017. The increase in total assets and total liabilities is primarily attributed to the brokered private placement of $2,500,000 from the offering of convertible debentures completed on May 12, 2017.

As at October 31, 2017, the Company had current assets of $2,592,381, including cash of $2,533,556. Against current liabilities of $387,069, this resulted in a net working capital of $2,205,312. This compares to current assets of $622,334, including cash of $606,695, current liabilities of $165,506 and a net working capital of $456,828 as at January 31, 2017.

Restatement

Subsequent to the issuance of the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended October 31, 2017 and 2016, it was determined that the conversion feature and the warrants component of the Convertible Debentures issued on May 12, 2017 should have been accounted for as embedded derivative liabilities. This is due to the fact that the conversion feature and the warrants component contain contractual terms that could result in adjustments to the conversion or exercise price.

The effects of the restatement on the condensed interim consolidated statement of financial position as at October 31, 2017, and the condensed interim consolidated statement of loss and comprehensive loss for the three and nine months ended October 31, 2017 are summarized below. The adjustments between amounts previously reported and amounts restated had no material effect on the condensed interim consolidated statements of cash flows and condensed interim consolidated statement of changes in equity.

Condensed Interim Consolidated Statement of Financial Position

	Previously reported	Adjustments	**Restated**
	$	$	**$**
Assets			
Current assets	**2,592,381**	-	**2,592,381**
Total assets	**2,592,381**	-	**2,592,381**
Liabilities			
Current liabilities	**387,069**	-	**387,069**
Non-current liabilities			
Convertible debentures	**1,794,785**	331,714	**2,126,499**
Derivative liabilities	**-**	206,643	**206,643**
Total liabilities	**2,181,854**	538,357	**2,720,211**
Shareholders' Deficiency			
Share capital	**4,991,623**	-	**4,991,623**
Conversion component of convertible debentures	**354,342**	(345,518)	**8,824**
Reserve for warrants	**1,032,056**	(124,713)	**907,343**
Reserve for share-based payments	**71,360**	-	**71,360**
Reserve for foreign exchange translation	**(3,919)**	-	**(3,919)**
Accumulated deficit	**(6,034,935)**	(68,126)	**(6,103,061)**
Total shareholders' equity (deficiency)	**410,527**	(538,357)	**(127,830)**
Total liabilities and shareholders' deficiency	**2,592,381**	-	**2,592,381**

Condensed Interim Consolidated Statement of Loss and Comprehensive Loss

	Three months ended October 31, 2017		
	Previously reported	Adjustments	**Restated**
	$	$	**$**
Loss from operations	**(268,444)**	-	**(268,444)**
Other income (expenses)			
Fair value changes in embedded derivative liabilities	**-**	43,076	**43,076**
Finance cost	**(136,080)**	(20,127)	**(156,207)**
Net loss	**(404,524)**	22,949	**(381,575)**
Other comprehensive loss			
Exchange differences on translating foreign operations	**(2,372)**	-	**(2,372)**
Net loss and comprehensive loss	**(406,896)**	22,949	**(383,947)**
Loss per share – basic and diluted	**(0.013)**	0.001	**(0.012)**

	Nine months ended October 31, 2017		
	Previously reported	Adjustments	**Restated**
	$	$	**$**
Loss from operations	**(571,032)**	-	**(571,032)**
Other income (expenses)			
Income tax recovery	**124,574**	(124,574)	**-**
Fair value changes in embedded derivative liabilities	**-**	76,575	**76,575**
Finance cost	**(259,459)**	(20,127)	**(279,586)**
Net loss	**(705,917)**	(68,126)	**(774,043)**
Other comprehensive loss			
Exchange differences on translating foreign operations	**(3,919)**	-	**(3,919)**
Net loss and comprehensive loss	**(709,836)**	(68,126)	**(777,962)**
Loss per share – basic and diluted	**(0.022)**	(0.002)	**(0.024)**

Related Party Transactions and Key Management Compensation

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

On October 15, 2010, the Company and FMI entered into a financial advisory and consulting agreement, which was subsequently amended on May 30, 2017. Peter Bilodeau, a director of the Company, is also the President of FMI. FMI is a subsidiary of Foundation Financial Holdings Corp. ("FFHC"). FFHC is an entity in which Adam Szweras, the secretary of the Company is a director and his minor children hold an indirect interest. For the nine months ended October 31, 2017, consulting fee from FMI was $108,000 (2016 – $18,000). As at October 31, 2017, $58,680 (January 31, 2017 – $nil) is included in accounts payable and accrued liabilities in relation to FMI. This amount is unsecured, non-interest bearing and due on demand.

On March 1, 2014, the Company and Branson entered into a management services agreement, providing for CFO services of the Company, as well as other accounting and administrative services. Branson is an entity in which FFHC owns 49% of the shares. For the nine months ended October 31, 2017, the Company recorded

$45,000 (2016 – $45,000) for services provided by Branson. As at October 31, 2017, $nil (January 31, 2017 – $nil) is included in accounts payable and accrued liabilities in relation to Branson. This amount is unsecured, non-interest bearing and due on demand.

During the nine months ended October 31, 2017, Fogler Rubinoff LLP ("Fogler"), a law firm in which Adam Szweras, the secretary of the Company is also a partner, provided $85,200 (2016 – $nil) of legal services, which are included in professional fees. As at October 31, 2017, $22,816 (January 31, 2017 – $72,094) is included in accounts payable and accrued liabilities in relation to Fogler. This amount is unsecured, non-interest bearing and due on demand.

During the nine months ended October 31, 2017, the Company recorded fees of $48,000 (2016 – $nil), included in management, consulting fees and salaries, for services provided by the Chief Executive Officer ("CEO") to the Company. As at October 31, 2017, $48,000 (January 31, 2017 – $nil) is included in accounts payable and accrued liabilities in relation to compensation for the CEO's services.

Disclosure of Outstanding Share Data as of December 28, 2017

	Authorized	**Outstanding**
Voting or equity securities issued and outstanding	Unlimited number of common shares	33,049,183 common shares
Securities convertible or exercisable into voting or equity		a) 22,420,553 warrants exercisable to acquire common shares of the Company; b) Convertible debentures in the principal amount of $2,500,000, convertible into common shares at the Conversion Price; and c) 3,000,000 outstanding stock options, of which 1,772,500 stock options are exercisable into common shares of the Company.

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

Proposed Transactions

<u>Oregon Acquisition</u>

On December 13, 2017, the Company signed a LOI to acquire the assets of Rosebuds Bakery, LLC d/b/a Terpene Station and Brooklyn Holding Co d/b/a Terpene Station Portland which operate under the "Terpene Station" (the "Acquisition"). Terpene Station is an Oregon-based cannabis retailer involved with the marketing and sale of cannabis flower, edibles and oils. The purchase price of the Acquisition is in the amount of US$1,200,000, of which US$800,000 will be payable in cash upon closing, and US$400,000 payable in secured promissory note, payable 24 months after closing, at 10% simple interest per annum. Closing of the Acquisition is subject to completion of due diligence, execution of a definitive agreement, and all required regulatory approvals and consents.

In Oregon, Lineage's objective is to establish a vertically integrated cannabis operation to manufacture and sell premium quality cannabis branded products. The Acquisition of the two retail dispensaries is in line with this objective and puts the Company in an advantageous position when structuring transactions to acquire

cultivation operations up the value chain. Lineage is currently engaged in discussions with Oregon-based cultivators with a view towards entering into additional acquisitions in the near future. Lineage expects the Acquisition to provide several key strategic benefits including brand expansion and distribution, a leading dispensary position in Oregon, and other synergy opportunities.

Pueblo Joint Venture

On February 22, 2017, the Company and NHII entered into a LOI, contemplating a Pueblo Joint Venture ("Pueblo JV"), subsequently amended on June 29, 2017. Under the terms of the Pueblo JV, it was intended that NHII would lease certain land and buildings in Pueblo, Colorado (the "Pueblo Facility") which qualify for marijuana cultivation to Lineage, which would then sub-lease the Pueblo Facility to Palo Verde LLC ("Palo Verde"), which has applied for a license to cultivate retail cannabis (the "OPC License") in Colorado with respect to the Pueblo Facility.

Palo Verde was advised the by the Colorado Marijuana Enforcement Division ("MED"), the State regulator of the legal marijuana industry in Colorado, that its renewal application for the OPC License has received a notice of denial. Palo Verde has previously applied for renewal of the OPC License which was previously granted to Palo Verde but has subsequently expired. It was intended that upon completing the build-out, obtaining requisite state and local approvals, and obtaining the renewal of the OPC License, Palo Verde would cultivate retail cannabis for sale to licensed dispensaries and infused product manufacturers in the State.

Palo Verde has advised that it is undertaking an administrative process to determine if the OPC License renewal was improperly denied by the MED and contest the denial. In light of these developments, Lineage will temporarily delay moving forward with the Colorado JV until there is greater clarity surrounding Palo Verde's ability to secure an OPC License.

The Company is in the process of negotiating with NHII to amend the LOI to address the delay of the Colorado JV and the proposed Washington Agreement and will provide a further update upon new developments.

On February 7, 2018, the Company and NHII have entered into an amended and restated LOI dated February 1, 2018 (the "Restated NH LOI"), restating the LOI entered on February 22, 2017 as amended on June 29, 2017, which sets forth the Proposed Transactions as follows:

(i) All sections of the Proposed Transactions relating to the acquisition of a Provisional Marijuana Cultivation License issued by the Nevada Division of Public and Behavioral Health and the acquisition of real property in Henderson been removed.

(ii) The Proposed Transactions will be structured such that NHII will assist the Company to enter into the Washington Agreement with Mt. Baker. Upon the completion of the Pueblo JV, the Company will issue to NHII 400,000 common shares at $0.25 per share as partial consideration for introducing Mt. Baker.

(iii) The Proposed Transactions will also include the Company entering into a Pueblo JV with NHII and Palo Verde by entering into a series of agreements with NHII and Palo Verde in connection with the expansion of a marijuana facility located in Pueblo. Upon completion of the Pueblo JV, the Company will issue to NHII 100,000 common shares at $0.25 per share as partial consideration for providing consulting services in preparation for entering into the Pueblo JV. The completion date for the proposed Pueblo JV has been scheduled for December 31, 2018.

(iv) NHII will enter into a put option agreement (the "Put Agreement") pursuant to which, in the event of default by the Company under the Convertible Debentures, NHII would be obligated, at the election of the agent for the holders, to purchase the Convertible Debentures at a price equal to the amount of

all principal and accrued interest outstanding thereon. NHII has agreed to enter into the Put Agreement in exchange for:

1. The issuance of 1,250,000 common shares of the Company at $0.25 per share;

2. $75,000 cash paid in the form of 5% royalty on all revenue of the Company paid on an installment basis with any balance outstanding by October 16, 2019, to be paid in a lump sum; and

3. Should the Company acquire any dispensary in a state in which NHII's products are sold, the Company shall purchase NHII's products to stock at least 20% of the dispensary's shelf space per product category at a price equal to NHII's best regular whole sale price to NHII's customers in the state, subject to availability of supply.

Critical Accounting Estimates

The preparation of the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended October 31, 2017, in conformity with IFRS, requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited condensed interim consolidated financial statements and reported amounts of expenses during the three and nine months ended October 31, 2017.

The estimates and associated assumptions are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates and assumptions made by management may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. There have been no significant judgments made by management in the application of IFRS that have a significant effect on these financial statements, with exception to loans payable, deferred taxes and the going concern assumption. The most significant estimates relate to the recoverability of taxes receivable, the valuation of deferred income tax amounts, the determination of equity portion of convertible debentures, and the valuation of warrants and share-based payments.

Significant Accounting Policies

Mineral Properties

Acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment.

Share-Based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which the options vest. The offset to the recorded cost is to share-based payment reserve. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision

of the original estimates, if any, is recognized in the statement of loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Consideration received on the exercise of stock options is recorded as share capital and the related share-based payment reserve is transferred to share capital. Upon expiry, the recorded value is transferred to share capital.

Compound Instruments

The components of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the contractual agreement. At the date of issue, the fair value of the liability component is estimated using the market interest rate then in effect for a similar convertible instrument. This amount is recorded as a liability, at amortized cost, using the effective interest rate method until its expiry at the time of conversion or maturity of the instrument. The equity component is determined by deducting the amount of the liability component of the total fair value of the compound instrument. This amount is recognized in equity, net of income tax effects, and is not subsequently remeasured. Transaction costs related to the issuance of the convertible debenture are allocated to the liability and equity components in proportion to their initial carrying amounts. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the debenture using the effective interest method. Interest and accretion expense are recognized as a finance cost in the consolidated statement of loss. Upon expiry, the equity component is transferred to deficit.

Conversion features that fail equity classification and are accounted for as derivative liabilities are typically accounted for separately from the host instruments. This is because the fair value of the conversion feature is affected by changes in the fair value of the issuer's shares, and the fair value of the host loan is not. The effect is that the Convertible Debentures are accounted for at amortized cost, with the embedded derivative liabilities being measured at fair value with changes in value being recorded in profit or loss.

Loss per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. When there is a loss, no potential shares are included in the computation as they are anti-dilutive.

Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity ("HTM"), available for sale ("AFS"), loans and receivables or at fair value through profit or loss ("FVTPL"). Financial assets classified as FVTPL are measured at fair value with realized gains and losses recognized through net income (loss). The Company's cash is classified as loans and receivable. Financial assets classified as loans and receivables and HTM are measured at amortized cost. Financial assets classified as AFS are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for when there is objective evidence of impairment. As at October 31, 2017, the Company has not classified any financial assets as FVTPL, AFS or HTM. Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's line of credit, accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. As at October 31, 2017, the derivative liabilities associated with the Convertible Debentures have been classified as FVTPL.

Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and short-term deposits. As at October 31, 2017, the Company did not have any cash equivalents.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Changes in Accounting Policies and Recent Accounting Pronouncements

The Company had adopted the following new standards, effective February 1, 2017. These changes were made in accordance with the applicable transitional provisions. There was no material impact on the Company's unaudited condensed interim consolidated financial statements:

- *IAS 7 – Statement of Cash Flows* was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- *IAS 12 – Income Taxes* was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences.

The IASB and the IFRIC have issued certain pronouncements that are mandatory for accounting periods commencing on or after January 1, 2017. Many are not applicable or do not have a significant impact to the

Company and have been excluded. The Company has not early adopted and is currently assessing the impact of adopting these standards or amendments will have on the Company's financial statements.

- *IFRS 9 – Financial Instruments ("IFRS 9")* was issued by the IASB in July 2014 and will replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

- *IFRS 16 – Leases ("IFRS 16")* was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 – Revenue from Contracts with Customer has also been applied.

Capital Management

The Company's objective in managing its capital structure is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Company monitors its capital structure and makes adjustments according to market conditions to meet its objectives given the current outlook of the business and industry in general. To maintain or adjust the capital structure, the Company may issue new shares or acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management team to sustain the future development of the business.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions by:

(i) minimizing discretionary disbursements;
(ii) reducing or eliminating exploration expenditures which are of limited strategic value;
(iii) exploring alternate sources of liquidity.

In light of the above, the Company will continue to assess and acquire an interest in new business opportunities if it feels there is sufficient potential and if it has adequate financial resources to do so.

As at October 31, 2017, the Company's capital consists of share capital, conversion component of convertible debentures, reserves and deficit in the amount of $127,830 (January 31, 2017 – equity of $456,828).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the nine months ended October 31, 2017.

The Company is not subject to externally imposed capital requirements.

Financial Instruments and Risk Factors

Fair Value of Financial Instruments

The carrying amounts of cash, other receivables, convertible debentures and accounts payables and accrued liabilities on the consolidated statements of financial position approximate fair value due to the relative short maturity of these financial instruments.

The fair values of the derivative liabilities were estimated based on the assumptions disclosed in Note 8 of the unaudited restated condensed interim consolidated financial statements.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at October 31, 2017, the Company does not have any financial instruments measured at fair value after initial recognition, except for the embedded derivative liabilities which are calculated using Level 2 inputs.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash balances and other receivables. Cash is held with a reputable Canadian chartered bank and in trust by the Company's legal counsel. Management believes that the credit risk concentration with respect to financial instruments included in cash and other receivables is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. See Note 1 of the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended October 31, 2017 for the Company's requirement for additional financing to conduct its planned work, to meet ongoing levels of corporate overhead, and to discharge its liabilities as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at October 31, 2017, the Company had a cash balance of $2,533,556 (January 31, 2017 – $606,695) to settle current liabilities of $387,069 (January 31, 2017 – $165,506).

Commodity Price Risk

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious metals. These metal prices have

fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of these metals may be produced in the future, a profitable market will exist for them. As of October 31, 2017, the Company was not a producing entity. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Subsequent Events

On November 2, 2017, the Company extended the maturity date of the SIDEX Debentures to March 16, 2019. The conversion price was also amended to equal to $0.20 per share.

On November 10, 2017, the Company announced a term extension of the share purchase warrants previously issued pursuant to private placements on November 16, 2016 and December 9, 2016, as well as a debt settlement on December 12, 2016. If the warrants are not exercised by their original expiry date, the expiry date of these warrants will be extended for a further 12-month period, to November 16, 2018, December 9, 2018 and December 12, 2018, respectively. This extension is subject to an 8-month legend for resale of the shares beginning on the original expiry date.

On November 21, 2017, 600,000 common shares were issued as a result of the exercise of warrants previously issued on November 16, 2016, for proceeds of $60,000. The warrants were exercised at a weighted average exercise price of $0.10 per warrant. All issued shares are fully paid.

On December 12, 2017, 170,000 stock options expired unexercised.

On December 13, 2017, the Company signed a LOI to acquire the assets of Terpene Station. The purchase price of the Acquisition is in the amount of US$1,200,000, of which US$800,000 will be payable in cash upon closing, and US$400,000 payable in secured promissory note, payable 24 months after closing, at 10% simple interest per annum. Closing on the Acquisition is subject to completion of due diligence, execution of a definitive agreement, and all required regulatory approvals and consents.

On December 21, 2017, the Company announced it has entered into a LOI to form a strategic partnership with Mt. Baker, subject to regulatory review.

On December 21, 2017, the Company announced that it is in the process of negotiating with NHII to amend the LOI entered on February 22, 2017 as amended on June 29, 2017.

On December 21, 2017, the Company announced that it will be delaying its listing on the CSE until the necessary disclosures have been made with respect to the Washington Agreement and the delay in the Colorado JV. As such, the Company will be amending the terms of the Concurrent Financing such that subscribers who waive final listing approval from the CSE as a closing condition will be entitled to receive one full Warrant, instead of one-half (1/2) of one Warrant.

On January 24, 2018, the Company closed the first tranche of the previously announced Concurrent Financing and issued 4,740,000 Units for gross proceeds of $1,185,000. Each Unit consists of one (1) Common Share and one (1) Warrant. Each Warrant entitles the holder to purchase one (1) additional Common Share at a price of $0.325 per Common Share, exercisable for 24-months until January 24, 2020. On closing of the first tranche financing, the Company paid Finders' fees of $94,800 and issued 379,200 Finders' Options ("Finders' Options"), with each Finder Option entitling the holder to purchase one (1) Unit at a price of $0.25 per Unit, exercisable until January 24, 2020.

On February 7, 2018, the Company announced that it has entered into definitive agreements to implement the Washington Agreement with Mt. Baker, a Tier 2 licensed cannabis producer processor in the State of Washington. An Equipment Lease Agreement was entered into, whereby the Company agrees to lease

cultivation equipment to Mt. Baker. A Licensing and Services Agreement was also entered, whereby Mt. Baker will purchase cultivation supplies, license certain trademarks to place on Mt. Baker's packaged products, and license certain technology from the Company, to cultivate the marijuana crops grown at the Mt. Baker Facility. The Company will also provide services to assist in redesigning Mt. Baker's grow facility, implement growing methodologies, training of personnel and other advice as requested.

On February 7, 2018, the Company and NHII have entered into an amended and restated LOI dated February 1, 2018 (the "Restated NH LOI"), restating the LOI entered on February 22, 2017 as amended on June 29, 2017, which sets forth the Proposed Transactions (see Proposed Transactions for details).

Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

During the nine months ended October 31, 2017, there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Corporation's President and CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at October 31, 2017, covered by this MD&A, with the participation of the President and CEO and the CFO, the Company evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and CEO and the CFO have concluded that, as of the end of the period covered by this MD&A, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Corporation's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Corporation, including the President and CEO and the CFO, as appropriate to allow timely decisions regarding required disclosure.

Cautionary Note Regarding Forward Looking Statements

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability

of Lineage to fund the capital and operating expenses necessary to achieve the business objectives of Lineage, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

Management's Responsibility for Financial Information

Management is responsible for all information contained in this report. The unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the unaudited condensed interim consolidated financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate, and assets are safeguarded.

The Audit Committee has reviewed the unaudited condensed interim consolidated financial statements with management. The Board of Directors has approved the unaudited condensed interim consolidated financial statements on the recommendation of the Audit Committee.

February 26, 2018

David Drutz
Chief Executive Officer

SCHEDULE "C"

UNAUDITED RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2017 AND 2016

NOTICE TO READER

The Audit Committee, in consultation with the management of the Company, has determined that the Company's previously filed unaudited condensed interim consolidated financial statements and management's discussion and analysis for the three and nine months ended October 31, 2017 and 2016 needed to be restated to correct the value assigned to the conversion feature and warrants of the convertible debentures issued in May 12, 2017 as embedded derivative liabilities. Previously recorded amounts of $345,518 for the conversion component and $124,713 for the warrants of the convertible debentures were accounted in equity.

Details of the changes are fully described in Note 16 to the Restated Condensed Interim Consolidated Financial Statements as filed on SEDAR on February 26, 2018.

The previously filed financial statements and management's discussion and analysis for the financial periods were originally filed by the Company on SEDAR on December 28, 2017. Each of the Restated Condensed Interim Consolidated Financial Statements and Revised MD&A replaces and supersedes the respective previously filed original financial statements and related management's discussion and analysis. There have been no other changes. This notice supersedes the previously filed version.

(formerly Lakeside Minerals Inc.)

UNAUDITED RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of Lineage Grow Company Ltd. (formerly Lakeside Minerals Inc.) are the responsibility of the management and Board of Directors of the Company.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 – Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

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

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"David Drutz"
David Drutz
Chief Executive Officer

"Keith Li"
Keith Li
Chief Financial Officer

LINEAGE GROW COMPANY LTD. (formerly Lakeside Minerals Inc.)
Unaudited Restated Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	**As at October 31, 2017** $	As at January 31, 2017 $
		(Restated – see Note 16)	
Assets			
Current assets			
Cash		**2,533,556**	606,695
HST and other receivables	6	**38,142**	14,806
Prepaid expenses		**20,683**	833
Total assets		**2,592,381**	622,334
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7	**387,069**	113,190
Convertible debentures	8	**-**	52,316
		387,069	165,506
Non-current liabilities			
Convertible debentures	8	**2,126,499**	-
Derivative liabilities	8	**206,643**	-
Total liabilities		**2,720,211**	165,506
Shareholders' Deficiency			
Share capital	9	**4,991,623**	4,838,430
Conversion component of convertible debentures	8	**8,824**	8,824
Reserve for warrants	10	**907,343**	907,417
Reserve for share-based payments	11	**71,360**	31,175
Reserve for foreign exchange translation		**(3,919)**	-
Accumulated deficit		**(6,103,061)**	(5,329,018)
Total shareholders' (deficiency) equity		**(127,830)**	456,828
Total liabilities and shareholders' deficiency		**2,592,381**	622,334

	Notes
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APPROVED ON BEHALF OF THE BOARD

"David Drutz" (Director) **"Peter Bilodeau"** (Director)

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

LINEAGE GROW COMPANY LTD. (formerly Lakeside Minerals Inc.)
Unaudited Restated Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and nine months ended October 31, 2017 and 2016
(Expressed in Canadian Dollars)

	Notes	**Three months ended October 31, 2017**	**Three months ended October 31,** 2016	**Nine months ended October 31, 2017**	**Nine months ended October 31,** 2016
		$	$	**$**	$
		(Restated – see Note 16)		(Restated – see Note 16)	
Expenses					
Management, consulting fees and salaries	12	**77,539**	24,000	**217,439**	66,000
Professional fees		**115,579**	5,043	**223,685**	11,723
Share-based compensation	11	**27,910**	-	**40,185**	-
Office and general		**44,889**	2,985	**70,897**	18,588
Exploration and evaluation expenditures	5	**2,527**	-	**18,826**	-
Loss from operations		**(268,444)**	(32,028)	**(571,032)**	(96,311)
Other income (expenses)					
Interest and other income		**-**	54	**-**	54
Gain on settlement of debt	8	**-**	6,007	**-**	6,007
Fair value changes in derivative liabilities	8	**43,076**	-	**76,575**	-
Finance cost	8	**(156,207)**	(5,438)	**(279,586)**	(18,637)
Net loss		**(381,575)**	(31,405)	**(774,043)**	(108,887)
Other comprehensive loss					
Exchange differences on translating foreign operations		**(2,372)**	-	**(3,919)**	-
Net loss and comprehensive loss		**(383,947)**	(31,405)	**(777,962)**	(108,887)
Weighted average number of shares outstanding – basic and diluted	9	**32,246,740**	24,745,216	**32,159,968**	24,745,216
Loss per share – basic and diluted	9	**(0.012)**	(0.001)	**(0.024)**	(0.004)

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

LINEAGE GROW COMPANY LTD. (formerly Lakeside Minerals Inc.)
Unaudited Restated Condensed Interim Consolidated Statements of Cash Flows
For the three and nine months ended October 31, 2017 and 2016
(Expressed in Canadian Dollars)

	Notes	Three months ended October 31, 2017 $ (Restated – see Note 16)	Three months ended October 31, 2016 $	Nine months ended October 31, 2017 $ (Restated – see Note 16)	Nine months ended October 31, 2016 $
Operating activities					
Net loss for the period		**(381,575)**	(31,405)	**(774,043)**	(108,887)
Adjustments for:					
Finance cost	8	**156,207**	5,438	**279,586**	18,637
Fair value changes in derivative liabilities	8	**(43,076)**	-	**(76,575)**	-
Stock-based compensation	11	**27,910**	-	**40,185**	-
		(240,534)	(25,967)	**(530,847)**	(90,250)
Change in non-cash working capital:					
HST and other receivables	6	**(13,781)**	34,411	**(23,336)**	4,997
Prepaid expenses		**(12,053)**	-	**(11,219)**	-
Accounts payable and accrued liabilities	7	**105,660**	57,607	**273,879**	150,510
		79,826	92,018	**239,324**	155,507
Net cash flows (used in) from operating activities		**(160,708)**	66,051	**(291,523)**	65,257
Financing activities					
Proceeds from convertible debentures	8	**-**	-	**2,500,000**	-
Issuance costs of convertible debentures	8	**-**	-	**(280,815)**	-
Share issue costs		**-**	(3,468)	**-**	(3,468)
Shares issued for debt		**-**	(6,007)	**-**	(6,007)
Proceeds from exercise of warrants	9, 10	**-**	-	**3,118**	-
Net cash flows (used in) from financing activities		**-**	(9,475)	**2,222,303**	(9,475)
(Decrease) increase in cash		**(160,708)**	56,576	**1,930,780**	55,782
Effects of exchange rate changes on cash		**(2,372)**	-	**(3,919)**	-
Cash, beginning of the period		**2,696,636**	467	**606,695**	1,261
Cash, end of period		**2,533,556**	57,043	**2,533,556**	57,043

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

LINEAGE GROW COMPANY LTD. (formerly Lakeside Minerals Inc.)
Unaudited Restated Condensed Interim Consolidated Statements of Changes in Equity
For the nine months ended October 31, 2017 and 2016
(Expressed in Canadian Dollars)

		Share Capital		Reserves					
	Notes	Number of Shares	Amount	Share-Based Payments	Conversion Component of Convertible Debentures	Warrants	Foreign Exchange Transalation	Accumulated Deficit	Total
		#	$	$	$	$	$	$	$
Balance, January 31, 2016		**8,248,405**	**3,720,304**	**160,374**	**6,002**	**712,901**	**-**	**(5,056,558)**	**(456,977)**
Share issuance costs	8	-	(3,468)	-	-	-	-	-	(3,468)
Equity component of convertible debentures	8	-	-	-	2,822	-	-	-	2,822
Net loss for the period		-	-	-	-	-	-	(108,887)	(108,887)
Balance, October 31, 2016		**8,248,405**	**3,716,836**	**160,374**	**8,824**	**712,901**	**-**	**(5,165,445)**	**(566,510)**
Issued for cash consideration:									
Private placement	9	22,000,000	1,100,000	-	-	-	-	-	1,100,000
Warrants issued on private placement	10	-	(220,000)	-	-	220,000	-	-	-
Share issuance costs	9	-	(18,187)	-	-	(6,187)	-	-	(24,374)
Issued for non-cash consideration:							-		
Issued for settlement of debt	9	1,596,818	79,841	-	-	(15,968)	-	-	63,873
Warrants issued for debt settlements	10	-	-	-	-	15,968	-	-	15,968
Warrants exercised	10	895	273	-	-	(4)	-	-	269
Warrants expired		-	19,293	-	-	(19,293)	-	-	-
Stock options exercised	11	-	-	31,175	-	-	-	-	31,175
Stock options expired		-	160,374	(160,374)	-	-	-	-	-
Net loss for the period		-	-	-	-	-	-	(163,573)	(163,573)
Balance, January 31, 2017		**31,846,118**	**4,838,430**	**31,175**	**8,824**	**907,417**	**-**	**(5,329,018)**	**456,828**
Issued for non-cash consideration:									
Issued for debenture interest	8,9	600,000	150,000	-	-	-	-	-	150,000
Warrants exercised	9	3,665	3,298	-	-	-	-	-	3,298
Warrants expired	10	-	74	-	-	(74)	-	-	-
Stock-based compensation	11	-	-	40,185	-	-	-	-	40,185
Prior year adjustment		(600)	(179)	-	-	-	-	-	(179)
Exchange loss on translating foreign operation		-	-	-	-	-	(3,919)	-	(3,919)
Net loss for the period		-	-	-	-	-	-	(774,043)	(774,043)
Balance, October 31, 2017		**32,449,183**	**4,991,623**	**71,360**	**8,824**	**907,343**	**(3,919)**	**(6,103,061)**	**(127,830)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Lineage Grow Company Inc. (the "Company") was engaged in the acquisition, exploration and development of mineral resource properties in Canada. On July 25, 2017, the Company through an Article of Amendment, changed its name to Lineage Grow Company Ltd. to reflect the change of business to focus in the cannabis industry in the United States. The address of the Company's registered office is 77 King Street West, Suite 2905, Toronto, Ontario M5K 1H1.

As at October 31, 2017, the Company had a working capital of $2,205,312 (January 31, 2017 – $456,828) and an accumulated deficit of $6,103,061 (January 31, 2017 – $5,329,018). The Company has not yet achieved profitable operations, and expects to incur further losses in the development of its business including joint venture commitments to build cannabis cultivation facilities in various US states. The cannabis business may be subject to government licensing requirements or regulations, and non-compliance with regulatory requirements.

The Company continued to hold mining claims in Quebec and has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and noncompliance with regulatory, social and environmental requirements.

The business of cannabis cultivation involves a high degree of risk, and there can be no assurance that planned programs will result in profitable operations. The Company's ability to continue as a going concern is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continuing operations, or, in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. The uncertainty of the cannabis cultivation business and limited working capital may cast significant doubt upon the Company's ability to continue as a going concern.

These unaudited condensed interim consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities and the reported expenses that might be necessary should the Company be unable to realize its assets and settle its liabilities in the normal course of operations. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with *International Accounting Standards 34 – Interim Financial Reporting*. Accordingly, they do not include all of the information and disclosures required by IFRS for annual financial statements.

These unaudited restated condensed interim consolidated financial statements were reviewed, approved and authorized for issue by the Company's Board of Directors on February 26, 2018.

2.2 Basis of Presentation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS accounting principles applicable to a going concern, using the historical cost basis.

In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Basis of Consolidation

These unaudited condensed interim consolidated financial statements incorporate the accounts of Lineage Grow Company Ltd. and its wholly-owned subsidiaries: Lakeside Minerals Corp., 1183290 Alberta Inc., Unite Capital Corp., LGC Technologies Inc., LGC Holdings USA Inc., LGC Real Estate Holdings LLC, LGC Real Estate (Colorado) LLC and LGC Agricultural Operations Inc.

2.4 Changes in Accounting Policies and Recent Accounting Pronouncements

The Company has adopted the following new standards, effective February 1, 2017. These changes were made in accordance with the applicable transitional provisions. There was no material impact on the Company's unaudited condensed interim consolidated financial statements:

- *IAS 7 – Statement of Cash Flows* was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- *IAS 12 – Income Taxes* was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences.

The IASB and the IFRIC have issued certain pronouncements that are mandatory for accounting periods commencing on or after January 1, 2018. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company has not early adopted and is currently assessing the impact of adopting the following standards or amendments will have on the Company's financial statements.

- *IFRS 9 – Financial Instruments ("IFRS 9")* was issued by the IASB in July 2014 and will replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

- *IFRS 16 – Leases ("IFRS 16")* was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under 12 months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 – Revenue from Contracts with Customer has also been applied.

3. CAPITAL MANAGEMENT

The Company's objective in managing its capital structure is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Company monitors its capital structure and makes adjustments according to market conditions to meet its objectives given the current outlook of the business and industry in general. To maintain or adjust the capital structure, the Company may issue new shares or acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management team to sustain the future development of the business.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions by:

(i) minimizing discretionary disbursements;
(ii) reducing or eliminating exploration expenditures which are of limited strategic value; and
(iii) exploring alternate sources of liquidity.

In light of the above, the Company will continue to assess and acquire an interest in new business opportunities if it feels there is sufficient potential and if it has adequate financial resources to do so.

As at October 31, 2017, the Company's capital consists of share capital, conversion component of convertible debentures, reserves and deficit in the amount of $127,830 (January 31, 2017 – equity of $456,828).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the nine months ended October 31, 2017.

The Company is not subject to externally imposed capital requirements.

4. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's risk exposures and the impact on the financial instruments are summarized below. There have been no material changes to the risks, objectives, policies and procedures during the nine months ended October 31, 2017.

Fair Value of Financial Instruments

The carrying amounts of cash, other receivables, convertible debentures and accounts payables and accrued liabilities on the consolidated statements of financial position approximate fair value due to the relative short maturity of these financial instruments.

The fair values of the derivative liabilities were estimated based on the assumptions disclosed in Note 8.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at October 31, 2017, the Company does not have any financial instruments measured at fair value after initial recognition, except for the embedded derivative liabilities which are calculated using Level 2 inputs.

4. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

Fair Value of Financial Instruments (continued)

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash balances and other receivables. Cash is held with a reputable Canadian chartered bank and in trust by the Company's legal counsel. Management believes that the credit risk concentration with respect to financial instruments included in cash and other receivables is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. See Note 1 for the Company's requirement for additional financing to conduct its planned work, to meet ongoing levels of corporate overhead, and to discharge its liabilities as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at October 31, 2017, the Company had a cash balance of $2,533,556 (January 31, 2017 – $606,695) to settle current liabilities of $387,069 (January 31, 2017 – $165,506).

5. EXPLORATION AND EVALUATION EXPENDITURES

The Company was engaged, in acquiring, exploring, and developing mineral properties in the jurisdiction of Quebec. As at October 31, 2017, Lineage holds one main property, the Launay Property, for which the Company had incurred exploration and evaluation expenditures of $18,826 during the nine months ended October 31, 2017 (2016 – $nil).

Launay Property

- 21 claims are under option agreement for the Company to acquire a 100% interest, subject to property payment, work commitments and subject to a 2% net smelter returns royalty ("NSR") with buyback of 1% NSR for $1,000,000.
- 15 claims were acquired from Melkior Resources Inc. through issuance of the Company's shares, and are held 100% by the Company. 9 of these claims are subject to an underlying 2% NSR with buyback of 1% NSR for $1,000,000; the other 6 claims are subject to a 1% NSR with total buyback for $500,000.
- 11 claims were acquired from Jack Stoch Geoconsultant Services Ltd. through issuance of the Company's shares and are subject to a 2% Gross Metal Royalty ("GMR"). The Company has the option of first refusal to buy back a 1% GMR. All these claims are 100% held by the Company.
- 3 claims were acquired from 9219-8845 Québec Inc. (Canadian Mining House) through issuance of the Company's shares and are subject to a 2% NSR with a buyback of 1% NSR for $1,000,000. All these claims are 100% held by the Company.
- 13 other claims were staked and are 100% held by the Company.

6. HST AND OTHER RECEIVABLES

The Company's HST and other receivables arise from harmonized services tax, and amounts due from government taxation authorities. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables, which are due in less than one year.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities, professional fees, amounts payable for financing activities and payroll liabilities.

The following is an aged analysis of the accounts payables and accrued liabilities:

		October 31, 2017		January 31, 2017
Less than 90 days	**$**	**384,501**	$	79,549
Greater than 90 days		**2,568**		33,641
Total accounts payable and accrued liabilities	**$**	**387,069**	$	113,190

8. CONVERTIBLE DEBENTURES

SIDEX Debentures

On September 16, 2014, the Company closed a non-brokered private placement of an unsecured convertible debenture under SIDEX's program "Field Action 2014" (the "SIDEX Debentures") for gross proceeds of $50,000. The SIDEX Debentures matured 2 years from the closing date. As an incentive for purchasing these debentures, the Company issued 333,333 warrants on closing. Each warrant is exercisable into shares at a price of $0.15 per share for the first year and $0.30 per share in the second year from the closing date and had a value of $19,293. These warrants expired on September 16, 2016.

On September 16, 2016, the Company extended the terms and the maturity date of the SIDEX Debentures until September 17, 2017. These debentures were issued at face value and were convertible, at the option of the holder, at any time prior to the maturity date, into common shares of the Company at a conversion price equal to $0.30 per share from September 17, 2016 until September 16, 2017. The rate of interest on the debentures is 12% per annum, to be accrued until and payable on the maturity date. Subsequent to the end of the quarter, the maturity date of the SIDEX Debentures were further extended to March 16, 2019 (see Note 15 for further details).

The SIDEX Debentures are classified as a liability, with the exception of the portion relating to the conversion feature, resulting in the carrying value of the debentures being less than face value. The discount is being accreted over the term of the debentures utilizing the effective interest rate method at a 36.0% discount rate.

Convertible Debentures

On May 12, 2017, the Company closed a brokered private placement offering of convertible debentures (the "Convertible Debentures") for 2,500 units for gross proceeds of $2,500,000. The offering is in accordance with the proposed transaction with Nutritional High International Inc. ("NHII") regarding the building of cannabis cultivation facilities in Nevada and Colorado. The issue price of each unit was $1,000 and consisted of:

(i) $1,000 principal amount of 12.0% convertible secured redeemable debentures; and
(ii) 4,000 warrants exercisable into common shares in the capital of the Company at a price of $0.325 for a period of 24 months.

The Convertible Debentures rank pari passu and mature 24 months from the closing date, and are convertible at the option of the holder at any time prior to the maturity date into common shares of the Company at a conversion price of $0.25 per share. The Convertible Debentures bear interest at a rate of 12.0% per annum, payable semi-annually in advance, with the first interest payment due at the closing of the offering and paid from the issuance of 600,000 common shares of the Company at an issue price of $0.25 per common share (see Note 9). The Company may elect to satisfy its obligation to pay interest on the Convertible Debentures by issuing common shares to the debenture holders at a price of $0.25 per common share.

8. CONVERTIBLE DEBENTURES (continued)

Convertible Debentures (continued)

The conversion price of the Convertible Debentures is subject to the following adjustments:

- If the Company completes an equity financing, within eight months of the date of the offering, at a price less than $0.30 per common share (the "Equity Financing Price"), the conversion price shall be adjusted, subject to compliance with applicable stock exchange and securities regulatory requirements, to a price equal to a 20% discount to the Equity Financing Price; and

- If the Company completes an equity financing, at any time that the Convertible Debentures remain outstanding, at an Equity Financing Price of less than $0.25 per common share, the conversion price shall be adjusted, subject to compliance with applicable stock exchange and securities regulatory requirements, to an amount equal to such Equity Financing Price.

The warrant exercise price is subject to the following adjustment:

- If the Company issues warrants, at any time that the Convertible Debentures remain outstanding, with an exercise price of less than $0.325 (the "Equity Financing Warrant Price"), the warrant exercise price shall be adjusted, subject to compliance with applicable stock exchange and securities regulatory requirements, to an amount equal to such Equity Financing Warrant Price.

The Convertible Debentures, and the portions related to the conversion feature and the warrants component are classified as liabilities. The conversion feature and the warrants component do not meet equity classification, as they contain contractual terms that result in the potential adjustment in the conversion or exercise price. In failing the equity classification, the conversion feature and the warrants component are accounted for as embedded derivative liabilities as their fair value is affected by changes in the fair value of the Company's shares. The effect is that the Convertible Debentures are accounted for at amortized cost, with the embedded derivative liabilities being measured at fair value with changes in value being recorded in profit or loss. The discount is being accreted over the term of the Convertible Debentures utilizing the effective interest rate method at a 28.6% discount rate.

The following table reflects the changes to the convertible debentures:

Balance, January 31, 2016	**$**	**39,196**
Change in value of convertible debenture on extension		(8,829)
Gain on settlement of convertible debenture		6,007
Interest accrued		(6,000)
Interest expense		6,026
Accretion expense		15,916
Balance, January 31, 2017	**$**	**52,316**
Debentures Issued		2,500,000
Transaction costs relating to convertible debentures – cash		(254,287)
Estimated fair value of derivative liability on date of issuance		(149,079)
Estimated valuation of warrant liability on date of issuance		(134,140)
Interest expense		145,858
Accretion expense		115,831
Interest paid from shares issued on May 12, 2017 (Note 9)		(150,000)
Balance, October 31, 2017	**$**	**2,126,499**

8. CONVERTIBLE DEBENTURES (continued)

The changes to the embedded derivative liabilities are as follows:

Balance, January 31, 2017	**$**	**-**
Estimated fair value of derivative liabilities on date of issuance		283,219
Estimated fair value changes of derivative liabilities during the period		(76,576)
Balance, October 31, 2017	**$**	**206,643**

The Company used the Black-Scholes valuation model to estimate the fair value of the embedded derivative liabilities upon the initial measurement and at each subsequent financial reporting date using the following assumptions:

	October 31, 2017	**May 12, 2017**
Valuation date share price	$0.035	$0.035
Exercise price	$0.25 and $0.325	$0.25 and $0.325
Expected life	1.53 years	2 years
Volatility (i)	157%	157%
Risk-free interest rate	1.37%	0.68%
Dividend yield	-	-

(i) Expected volatility is based on historical volatility.

9. SHARE CAPITAL

Authorized share capital

The Company is authorized to issue an unlimited number of common shares and preferred shares. Common shares issued and outstanding are as follows:

		October 31, 2017		January 31, 2017
Issued: 32,449,183 common shares (January 31, 2017 – 31,846,118)	**$**	**4,991,623**	$	4,838,430

Share capital transactions for the nine months ended October 31, 2017

On May 12, 2017, the Company issued 600,000 common shares at a price of $0.25 per common share, to satisfy the first semi-annual interest payment for the Convertible Debentures offering (see Note 8).

On June 26, 2017, the Company issued 3,665 common shares at a price of $0.30 per common share, as a result of the exercise of the Company's Initial Public Offering warrants, for proceeds of $3,118. The warrants were exercised at a weighted average exercise price of $0.30 per warrant.

10. RESERVE FOR WARRANTS

Warrant activity for the nine months ended October 31, 2017 is summarized as follows:

	Number of warrants	Weight average exercised price ($)
Balance, January 31, 2017	**14,643,514**	**0.17**
Issued	10,000,000	0.325
Issued	400,000	0.25
Expired	(2,019,296)	0.30
Exercised	(3,665)	0.30
Balance, October 31, 2017	**23,020,553**	**0.23**

On May 12, 2017, the Company completed the offering of $2,500,000 of Convertible Debentures. In conjunction with the offering, the Company issued 10,000,000 warrants at an exercise price of $0.325 per share (see Note 8), and 400,000 broker warrants at an exercise price of $0.25 per share. The Company used the Black-Scholes valuation model to estimate the grant date fair value of the broker warrants issued during the period using the following assumptions:

	Broker Warrants
Number of warrants	400,000
Valuation date share price	$0.035
Exercise price	$0.25
Expected life	2 years
Volatility (i)	157%
Risk-free interest rate	0.68%
Dividend yield	-
Fair value of warrants	**$ 5,963**

(ii) Expected volatility is based on historical volatility.

The following table summarizes information of warrants outstanding as at October 31, 2017:

Date of Expiry	Number of warrants	Exercise price ($)
November 16, 2017	4,100,000	0.10
December 9, 2017	6,900,000	0.10
December 12, 2017	798,409	0.10
March 26, 2018	488,811	1.20
March 16, 2019 (see Note 8)	333,333	0.21
May 12, 2019 (see Note 8)	10,000,000	0.325
May 12, 2019	400,000	0.25
	23,020,553	

11. RESERVE FOR SHARE-BASED PAYMENTS

The Company maintains a stock option plan (the "Plan") whereby certain key employees, officers, directors and consultants may be granted stock options for common shares of the Company. The maximum number of common shares that are issuable under the Plan is limited to 10% of the aggregate number of shares outstanding. As at October 31, 2017, the Company has 74,918 common shares that are issuable under the Plan. The exercise price and vesting terms are determined by the Board of Directors.

Stock option activity for the nine months ended October 31, 2017 and 2016 is as follows:

		October 31, 2017		October 31, 2016
	Weighted average exercise price ($)	**Number of options**	Weighted average exercise price ($)	Number of options
Outstanding, beginning of period	**0.10**	**3,170,000**	4.80	12,500
Granted	**-**	**-**	-	-
Expired	**-**	**-**	4.80	(12,500)
Outstanding, end of period	**0.10**	**3,170,000**	-	-
Exercisable, end of period	**0.10**	**1,533,334**	-	-

The following table summarizes information of options outstanding and exercisable as at October 31, 2017:

Date of expiry	**Number of options outstanding**	**Number of options exercisable**	**Exercise price ($)**	**Weighted average remaining contractual life (Years)**
December 12, 2017	170,000	170,000	0.10	0.12
February 17, 2018	85,000	85,000	0.10	0.30
December 12, 2021	2,455,000	818,334	0.10	4.12
December 12, 2021	460,000	460,000	0.10	4.12
	3,170,000	**1,533,334**	**0.10**	**3.80**

12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

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

On October 15, 2010, the Company and FMI Capital Advisory Inc. ("FMI") entered into a financial advisory and consulting agreement, subsequently amended on May 30, 2017. Peter Bilodeau, a director of the Company, is also the President of FMI. FMI is a subsidiary of Foundation Financial Holdings Corp. ("FFHC"). FFHC is an entity in which Adam Szweras, the secretary of the Company is a director and whereas his minor children hold an indirect interest. For the nine months ended October 31, 2017, consulting fees from FMI were $108,000 (2016 – $18,000). As at October 31, 2017, $58,680 (January 31, 2017 – $nil) is included in accounts payable and accrued liabilities in relation to FMI. This amount is unsecured, non-interest bearing and due on demand.

On March 1, 2014, the Company and Branson Corporate Services ("Branson") entered into a management services agreement, providing for CFO services of the Company, as well as other accounting and administrative services. Branson is an entity in which FFHC owns 49% of the shares. For the nine months ended October 31, 2017, the Company recorded $45,000 (2016 – $45,000) for services provided by Branson. As at October 31, 2017, $nil (January 31, 2017 – $nil) is included in accounts payable and accrued liabilities in relation to Branson.

12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

During the nine months ended October 31, 2017, Fogler Rubinoff LLP ("Fogler"), a law firm in which Adam Szweras, the secretary of the Company is also a partner, provided $85,200 (2016 – $nil) of legal services, which are included in professional fees. As at October 31, 2017, $22,816 (January 31, 2017 – $72,094) is included in accounts payable and accrued liabilities in relation to Fogler. This amount is unsecured, non-interest bearing and due on demand.

During the nine months ended October 31, 2017, the Company recorded fees of $48,000 (2016 – $nil), included in management, consulting fees and salaries, for services provided by the Chief Executive Officer ("CEO") to the Company. As at October 31, 2017, $48,000 (January 31, 2017 – $nil) is included in accounts payable and accrued liabilities in relation to compensation for the CEO's services.

13. SEGMENTED INFORMATION

As at October 31, 2017, the Company's operations comprise of two operating segments: (i) mineral exploration in Quebec and (ii) preparation to enter the cannabis industry in the United States.

14. COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

The Company's exploration and evaluation activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Proposed Transaction Agreement

On February 22, 2017, the Company entered into a Letter of Intent ("LOI") with NHII, whereby the Company will build medical and adult use cannabis cultivation facilities in Henderson, Nevada and Pueblo, Colorado ("Proposed Transaction Agreement"). As part of the Proposed Transaction Agreement, the Company will enter into the following arrangements with NHII:

(i) NHII will assign to the Company its right to acquire a Provisional Marijuana Cultivation License issued by the Nevada Division of Public and Behavioral Health for a payment of US$500,000;

(ii) The Company will form a joint venture company with NHII for the purposes of acquiring and holding a real property located in Henderson, to be licensed for the operation of a medical marijuana cultivation facility; and

(iii) NHII will lease to the Company, land and a building in Pueblo (the "Pueblo Facility") which qualify for marijuana cultivation. The Company will then sublease the Pueblo Facility to Palo Verde, LLC ("Palo Verde"), a party which has applied to renew a cultivation license in Colorado (the "OPC License") respecting the Pueblo Facility.

Upon the execution of the formal agreement between the Company and NHII, the Company will issue between 1,000,000 to 3,000,000 common shares to NHII. The Proposed Transaction Agreement may be terminated if certain conditions are not satisfied by June 30, 2017 (the "Drop Dead Date").

On June 29, 2017, the Proposed Transaction Agreement was amended to extend the Drop Dead Date to November 30, 2017 and increase the number of common shares to be issued to 1,750,000 on the completion of the closing of the Proposed Transaction. Subsequent to the end of the quarter, the Company and NHII have agreed to further extend the amended Drop Dead Date and are in the process of further amending the LOI.

14. COMMITMENTS AND CONTINGENCIES (continued)

Proposed Transaction Agreement (continued)

On February 7, 2018, the Company and NHII have entered into an amended and restated LOI dated February 1, 2018 (the "Restated NH LOI"), setting forth the Proposed Transactions that the Company wishes to undertake in the United States with the assistance of NHII to develop its marijuana-related operations (see Note 15 for further details).

15. SUBSEQUENT EVENTS

On November 2, 2017, the Company extended the maturity date of the SIDEX Debentures, as discussed in Note 8, to March 16, 2019. The conversion price was also amended to equal to $0.20 per share.

On November 10, 2017, the Company announced a term extension of the share purchase warrants previously issued pursuant to private placements on November 16, 2016 and December 9, 2016, as well as a debt settlement on December 12, 2016. If these warrants are not exercised by their original expiry date, the expiry will be extended for a further 12-month period, to November 16, 2018, December 9, 2018 and December 12, 2018, respectively. This extension is subject to an 8-month legend for resale of the shares beginning on the original expiry date.

On November 21, 2017, 600,000 common shares were issued as a result of the exercise of warrants previously issued on November 16, 2016, for proceeds of $60,000. The warrants were exercised at a weighted average exercise price of $0.10 per warrant. All issued shares are fully paid.

On December 12, 2017, 170,000 stock options expired unexercised.

On December 13, 2017, the Company signed a LOI to acquire the assets of Rosebuds Bakery, LLC d/b/a Terpene Station and Brooklyn Holding Co d/b/a Terpene Station Portland which operate under the "Terpene Station" brand name (the "Acquisition"). Terpene Station is an Oregon-based cannabis retailer involved with the marketing and sale of cannabis flower, edibles and oils. The purchase price of the Acquisition is in the amount of US$1,200,000, of which US$800,000 will be payable in cash upon closing, and US$400,000 payable in secured promissory note, payable 24 months after closing, at 10% simple interest per annum. Closing of the Acquisition is subject to completion of due diligence, execution of a definitive agreement, and all required regulatory approvals and consents.

On December 21, 2017, the Company announced it has entered into a LOI to form a strategic partnership with Mt. Baker Greeneries, LLC ("Mt. Baker") (the "Washington Agreement").

On December 21, 2017, the Company announced that it is in the process of negotiating with NHII to amend the LOI entered on February 22, 2017 as amended on June 29, 2017 (see Note 14). It was intended that upon completing the build-out, obtaining requisite state and local approvals, and obtaining the renewal of the OPC License, Palo Verde would cultivate retail cannabis for sale to licensed dispensaries and infused product manufacturers in the State ("Pueblo JV"). Palo Verde was advised the by the Colorado Marijuana Enforcement Division ("MED"), the State regulator of the legal marijuana industry in Colorado, that its renewal application for the OPC License has received a notice of denial. Palo Verde has advised that it is undertaking an administrative process to determine if the OPC License renewal was improperly denied by the MED and contest the denial. In light of these developments, the Company will temporarily delay moving forward with the Pueblo JV until there is greater clarity surrounding Palo Verde's ability to secure an OPC License.

15. SUBSEQUENT EVENTS (continued)

On December 21, 2017, the Company also announced that it will be delaying its listing on the Canadian Securities Exchange (the "CSE") until the necessary disclosures have been made with respect to the Washington Agreement and the delay in the Pueblo JV. As such, the Company amended the terms of the Concurrent Financing, as each Unit will have an issue price of $0.25 and consist of one (1) Common Share and one-half (1/2) of one common share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to purchase one Common Share at a price of $0.325 per Common Share until the date which is 24 months following the closing date of the offering, whereupon the Warrants will expire. The amended terms are such that subscribers who waive final listing approval from the CSE as a closing condition will be entitled to receive one full Warrant, instead of one-half (1/2) of one Warrant.

On January 24, 2018, the Company closed the first tranche of the previously announced Concurrent Financing and issued 4,740,000 Units for gross proceeds of $1,185,000. Each Unit consists of one (1) Common Share and one (1) Warrant. Each Warrant entitles the holder to purchase one (1) additional Common Share at a price of $0.325 per Common Share, exercisable for 24-months until January 24, 2020. On closing of the first tranche financing, the Company paid Finders' fees of $94,800 and issued 379,200 Finders' Options ("Finders' Options"), with each Finder Option entitling the holder to purchase one (1) Unit at a price of $0.25 per Unit, exercisable until January 24, 2020.

On February 7, 2018, the Company announced that it has entered into definitive agreements to implement the Washington Agreement with Mt. Baker, a Tier 2 licensed cannabis producer processor in the State of Washington. An Equipment Lease Agreement was entered into, whereby the Company agrees to lease cultivation equipment to Mt. Baker. A Licensing and Services Agreement was also entered, whereby Mt. Baker will purchase cultivation supplies, license certain trademarks to place on Mt. Baker's packaged products, and license certain technology from the Company, to cultivate the marijuana crops grown at the Mt. Baker Facility. The Company will also provide services to assist in redesigning Mt. Baker's grow facility, implement growing methodologies, training of personnel and other advice as requested.

On February 7, 2018, the Company and NHII have entered into an amended and restated LOI dated February 1, 2018 (the "Restated NH LOI"), restating the LOI entered on February 22, 2017 as amended on June 29, 2017 (see Note 14), which revised the Proposed Transactions as follows:

(i) All sections of the Proposed Transactions relating to the acquisition of a Provisional Marijuana Cultivation License issued by the Nevada Division of Public and Behavioral Health and the acquisition of real property in Henderson been removed.

(ii) The Proposed Transactions will be structured such that NHII will assist the Company to enter into the Washington Agreement with Mt. Baker. Upon the completion of the Pueblo JV, the Company will issue to NHII 400,000 common shares at $0.25 per share as partial consideration for introducing Mt. Baker.

(iii) The Proposed Transactions will also include the Company entering into a Pueblo JV with NHII and Palo Verde by entering into a series of agreements with NHII and Palo Verde in connection with the expansion of a marijuana facility located in Pueblo. Upon completion of the Pueblo JV, the Company will issue to NHII 100,000 common shares at $0.25 per share as partial consideration for providing consulting services in preparation for entering into the Pueblo JV. The completion date for the proposed Pueblo JV has been scheduled for December 31, 2018.

(iv) NHII will enter into a put option agreement (the "Put Agreement") pursuant to which, in the event of default by the Company under the Convertible Debentures, NHII would be obligated, at the election of the agent for the holders, to purchase the Convertible Debentures at a price equal to the amount of all principal and accrued interest outstanding thereon. NHII has agreed to enter into the Put Agreement in exchange for:

15. SUBSEQUENT EVENTS (continued)

1. The issuance of 1,250,000 common shares of the Company at $0.25 per share;
2. $75,000 cash paid in the form of 5% royalty on all revenue of the Company paid on an installment basis with any balance outstanding by October 16, 2019, to be paid in a lump sum; and
3. Should the Company acquire any dispensary in a state in which NHII's products are sold, the Company shall purchase NHII's products to stock at least 20% of the dispensary's shelf space per product category at a price equal to NHII's best regular whole sale price to NHII's customers in the state, subject to availability of supply.

On February 7, 2018, the Company also announced the repricing of the Convertible Debentures. As the Company closed the first tranche of the Concurrent Financing within 8 months of the issuance of the Convertible Debentures at a price of $0.25, the conversion price of the Convertible Debentures is reduced from $0.25 to $0.20 by operation of the adjustment terms of the debentures (see Note 8 for details). In addition, the exercise price of the common share purchase warrants issued is reduced from $0.325 to $0.25.

On February 20, 2018, the Company announced the closing of the final tranches of the Concurrent Financing, as it issued a total of 7,389,664 Units in three tranches with total gross proceeds of $1,847,416 as follows:

- 3,442,065 Units issued in the second tranche on February 8, 2018;
- 3,047,600 Units issued in the third tranche on February 14, 2018, and
- 900,000 Units issued in the fourth and final tranche on February 16, 2018.

Each Unit consists of one (1) common share and one (1) Warrant. Each Warrant entitles the holder to purchase one (1) Common Share at a price of $0.325 per Common Share, exercisable for a 24-month period from the applicable issue date. In connection with the final three tranches, the Company also paid Finders' fees totaling $99,700, and issued a total of 778,000 Finder Options. Each Finder Option entitles the holder to purchase one Unit at a price of $0.25 per Unit, exercisable for 24 months from the applicable issue date of the Finder Options. Together with the first tranche closed on January 24, 2018, the Company issued a total of 12,129,664 Units to raise total gross proceeds of $3,032,416. All Common Shares, Warrants and Finder Options issued are subject to a four-month resale restriction from the date of the applicable issue date.

16. RESTATEMENT

Subsequent to the issuance of the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended October 31, 2017 and 2016, it was determined that the conversion feature and the warrants component of the Convertible Debentures issued on May 12, 2017 (see Note 8) should have been accounted for as embedded derivative liabilities. This is due to the fact that the conversion feature and the warrants component contain contractual terms that could result in adjustments to the conversion or exercise price.

The effects of the restatement on the condensed interim consolidated statement of financial position as at October 31, 2017, and the condensed interim consolidated statement of loss and comprehensive loss for the three and nine months ended October 31, 2017 are summarized below. The adjustments between amounts previously reported and amounts restated had no material effect on the condensed interim consolidated statements of cash flows and condensed interim consolidated statement of changes in equity.

16. RESTATEMENT (continued)

Condensed Interim Consolidated Statement of Financial Position

	Previously reported	Adjustments	**Restated**
	$	$	**$**
Assets			
Current assets	**2,592,381**	-	**2,592,381**
Total assets	**2,592,381**	-	**2,592,381**
Liabilities			
Current liabilities	**387,069**	-	**387,069**
Non-current liabilities			
Convertible debentures	**1,794,785**	331,714	**2,126,499**
Derivative liabilities	**-**	206,643	**206,643**
Total liabilities	**2,181,854**	538,357	**2,720,211**
Shareholders' Deficiency			
Share capital	**4,991,623**	-	**4,991,623**
Conversion component of convertible debentures	**354,342**	(345,518)	**8,824**
Reserve for warrants	**1,032,056**	(124,713)	**907,343**
Reserve for share-based payments	**71,360**	-	**71,360**
Reserve for foreign exchange translation	**(3,919)**	-	**(3,919)**
Accumulated deficit	**(6,034,935)**	(68,126)	**(6,103,061)**
Total shareholders' equity (deficiency)	**410,527**	(538,357)	**(127,830)**
Total liabilities and shareholders' deficiency	**2,592,381**	-	**2,592,381**

16. RESTATEMENT (continued)

Condensed Interim Consolidated Statement of Loss and Comprehensive Loss

	Three months ended October 31, 2017		
	Previously reported	Adjustments	**Restated**
	$	$	**$**
Loss from operations	**(268,444)**	-	**(268,444)**
Other income (expenses)			
Fair value changes in embedded derivative liabilities	**-**	43,076	**43,076**
Finance cost	**(136,080)**	(20,127)	**(156,207)**
Net loss	**(404,524)**	22,949	**(381,575)**
Other comprehensive loss			
Exchange differences on translating foreign operations	**(2,372)**	-	**(2,372)**
Net loss and comprehensive loss	**(406,896)**	22,949	**(383,947)**
Loss per share – basic and diluted	**(0.013)**	0.001	**(0.012)**

	Nine months ended October 31, 2017		
	Previously reported	Adjustments	**Restated**
	$	$	**$**
Loss from operations	**(571,032)**	-	**(571,032)**
Other income (expenses)			
Income tax recovery	**124,574**	(124,574)	**-**
Fair value changes in embedded derivative liabilities	**-**	76,575	**76,575**
Finance cost	**(259,459)**	(20,127)	**(279,586)**
Net loss	**(705,917)**	(68,126)	**(774,043)**
Other comprehensive loss			
Exchange differences on translating foreign operations	**(3,919)**	-	**(3,919)**
Net loss and comprehensive loss	**(709,836)**	(68,126)	**(777,962)**
Loss per share – basic and diluted	**(0.022)**	(0.002)	**(0.024)**

SCHEDULE "D"

FORM 51-102F6 EXECUTIVE COMPENSATION FORM

EXECUTIVE COMPENSATION

Compensation of Executive Officers

Securities legislation requires the disclosure of compensation received by each "Named Executive Officer" of the Company for the two most recently completed financial years. "Named Executive Officer" is defined by the legislation to mean (i) each of the Chief Executive Officer and the Chief Financial Officer of the Company, (ii) the Company's one most highly compensated executive officer, other than the Chief Executive Officer and the Chief Financial Officer, who were serving as executive officer at the end of the most recently completed financial year and whose total compensation exceeds $150,000, and (iii) any additional individual for whom disclosure would have been provided under (ii) but for the fact that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year end of the Company.

Summary Compensation Table

The following table sets forth all annual and long-term compensation for services in all capacities to the Company and its subsidiaries for the most recently completed financial year in respect of each Named Executive Officer as at January 31, 2017.

SUMMARY COMPENSATION TABLE							
Name and Principal Position of Named Executive Officer	Year ended Jan. 31	Salary	Option-based Awards(1)	Non-Equity Incentive Plan Compensation		All Other Compensa-tion	Total Compensa-tion
				Annual Incentive Plans	Long-term Incentive Plans		
Peter Bilodeau(2) President and CEO	2017	Nil	$3,750(3)	Nil	Nil	Nil	$3,750
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Amy Stephenson(4) Former CFO	2017	$9,000	$425(5)	Nil	Nil	Nil	$9,425
Al Quong(6) Former CFO	2017	$3,000	Nil	Nil	Nil	Nil	$3,000
	2016	$12,000	Nil	Nil	Nil	Nil	$12,000

Notes:

(1) The fair value of each option granted is estimated at the time of grant using the Black-Scholes option-pricing model with weighted average assumptions for grants as follows: a 5-year expected term, 214% volatility, risk-free interest rate of 0.96% per annum, a dividend rate of 0% and weighted average grant-date fair value of stock options of $0.03.

(2) Mr. Bilodeau was appointed as President and CEO on October1, 2015, and resigned on April 24, 2017. Mr. Drutz was appointed as President and CEO on April 24, 2017.

(3) These options have no vesting schedule and vested on the grant date.

(4) Ms. Stephenson was appointed CFO on May 12, 2016. Ms. Stephenson was paid by Branson pursuant to the Branson Agreement. Ms. Stephenson resigned on December 11, 2017 and was replaced by Mr. Keith Li. See "*Executive Compensation – Termination and Change of Control Benefits and Management Contracts.*"

(5) The value of the options are calculated on the number of options vested. Vesting Schedule: 1/6th of such Options vest immediately and 1/6th of such Options vest every 6 months until fully vested.

(6) Mr. Quong was appointed as CFO on August 2014 and resigned on May 12, 2016.

Compensation Discussion and Analysis

The Compensation Discussion and Analysis section sets out the objectives of the Company s executive compensation arrangements, the Company's executive compensation philosophy and the application of this philosophy to the Company's executive compensation arrangements. It also provides an analysis of the compensation design, and the decisions that the Board made in fiscal 2017 and 2016 with respect to the Named Executive Officers. When determining the compensation arrangements for the Named Executive Officers, the Compensation and Nominating Committee considers the objectives of: (i) retaining an executive critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and Company's Shareholders; and (iv) rewarding performance, both on an individual basis and with respect to the business in general. See the "Compensation Governance" below for more discussion on the Compensation and Nominating Committee.

Benchmarking

The Compensation and Nominating Committee considers a variety of factors when designing and establishing, reviewing and making recommendations for executive compensation arrangements for all executive officers of the Company. The Board typically does not position executive pay to reflect a single percentile within the industry for each executive. Rather, in determining the compensation level for each executive, the Compensation and Nominating Committee (with respect to the CEO) and the CEO (with respect to the other executive officers) may look at factors such as the relative complexity of the executive's role within the organization, the executive's performance and potential for future advancement, the compensation paid by the Company's peer group in the medicinal and recreational marijuana industry and other companies identified by relevant market survey data, and pay equity considerations.

Elements of Compensation

The compensation paid to Named Executive Officers in any year consists of three primary components:

(a) base salary; and
(b) long-term incentives in the form of stock options granted under the Option Plan.
(c) annual discretionary bonus incentive.

The key features of these three primary components of compensation are discussed below:

1. <u>Base Salary</u>

Base salary recognizes the value of an individual to the Company based on his or her role, skill, performance, contributions, leadership and potential. It is critical in attracting and retaining executive talent in the markets in which Company competes for talent. Base salaries for the Named Executive Officers are reviewed annually. Any change in base salary of a Named Executive Officer is generally determined by an assessment of such executive's performance, a consideration of competitive compensation levels in companies similar to the Company (in particular, companies in the marijuana industry) and a review of the

performance of the Company as a whole and the role such executive officer played in such corporate performance.

2. Stock Option Awards

The Company provides long-term incentives to Named Executive Officers in the form of stock options as part of its overall executive compensation strategy. The Compensation and Nominating Committee believes that stock option grants serve the Company's executive compensation philosophy in several ways: firstly, it helps attract, retain, and motivate talent; secondly, it aligns the interests of the Named Executive Officers with those of the Shareholders by linking a specific portion of the officer's total pay opportunity to the share price; and finally, it provides long-term accountability for Named Executive Officers.

3. Annual Discretionary Bonus Incentive

The Company does not have any annual performance bonus plan. However, the Compensation and Nominating Committee may recommend, and the Board may approve, an annual discretionary bonus based on an individual or the Company achieving certain designated objectives and for superior or exceptional performance in relation to such objectives. No discretionary bonus has been paid so far.

Risks Associated with Compensation Policies and Practices

The oversight and administration of the Company executive compensation program requires the Compensation and Nominating Committee to consider risks associated with the Company's compensation policies and practices. Potential risks associated with compensation policies and compensation awards are considered at annual reviews and also throughout the year whenever it is deemed necessary by the Compensation and Nominating Committee.

The Company's executive compensation policies and practices are intended to align management incentives with the long-term interests of the Company and its Shareholders. In each case, the Company seeks an appropriate balance of risk and reward. Practices that are designed to avoid inappropriate or excessive risks include (i) financial controls that provide limits and authorities in areas such as capital and operating expenditures to mitigate risk taking that could affect compensation, (ii) balancing base salary and variable compensation elements, and (iii) spreading compensation across short and long-term programs.

Compensation Governance

Based upon an annual evaluation of the Chief Executive Officer's performance, the Compensation and Nominating Committee determines and approves the Chief Executive Officer's compensation. In making its determination, the Compensation and Nominating Committee may consider the Company's performance and relative shareholder return, the compensation of chief executive officers at comparable companies, the awards given to the Chief Executive Officer in past years, and such other factors as the Compensation and Nominating Committee deems relevant. In addition, the Compensation and Nominating Committee reviews and makes recommendations to the Board with respect to compensation of directors and all other elected corporate officers at appropriate time periods. The Compensation and Nominating Committee will take into account each individual corporate officer's performance, the Company's overall performance and comparable compensation paid to similarly-situated officers in comparable companies. Moreover, the Compensation and Nominating Committee reviews, and if appropriate, approves employment agreements, severance arrangements, change in control agreements and provisions, and any special or supplemental benefits for each officer of the Company. The Compensation and Nominating Committee also administers the Company's Stock Option Plan and such other stock option or equity participation plans as may be adopted by the shareholders or the Board from time to time within the authority delegated by the Board.

The Compensation and Nominating Committee is currently comprised of Aurelio Useche, Hamish Sutherland and Peter Bilodeau, two of whom are independent. Mr. Bilodean is non-independent due to his formal role as President and CEO of the Company.

The Compensation and Nominating Committee's responsibility is to formulate and make recommendations to the directors of the Company in respect of compensation issues relating to directors and officers of the Company. Without limiting the generality of the foregoing, the Compensation and Nominating Committee has the following duties:

(a) to review the compensation philosophy and remuneration policy for officers of the Company and to recommend to the directors of the Company changes to improve the Company's ability to recruit, retain and motivate officers;

(b) to review and recommend to the Board the retainer and fees, if any, to be paid to directors of the Company;

(c) to review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the CEO's performance in light of those corporate goals and objectives, and determine (or make recommendations to the directors of the Company with respect to) the CEO's compensation level based on such evaluation;

(d) to recommend to the directors of the Company with respect to non-CEO officer and director compensation including reviewing management's recommendations for proposed stock options and other incentive-compensation plans and equity-based plans, if any, for non-CEO officer and director compensation and make recommendations in respect thereof to the directors of the Company;

(e) to administer the stock option plan approved by the directors of the Company in accordance with its terms including the recommendation to the directors of the Company of the grant of stock options in accordance with the terms thereof; and

(f) to determine and recommend for the approval of the directors of the Company bonuses to be paid to officers and employees of the Company and to establish targets or criteria for the payment of such bonuses, if appropriate. Pursuant to the mandate and terms of reference of the Compensation and Nominating Committee, meetings of the Committee are to take place at least once per year and at such other times as the Chair of the Compensation and Nominating Committee may determine.

Recommendations of Management

In general, the Compensation and Nominating Committee develops pay strategies and recommendations for the CEO, which the Compensation Committee present to the Board to review and discuss. The independent members of the Board have the sole authority to approve compensation decisions made with respect to the CEO.

With respect to the Corporation's other senior management and employees, it is the CEO who develops the pay strategies and recommendations, which the Compensation and Nominating Committee then reviews and discusses. However, the authority to approve those strategies and recommendations resides with different parties according to the employee's level. For senior management, decisions must be approved by the CEO, subject to the Compensation and Nominating Committee's overall review and acceptance.

Outstanding Option-Based Awards for Named Executive Officers

The table below reflects all option-based awards for each Named Executive Officer outstanding as at January 31, 2017. Other than its Stock Option Plan, the Company does not have any other equity incentive plans or share based award plans for any of the directors or the Named Executive Officers of the Company.

OPTION-BASED AWARDS OUTSTANDING AS AT END OF FISCAL YEAR				
Named Executive Officer	**Number of Securities Underlying Unexercised Options**	**Option Exercise Price ($/Security)**	**Option Expiration Date**	**Value of Unexercised In-the-Money Options[(1)] ($)**
Peter Bilodeau[(2)] *Former President and Chief Executive Officer*	125,000	$0.10	Dec 12, 2021	$29,375
Amy Stephenson[(4)] *Former CFO*	85,000	$0.10	Dec 12, 2021	$19,975
Al Quong[(4)] *Former CFO*	Nil	N/A	N/A	N/A

Notes:

(1) This column contains the aggregate value of in-the-money unexercised options as at January 31, 2017, calculated based on the difference between the market price of the Common Shares underlying the options, being $0.335, and the exercise price of the options.

(2) Mr. Bilodeau was appointed as President and CEO on October1, 2015, and resigned on April 24, 2017. Mr. Drutz was appointed as President and CEO on April 24, 2017.

(3) Ms. Stephenson was appointed CFO on May 12, 2016. Ms. Stephenson was paid by Branson pursuant to the Branson Agreement. Ms. Stephenson resigned on December 11, 2017 and was replaced by Mr. Keith Li.

(4) Mr. Quong was appointed as CFO on August 2014 and resigned on May 12, 2016.

Incentive Award Plans

The following table provides information concerning the incentive award plans of the Company with respect to each Named Executive Officer during the fiscal year ended January 31, 2017. The only incentive award plan of the Company during such fiscal years was the Option Plan.

Named Executive Officer	Option-Based Awards – Value Vested During Year Ended January 31, 2017	Non-Equity Incentive Plan – Value Vested During Year Ended January 31, 2017
Peter Bilodeau	Nil	Nil
Amy Stephenson	Nil	Nil
Al Quong	Nil	Nil

Termination and Change of Control Benefits and Management Contracts

As at January 31, 2017, there were no written contracts or agreements that provide for payment to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or

constructive), resignation, retirement, a change in control of the Company or a change in a Named Executive Officer's responsibilities, other than the following.

Branson Agreement

On April 1, 2015, the Company entered into an agreement with Branson Corporate Services Inc. ("**Branson**") to provide a Chief Financial Officer, controllership and bookkeeping services, administrative services and general and back office services for a monthly fee of $5,000. Amy Stephenson was employed by Branson and was compensated by Branson.

Drutz Agreement

On April 24, 2017, the Company entered into consulting agreement with David Drutz, the CEO and a director of the Company (the "**Drutz Agreement**"). Pursuant to the Drutz Agreement, David Drutz has agreed to perform the services of a Chief Executive Officer to the Company, develop a strategic plan to advance the Company's objectives and market the Company to the capital markets and investment community. Mr. Drutz is paid a base fee of $8,000 per month, payable on a monthly basis as consulting fees for the Mr. Drutz's services pursuant to the Drutz Agreement. The fees are to accrue for the period April 24, 2017, to June 30, 2017, and will be paid in full after completion of the Equity Offering. Drutz Agreement is subject to annual review by the Board.

Compensation of Directors

The Compensation and Nominating Committee makes recommendations to the Board as to the appropriate level of remuneration for the directors and officers of the Company. The Board as a whole makes the final determination in respect of compensation matters. Remuneration is assessed and determined by taking into account such factors as the size of the Company and the level of compensation earned by directors and officers of companies of comparable size and industry.

Other than reimbursement of expenses incurred by directors, the only arrangements the Company has, standard or otherwise, pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultants or experts for the financial year ended January 31, 2017, were through the issuance of stock options. The number of options to be granted from time to time is determined by the Board in its discretion.

Individual Director Compensation

The following table provides a summary of all amounts of compensation provided to the directors of the Company during the fiscal year ended January 31, 2017. Except as otherwise disclosed below, the Company did not pay any fees or compensation to directors for serving on the Board (or any committee) beyond reimbursing such directors for travel and related expenses and the granting of stock options under the Option Plan.

DIRECTOR COMPENSATION TABLE FOR FISCAL YEAR ENDED JANUARY 31, 2017					
Name	**Fees Earned**	**Option-Based Awards[1]**	**Non-Equity Incentive Plan Compensation**	**All Other Compensation**	**Total**
Aurelio Useche	Nil	$2,550	Nil	Nil	$2,550
Hamish Sutherland	Nil	$1,250[2]	Nil	Nil	$1,250

DIRECTOR COMPENSATION TABLE FOR FISCAL YEAR ENDED JANUARY 31, 2017					
Name	**Fees Earned**	**Option-Based Awards[(1)]**	**Non-Equity Incentive Plan Compensation**	**All Other Compensation**	**Total**
Robert Schwartz	Nil	$2,075[(2)]	Nil	Nil	$2,075
David Posner	Nil	$2,075[(2)]	Nil	Nil	$2,075
Yannis Banks[(3)]	Nil	$1,700	Nil	Nil	$1,700
Richard Cleath[(4)]	Nil	$1,700	Nil	Nil	$1,700
Peter Cashin	Nil	$1,700	Nil	Nil	$1,700

Notes:

(1) The fair value of each option granted is estimated at the time of grant using the Black-Scholes option-pricing model with weighted average assumptions for grants as follows: a 5-year expected term, 214% volatility, risk-free interest rate of 0.96% per annum, a dividend rate of 0% and weighted average grant-date fair value of stock options of $0.03.

(2) The value of the options is calculated on the number of options vested. Vesting Schedule: 1/6th of such Options vest immediately and 1/6th of such Options vest every 6 months until fully vested.

(3) Mr. Banks resigned from the Board on February 17, 2017.

(4) Mr. Cleath resigned from the Board on December 12, 2016.

Director Outstanding Option-Based Awards

The table below reflects all option-based awards for each director of the Company outstanding as at January 31, 2017 (including option-based awards granted to a director before each such fiscal year). The Company does not have any equity incentive plan other than the Option Plan.

DIRECTOR OPTION–BASED AWARDS OUTSTANDING AS AT JANUARY 31, 2017				
Name of Director	**Number of Securities Underlying Unexercised Options**	**Option Exercise Price ($/Security)**	**Option Expiration Date**	**Value of Unexercised In-the-Money Options[(1)]**
Aurelio Useche	85,000	$0.10	December 12, 2021	$19,975
Hamish Sutherland	250,000	$0.10	December 12, 2021	$58,750
Robert Schwartz	415,000	$0.10	December 12, 2021	$97,525
David Posner	415,000	$0.10	December 12, 2021	$97,525
Yannis Banks[(2)]	85,000	$0.10	December 12, 2021	$19,975
Richard Cleath[(3)]	85,000	$0.10	December 12, 2021	$19,975
Peter Cashin[(4)]	85,000	$0.10	December 12, 2021	$19,975

Notes:

(1) This column contains the aggregate value of in-the-money unexercised options as at January 31, 2017, calculated based on the difference between the market price of the Common Shares underlying the options, being $0.335, and the exercise price of the options.

(2) Mr. Banks resigned from the Board on February 17, 2017.

(3) Mr. Cleath resigned from the Board on December 12, 2016.

(4) Mr. Cashin resigned from the Board on December 12, 2016.

Director Incentive Award Plans

The following table provides information concerning the incentive award plans of the Company with respect to each director during the fiscal year ended January 31, 2017. The only incentive award plan of the Company during such fiscal year was its Option Plan.

INCENTIVE AWARD PLANS – VALUE VESTED OR EARNED DURING THE FISCAL YEAR ENDED JANUARY 31, 2017		
Name of Director	**Option-Based Awards – Value Vested During Fiscal Year Ended January 31, 2017**	**Non-Equity Incentive Plan Compensation – Value Vested During Fiscal Year Ended January 31, 2017**
Aurelio Useche	Nil	Nil
Hamish Sutherland	Nil	Nil
Robert Schwartz	Nil	Nil
David Posner	Nil	Nil
Yannis Banks(1)	Nil	Nil
Richard Cleath(2)	Nil	Nil
Peter Cashin(3)	Nil	Nil

Notes:

(1) Mr. Banks resigned from the Board on February 17, 2017.

(2) Mr. Cleath resigned from the Board on December 12, 2016.

(3) Mr. Cashin resigned from the Board on December 12, 2016.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Lineage Grow Company Ltd. hereby applies for the listing of the above mentioned securities on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to Lineage Grow Company Ltd. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this 26th day of February 2018.

"David Drutz"
DAVID DRUTZ
President and Chief Executive Officer

"Keith Li"
KEITH LI
Chief Financial Officer

"David Posner"
DAVID POSNER
Director and Promoter

"Robert Schwartz"
ROBERT SCHWARTZ
Director and Promoter

FMI CAPITAL ADVISORY INC.

By: *"Adam Szweras"*
Chairman

Promoter