

VINERGY RESOURCES LTD.

(to be renamed Vinergy Capital Inc.)

CSE FORM 2A LISTING STATEMENT

November 30, 2018

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CAUTIONARY STATEMENTS REGARDING U.S. CANNABIS OPERATIONS

This Listing Statement qualifies the securities of an entity that may derive indirectly, directly or a combination of both, a substantial portion of its revenues from the cannabis industry in certain U.S. states, which industry is illegal under U.S. federal law. Although the Issuer does not currently have any direct, indirect or ancillary involvement in U.S. cannabis-related activities, the Issuer intends to be directly involved (through licensed wholly-owned subsidiaries) in the medical-use and recreational-use cannabis industry in certain U.S. states, and is in the process of actively seeking to acquire licensed businesses which would allow the Issuer to directly participate in both the medical and recreational cannabis marketplace in those states that have regulated such activity. In addition, the Issuer intends to make non-controlling investments in entities engaged in the production and sale of cannabis, and non-controlling and controlling investments in ancillary operations, where local and state law permits such activities, which would cause the Issuer to become indirectly involved in both the medical and recreational cannabis industries in the U.S.

The cultivation, sale and use of cannabis are illegal under federal law pursuant to the U.S. Controlled Substances Act of 1970 (the “Controlled Substances Act”). Under the Controlled Substances Act, the policies and regulations of the U.S. 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. The Supremacy Clause of the U.S. Constitution establishes that the U.S. Constitution and federal laws made pursuant thereto are paramount and in case of conflict between federal and state law, the federal law shall apply.

Despite the current state of the federal law and the Controlled Substances Act, the states of California, Nevada, Massachusetts, Maine, Washington, Oregon, Colorado, Vermont and Alaska, and the District of Columbia, have legalized recreational use of cannabis. Massachusetts and Maine have not yet begun recreational cannabis commercial operations. In early 2018, Vermont became the first state to legalize recreational cannabis by passage in a state legislature, but does not allow commercial sale of recreational cannabis.

Although the District of Columbia voters passed a ballot initiative in November 2014, no commercial recreational operations exist because of a prohibition on using funds for regulation within a federal appropriations amendment to local district spending powers.

In addition, over half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis, while other states have legalized and regulate the sale and use of medical cannabis with strict limits on the levels of THC.

The Issuer’s objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the cannabis industry in certain U.S. states where the use of medical and recreational cannabis is permitted. Accordingly, there are a number of significant risks associated with the business of the Issuer. Unless and until the U.S. Congress amends the Controlled Substances Act with respect to medical and/or adult-use cannabis (and 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 business of the Issuer may be deemed to be producing, cultivating, extracting or dispensing cannabis in violation of federal law in the U.S.

For these reasons, the Issuer’s operations in the U.S. cannabis market may subject the Issuer to heightened scrutiny by regulators, stock exchanges, clearing agencies and other Canadian authorities. There are a number of risks associated with the business of the Issuer. See section entitled “*Risk Factors*”, including “*Risks Specifically Related to the U.S. Regulatory System*”, “*The Issuer’s Investments in the U.S. may be subject to heightened scrutiny by Canadian Authorities*” and “*Change in Laws, Regulations and Guidelines*”.

FORWARD LOOKING STATEMENTS

This Listing Statement contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “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 are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Listing Statement. Such forward-looking statements speak only as of the date of this Listing Statement and include, but are not limited to, statements with respect to:

- the ability of the Issuer to obtain necessary financing;
- the performance of the Issuer’s business and operations as it relates to its Investments;
- the Issuer’s expected market and the profitability thereof;
- the timing and legislative framework for the legalization of marijuana for recreational use in Canada;
- the regulatory framework for medical and recreational use of marijuana in the United States;
- the Issuer’s Investments’ ability to obtain the necessary licensing and approvals for their proposed products;
- the ability of the Issuer and/or its Investments to research and develop marketable products for the medicinal and recreational marijuana markets;
- the expected growth in the number of users of medical and, if legalized, recreational marijuana in Canada and the United States;
- the impact of potential legalization of recreational use of marijuana in Canada;
- the impact of recent federal disclosure concerning its stance on marijuana use in the United States;
- the Issuer’s future liquidity and financial capacity;
- the grant and impact of any additional licenses to conduct activities with cannabis;
- anticipated and unanticipated costs;
- costs, timing and future plans concerning the business and operations of the Issuer;
- results and expectations concerning various partnerships, strategic alliances, projects and marketing strategies of the Issuer; and
- the economy generally.

The forward-looking statements contained in this Listing Statement are based on a number of assumptions which may prove to be incorrect including, but not limited to:

- the Issuer’s ability to raise capital;
- the Issuer’s ability to satisfy certain requirements as an “investment company” pursuant to Section 1.7 of Appendix A to CSE Policy 2 – Qualifications for Listing;
- the Issuer’s Investments’ ability to secure the requisite licenses and governmental approvals to research and develop and sell marijuana by-products and conduct their businesses;
- the success of the Issuer’s research and development efforts;
- the market for and potential revenues to be derived from the Issuer’s Investments’ proposed products;
- the impact of potential legalization of marijuana for recreational use in Canada and the United States;

- the expected growth in the number of users for medical and, if legalised, recreational marijuana and marijuana products in Canada and the United States;
- the timing of and legislative framework for the legalization of marijuana for recreational use in Canada being consistent with the Issuer's expectations;
- the market for and potential revenues to be derived from the Issuer's proposed cannabis extract products and other projects being consistent with the Issuer's expectations;
- the consumer interest in and demand for the Issuer's Investments' products;
- the ability of the Issuer and/or its Investments' to successfully compete in the medical and, if legalized, recreational marijuana markets in Canada and the United States; and
- costs, timing and future plans concerning operations of the Issuer and/or its Investments being consistent with current expectations.

These forward-looking statements should not be relied upon as representing the Issuer's views as of any date subsequent to the date of this Listing Statement. Although the Issuer has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking 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 factors identified above are not intended to represent a complete list of the factors that could affect the Issuer. Additional factors are noted under "Risk Factors" in this Listing Statement. The forward-looking statements contained in this Listing Statement are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Listing Statement are made as of the date of this Listing Statement and the Issuer does not undertake an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable law.

GENERAL MATTERS

Any market data or industry forecasts used in this Listing Statement, unless otherwise specified, were obtained from publicly available sources. Although the Issuer believes these sources to be generally reliable, the accuracy and completeness of such information are not guaranteed and have not been independently verified.

Statistical information included in this Listing Statement and other data relating to the industry in which the Issuer intends to operate is derived from recognized industry reports published by industry analysts, industry associations and independent consulting and data compilation organizations.

GLOSSARY

"**ACMPR**" has the meaning set out under the heading "*Narrative Description of the Business – Canada: Overview of the Cannabis Industry Regulation – Regulatory Environment*";

"**Adjustment Shares**" has the meaning ascribed in "*General Development of Business – Investments – Botanical Technologies Inc.*";

"**Affiliate**" means a company that is affiliated with another company as described below. A company is an "**Affiliate**" of another company if (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same Person. A company is "controlled" by a Person if (a) voting securities of a company are held, other than by way of security only, by or for the benefit of that Person, and (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of a company. A Person beneficially owns securities that are beneficially owned by (a) a company controlled by that Person, or (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person;

“**Associate**” has the meaning ascribed to such term in the *Securities Act* (British Columbia), as amended, including the regulations promulgated thereunder;

“**AVC**” has the meaning set out under the heading “*Directors and Officers of the Issuer – Corporate Cease Trade Orders or Bankruptcies*”;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended, including the regulations promulgated thereunder;

“**Bill C-45**” has the meaning set out under the heading “*Narrative Description of the Business – Canada: Overview of the Cannabis Industry Regulation – Bill C-45 and Anticipated Legalization of Adult-Use Recreational Cannabis*”;

“**Board of Directors**” or “**Board**” means the board of directors of Vinergy;

“**Bota Agreement**” has the meaning ascribed in “*General Development of Business – Investments – Botanical Technologies Inc.*”;

“**Bota**” has the meaning ascribed in “*General Development of Business – Investments – Botanical Technologies Inc.*”;

“**Bota Share**” has the meaning ascribed in “*General Development of Business – Investments – Botanical Technologies Inc.*”;

“**Bota Shareholders**” has the meaning ascribed in “*General Development of Business – Investments – Botanical Technologies Inc.*”;

“**Business Day**” means any day other than a Saturday, Sunday, or a statutory or civic holiday in the City of Vancouver, British Columbia;

“**Canadian Operators**” has the meaning set out under the heading “*Regulatory Overview – Overview: Canadian Law – General Compliance Procedures*”;

“**Canadian Securities Exchange**” has the meaning set out under the heading “*Regulatory Overview*”;

“**CBD**” means cannabidiol;

“**CDS**” means the CDS Clearing and Depository Services Inc.;

“**CDSA**” has the meaning set out under the heading “*Narrative Description of the Business – Canada: Overview of the Cannabis Industry Regulation – Regulatory Environment*”;

“**CEO**” means Chief Executive Officer;

“**CFO**” means Chief Financial Officer;

“**Change of Business**” means a redeployment of the Vinergy’s assets or resources that results in a change to the principal business without a major acquisition or change of control;

“**Charter**” has the meaning set out under the heading “*Narrative Description of the Business – Canada: Overview of the Cannabis Industry Regulation – The Changing Regulatory Landscape*”;

“**Cole Memorandum**” has the meaning set out under the heading “*Regulatory Overview – Overview: U.S. Federal Law – General*”;

“**company**” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

“**Computershare**” means Computershare Trust Issuer of Canada;

“**Concurrent Financing Unit**” has the meaning set out under the heading “*General Development of the Business – Equity Financing*”;

“**Concurrent Financing Warrant**” has the meaning set out under the heading “*General Development of the Business – Equity Financing*”;

“**Concurrent Financing**” has the meaning set out under the heading “*General Development of the Business – Equity Financing*”;

“**Controlled Substances Act**” has the meaning set out under the heading “*Cautionary Statements Regarding U.S. Cannabis Operations*”;

“**CSA**” means the Canadian Securities Administrators;

“**CS Act**” has the meaning set out under the heading “*Narrative Description of the Business – United States: Overview of the Cannabis Industry Regulation – Background: Federal and State Regulation*”;

“**CSE**” means the Canadian Securities Exchange;

“**CSE Conditional Approval**” means CSE conditional approval of the Change of Business;

“**CSE Listing**” means the listing of the Vinergy Shares on the CSE;

“**DOJ**” has the meaning set out under the heading “*Regulatory Overview – Overview: U.S. Federal Law – General*”;

“**Dunes**” has the meaning set out under the heading “*Directors and Officers of the Issuer – Corporate Cease Trade Orders or Bankruptcies*”;

“**Eagle Energy**” has the meaning ascribed in “*General Development of Business – Investments – Eagle Energy*”;

“**Eagle Energy Agreement**” has the meaning ascribed in “*General Development of Business – Investments – Eagle Energy*”;

“**FDA**” has the meaning set out under the heading “*Narrative Description of the Business – Canada: Overview of the Cannabis Industry Regulation – Summary of the ACMPR*”;

“**FinCEN Memorandum**” has the meaning set out under the heading “*Regulatory Overview – Overview: U.S. Federal Law – General*”;

“**IFRS**” means the International Financial Reporting Standards, as adopted by the Canadian Accounting Standards Board, effective January 1, 2011;

“**Investments**” has the meaning set out under the heading “*Narrative Description of the Business – Investment Policy*”;

“**Investment Committee**” means the investment committee established by the Board of Directors in accordance with the Investment Policy;

“**Investment Policy**” has the meaning set out under the heading “*Narrative Description of the Business – Investment Policy*”;

“**Issuer**” means Vinergy after giving effect to the Change of Business;

“**Vinergy Shares**” means the Vinergy Shares following the Change of Business;

“**January 2017 Financing**” has the meaning set out under the heading “*General Development of the Business – General Development of the Issuer’s Business*”;

“**January 2017 Finder’s Warrants**” has the meaning set out under the heading “*General Development of the Business – General Development of the Issuer’s Business*”;

“**January 2017 Unit**” has the meaning set out under the heading “*General Development of the Business – General Development of the Issuer’s Business*”;

“**January 2017 Warrant**” has the meaning set out under the heading “*General Development of the Business – General Development of the Issuer’s Business*”;

“**Leahy Amendment**” has the meaning set out under the heading “*Regulatory Overview – Overview: U.S. Federal Law – Enforcement Proceedings*”;

“**Licensed Dealer**” has the meaning set out under the heading “*General Development of the Business – Investments – Anicca Laboratories Inc.*”;

“**Licensed Producer**” has the meaning set out under the heading “*Narrative Description of the Business – Canada: Overview of the Cannabis Industry Regulation – Summary of the ACMPR*”;

“**Listing Date**” means the date of the CSE Listing;

“**Listing Statement**” means this listing statement, as may be amended and/or supplemented from time to time;

“**Maxim**” has the meaning set out under the heading “*Directors and Officers of the Issuer – Corporate Cease Trade Orders or Bankruptcies*”;

“**MD&A**” means management’s discussion and analysis;

“**MMAR**” has the meaning set out under the heading “*Narrative Description of the Business – Canada: Overview of the Cannabis Industry Regulation – Regulatory Environment*”;

“**MMPR**” has the meaning set out under the heading “*Narrative Description of the Business – Canada: Overview of the Cannabis Industry Regulation – Regulatory Environment*”;

“**NCR**” has the meaning set out under the heading “*Risk Factors – Risks Relating to the Cannabis Industry – Licensing Requirements*”;

“**Person**” means an Issuer or individual;

“**Pro-Forma Financial Statements**” means the unaudited pro forma statement of financial position for the Issuer as at August 31, 2018, to give effect to the Change of Business as if it had taken place as of August 31, 2018, which is attached to this Listing Statement as Schedule “C”;

“**Proposed Regulations**” has the meaning set out under the heading “*Narrative Description of the Business – Health Canada Consultation Paper and its Proposed Approach to Regulating Cannabis*”;

“**RBA**” has the meaning set out under the heading “*Narrative Description of the Business – United States: Overview of the Cannabis Industry Regulation – Changes to Federal Regulation*”;

“**SAR**” has the meaning set out under the heading “*Regulatory Overview – Overview: U.S. Federal Law – General*”;

“**Saturna**” has the meaning set out under the heading “*Interest of Experts*”;

“**SOPs**” has the meaning set out under the heading “*Regulatory Overview – Overview: U.S. Federal Law – General Compliance Procedures*”;

“**Staff Notice 51-352**” has the meaning set out under the heading “*Regulatory Overview*”;

“**State Operators**” has the meaning set out under the heading “*Regulatory Overview – Overview: U.S. Federal Law – General Compliance Procedures*”;

“**THC**” means tetrahydrocannabinol;

“**TMX MOU**” has the means set out under the heading “*Risk Factors – U.S. Regulatory Risks – Risks Specifically Related to the U.S. Regulatory System*”;

“**TSX-V**” means the TSX Venture Exchange;

“**U.S.**” or “**United States**” means the United States of America;

“**USAM**” has the meaning set out under the heading “*Regulatory Overview – Overview: U.S. Federal Law – General*”;

“**Vinergy**” means Vinergy Resources Ltd.;

“**Vinergy Financial Statements**” means the audited financial statements of Vinergy for the years ended February 28, 2018 and 2017 and the unaudited interim financial statements of Vinergy for the subsequent six-month period ended August 30, 2018, which are attached to this Listing Statement as Schedule “A”;

“**Vinergy MD&As**” means Vinergy’s MD&As for the year ended February 28, 2018 and subsequent six-month period ended August 30, 2018, which are attached to this Filing statement as Schedule “B”;

“**Vinergy Shares**” means the common shares in the capital of Vinergy;

“**Wind**” has the meaning set out under the heading “*Directors and Officers of the Issuer – Corporate Cease Trade Orders or Bankruptcies*”; and

“**Zeus**” has the meaning set out under the heading “*Corporate Structure – Inter-Corporate Relationships*”.

“**2014 Cole Memo**” has the meaning set out under the heading “*Regulatory Overview – Overview: U.S. Federal Law – General*”;

Words importing the masculine shall be interpreted to include the feminine or neuter and the singular to include the plural and vice versa where the context so requires.

In this Listing Statement, other words and phrases that are capitalized have the meanings assigned in this Listing Statement.

All references to “\$”, “CDN\$” or “dollars” in this Circular are to lawful currency of Canada unless otherwise expressly stated. References to “US\$” are to United States dollars.

CORPORATE STRUCTURE

Corporate Name, Head and Registered Office and Jurisdiction of Incorporation

The head office of Vinergy is located at 1008 – 409 Granville Street, Vancouver, BC, V6C 1T2 and its registered office address is 1500 – 1055 West Georgia Street, Vancouver, B.C. V6E 4N7.

Vinergy was incorporated as Vanguard Investments Corp. on March 20, 2001 under the *Business Corporations Act* (Alberta). On May 10, 2011, the Issuer changed its name to Vinergy Resources Ltd. and continued the Issuer's registered jurisdiction from Alberta to British Columbia.

Vinergy has been listed for trading on the CSE since April 14, 2010 under the trading symbol "VIN".

Inter-Corporate Relationships

On November 30, 2009, the Issuer entered into a share purchase agreement with Zeus Energy Inc. ("**Zeus**") and its shareholders to acquire 100% of the issued and outstanding shares of Zeus. Since that time, Vinergy's principal business activity has been the acquisition, exploration and development of oil and gas assets.

Re-qualification

The Issuer plans to re-qualify on the CSE following its Change of Business.

GENERAL DEVELOPMENT OF THE BUSINESS

General Development of the Issuer's Business

From 2009 to 2016, Vinergy was engaged in the business of oil and gas acquisition, exploration and development. However, during the fiscal year ended February 29, 2016, Vinergy wrote off its remaining oil and gas assets and began investigating business opportunities in other sectors.

On January 9, 2017, Vinergy closed a financing consisting of 10,417,000 units (each a "**January 2017 Unit**") at a price of \$0.20 per January 2017 Unit for gross proceeds of \$2,083,400 (the "**January 2017 Financing**"). Each January 2017 Unit consisted of one Vinergy Share and one-half (1/2) of one common share purchase warrant (each a "**January 2017 Warrant**"), each whole January 2017 Warrant being exercisable into one additional Vinergy Share at a price of \$0.40 until January 9, 2018. Vinergy is entitled to accelerate the expiry date of the January 2017 Warrants upon 30 days' notice if the volume weighted average price of the Vinergy Shares on the CSE exceeds \$0.55 for any 10 consecutive trading days.

The expiry date of the January 2017 Warrants was extended for an additional six months to July 9, 2018. On July 6, 2018, the Issuer extended the expiry date of the January 2017 Warrants to October 9, 2018. All other terms of the warrants have remained unchanged.

In connection with the January 2017 Financing, Vinergy paid a cash finder's fee of \$122,803 and issued 329,200 finder's warrants exercisable to acquire one Vinergy Share at a price of \$0.40 for an exercise period of one year (the "**January 2017 Finder's Warrants**"). The January 2017 finder's Warrants are expired as at January 9, 2018.

In early 2018, following a thorough evaluation of the Issuer's existing resources and a review of its strategic options, the Issuer made a decision to refocus its business operations to become an investment company (see "*General Development of the Business – Transition to an Investment Issuer*").

Additional information pertaining to Vinergy, including financial information, is contained in the various disclosure documents of Vinergy filed with applicable securities commissions and the CSE and made available through the Internet on the SEDAR website at www.sedar.com and on the CSE website at www.thecse.com.

Other than the transactions detailed herein, Vinergy has not completed any significant acquisitions or dispositions during the most recently completed financial year ended February 28, 2017 or the current financial year.

Trends in the Cannabis Industry

Canadian Medical Cannabis Market

Medical cannabis is legal in Canada with 102 licensed producers as of April 19, 2018 (for more information concerning the Canadian regulatory landscape see “*General Development of the Business – Canada: Overview of the Cannabis Industry Regulation*”). Starting in June 2014 with 7,914 patients, the ACMPR program has grown to 269,502 patients as of December 2017, representing 0.73% of the population. Vinergy expects this trend to continue in Canada and approach 2.0% of the population by 2021, similar to levels in comparable U.S. states like California or Colorado, which would result in a 25% compound annual growth rate to 500,000 patients in 2021.

Analysts have estimated that a mature Canadian medical cannabis market will generate between \$1.5 billion and \$3 billion in retail sales.¹ Vinergy believes that the medical marijuana industry in Canada will grow beyond analyst estimates, possibly surpassing the expected size of the Canadian recreational market, driven primarily by the fact that (i) Canada has a supportive legal framework at the federal level; (ii) clinical research supports cannabis as a therapeutic product and increases the number of potential uses; (iii) development of pharmaceutical formulations (i.e. standardized dosages and delivery methods); (iv) insurance coverage; and (v) the potential for distributions through various channels. According to Statista, an online market research company, pharmaceutical applications of cannabis will drive global demand, leading cannabis to compete in the U.S. \$1.3 trillion global pharmaceutical market.

Canadian Recreational Market

The legal marijuana industry is in the midst of rapid transition and growth (see “*General Development of the Business – Canada: Overview of the Cannabis Industry Regulation*”). By 2024, the size of the recreational market (summer 2018) has been estimated to be between \$6.2 billion and \$9.8 billion,² the low end of this range puts the “unqualified adult use” cannabis market close to the size of the entire Canadian wine market.

While production is rapidly increasing, a conservative estimate of the initial production required to meet expected recreational demand is 900,000 kg per year.³ At the current rate of license issuance by Health Canada, the introduction of recreational cannabis will put a significant strain on the supply of cannabis and established producers will have a significant competitive and early mover advantage. Analysts have forecasted that a mature Canadian market (for recreational use and medical use) will generate between \$9 billion and \$12 billion per year in retail sales by 2026.⁴ The Manager believes that if the expected increase in demand is not met by current medicinal production capabilities, it may lead to further consolidation in the industry. The Manager expects that much of the success of cannabis issuers will be attributable to the quality of management and their ability to master logistics.

The United States Cannabis Market

In the United States, the possession, use, cultivation, and transfer of cannabis remains illegal under U.S. federal laws and federal law enforcement authorities have frequently closed down retail dispensaries, growers, and producers of cannabis products and have investigated or closed physician offices that provide medicinal cannabis recommendations. However, certain states in the United States have legalized marijuana for medicinal use while others have done so for recreational use (see “*General Development of the Business – Canada: Overview of the Cannabis Industry Regulation*”).

¹ D. Pearlstein; A. Sutton. (2017). *The Value Case for Investing in Cannabis*.

² D. Pearlstein; A. Sutton. (2017). *The Value Case for Investing in Cannabis*.

³ M. Lamers. (2017). *Canada’s Rec Marijuana Demand will be much Higher than Industry Anticipates, Researcher Predicts*. Marijuana Business Daily. <https://mjbizdaily.com/researcher-canada-massively-underestimating-recreational-marijuana-demand/>.

⁴ D. Pearlstein; A. Sutton. (2017). *The Value Case for Investing in Cannabis*.

While certain regulatory changes have paved the way for wide-ranging entrepreneurship in the cannabis industry, the possession, use, cultivation, and transfer of cannabis still remains illegal under US federal law and represents a significant risk factor to the Issuer to the extent it seeks to carry on business in or otherwise distribute products to the United States (see “*Risk Factors*”).

North American Cannabis market

Vinergy estimates that the global size of the cannabis industry could reach \$180 billion over the next 10 to 15 years as recreational cannabis use is legalized and as a result of standard market growth. Although the current regulatory market in the U.S. remains challenging, the U.S. cannabis market has the potential to be significantly larger than the Canadian market and is expected to drive growth in the industry.

Notwithstanding the foregoing, with the proposed legalization of marijuana for recreational use in Canada and the growing number of states in the United States allowing marijuana for medical and/or recreational use, the potential market for cannabis products is only expected to grow. However, the market and regulatory framework within which Vinergy is seeking to operate continues to evolve and remains subject to change and there are no assurances that such market and framework will develop in a manner consistent with Vinergy’s current expectations or at all (see *Narrative Description of the Business – Canada: Overview of the Cannabis Industry Regulation*” and *Narrative Description of the Business – Canada: Overview of the Cannabis Industry Regulation*” and “*Risk Factors*”).

Transition to an investment issuer

In early 2018, following a thorough evaluation of the Issuer’s existing resources and a review of its strategic options, the Issuer made a decision to refocus its business operations from a junior oil and gas company to an investment company. The Board of Directors believes that the current and anticipated cannabis market (see *Narrative Description of the Business – Canada: Overview of the Cannabis Industry Regulation*” and *Narrative Description of the Business – Canada: Overview of the Cannabis Industry Regulation*”), its network of business contacts and its depth of investment experience will enable the Issuer to identify and capitalize on investment opportunities that will bring greater value to the Issuer’s shareholders. Specifically, the Issuer will focus on investing in private and public companies whose businesses involve later stage cannabis business opportunities or other selected sectors with strong intellectual property, exceptional management and high growth potential that may be strategically positioned in the global cannabis market. However, the Issuer may take advantage of special situations and other opportunities, as such opportunities arise, and make investments in other sectors which the Investment Committee identifies from time to time as offering particular value. For a full description of the Issuer’s current holdings, please see “*General Development of the Business – Investments*”. For a full description of the Issuer’s Investment Strategy, please refer to the Issuer’s Investment Policy under the heading “*Narrative Description of the Business – Investment Policy*”.

Equity Financing

In conjunction with the Change of Business and concurrent with the filing of this Listing Statement, Vinergy intends to complete a non-brokered private placement for up to 5,000,000 units (each a “**Concurrent Financing Unit**”) at a price of \$0.20 per Concurrent Financing Unit for gross proceeds of up to \$1,000,000 (the “**Concurrent Financing**”). Each Concurrent Financing Unit consists of one Vinergy Share and one common share purchase warrant (a “**Concurrent Financing Warrant**”) exercisable into one additional Vinergy Share at a price of \$0.225 for a period of 24 months following the date of issuance.

Material Assets and Investments

The following chart is a summary of the Issuer’s material assets and investments. The Issuer has excluded ancillary intellectual property and other minor transactions and investments, with none such items being larger than \$25,000. References to “Direct”, “Indirect” or “Ancillary” classifications of each asset or investment have the meanings ascribed thereto in Staff Notice 51-352 (as defined below). As of the date hereof, none of the Issuer’s investments give the Issuer “Direct” or “Indirect” involvement (as such terms are defined in the Staff Notice 51-352) in the U.S. marijuana industry.

Asset/Issuer Name	Description of Investment	Type of Investment, Classification and Jurisdiction
<p>Botanical Technologies Inc.</p>	<p>The Issuer entered into a Share Exchange Agreement with certain shareholders (the “Bota Shareholders”) of Botanical Technologies Inc. (“Bota”) dated March 8, 2018 (the “Bota Agreement”). On closing the Bota Agreement, Vinergy will: (1) acquire 2,025,000 common shares in the capital of Bota (each a “Bota Share”) in consideration for 9,000,000 Vinergy Shares; (2) have an irrevocable option to purchase an additional 2,475,000 Bota Shares in exchange for 1,000,000 Vinergy Shares; (3) issue up to an aggregate amount of 3,000,000 Vinergy Shares (the “Adjustment Shares”) in accordance with Bota achieving certain gross revenue targets; (4) pay the total aggregate amount of \$450,000 to Bota for working capital of which \$100,000.00 in working capital has been advanced.</p> <p>Closing of the Bota Agreement is subject to CSE Conditional Approval. On closing the Bota Agreement, Bota will have the right to nominate one member to the Board of Directors and one officer, each of which will remain in their position with Vinergy for a minimum period of two and a half years.</p> <p>Bota is an ancillary supplier of cannabis related products, such as vaporisers; therefore, it does not require a licence to operate under the ACMPR (defined below in “<i>Narrative Description of the Business – Canada: Overview of the Cannabis Industry Regulation – Regulatory Environment</i>”). Bota offers turnkey solutions, including, but not limited to, customized equipment for growers to manufacture industry-leading quality vape delivery systems. Bota also provides consulting services, crop analysis and can aid in various research and development vape technology related projects. Through management’s experience, Bota has developed a full spectrum understanding of the cannabis vape technology and market including sourcing, manufacturing, logistics, formulation, branding, and international regulatory compliance practices. This allows the company to help partners develop, design and manufacture vape delivery systems and products to fill a fast growing consumer demand.</p> <p>Bota currently offers clients full and/or semi-automatic vaporizer assembly lines capable of producing consistent, high quality disposable vapor pens and/or reusable cartomizers specifically tailored to a Licensed Producer’s (defined below) cannabis extract (oil) and desired final product specifications.</p>	<p><i>Type of Investment:</i> 100% equity ownership position (valued at \$1,530,000)</p> <p><i>Jurisdiction:</i> Canada with intention to target certain U.S. states.</p> <p><i>Classification:</i> N/A⁵</p>

⁵ At this time, Bota does not supply its products to the U.S. Bota’s technology is categorized as “device and manufacturing intellectual property”, therefore, if it is sold in the U.S., Bota may be categorized as having “ancillary” U.S. cannabis-related involvement.

<p>Eagle Energy</p>	<p>Pursuant to a private placement financing, Vinergy purchased 1,245,330 common shares in the capital of Next Level Energy Inc. doing business as Eagle Energy (“Eagle Energy”) at CDN\$0.4015 per common share for an aggregate total investment of \$500,000.00 (the “Eagle Energy Agreement”). Closing of the Eagle Energy Agreement is subject to CSE Conditional Approval.</p> <p>As of the date hereof, the Issuer has advanced \$350,000.00 to Eagle Energy as a partial transfer of the Issuer’s \$500,000.00 investment in Eagle Energy.</p> <p>Eagle Energy is in the business of manufacturing and distributing a proprietary and first to market caffeine inhaler. Eagle Energy plans to be a world leader in plant-based supplement inhaler delivery systems. The Eagle Energy product is an electronic caffeine delivery system that allows consumers to inhale their caffeine without any calories or sugar. The patent-pending electronic inhaler contains a formula of natural plant extracts that provides the user with a fast-acting energy boost.</p>	<p><i>Type of Investment:</i> \$500,000 equity ownership position</p> <p><i>Jurisdiction:</i> Canada with intention to target certain U.S. states.</p> <p><i>Classification:</i> N/A⁶</p>
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Terminated Investments

As part of Vinergy’s Investment Policy (defined herein), its objective is to identify promising companies with excellent projects, innovative technologies or both (see “*Narrative Description of the Business – Investment Policy*”). Vinergy seeks investment opportunities with attractive risk to reward ratios. The Issuer may, for a number of reasons including, but not limited to, changing market conditions, a recommendation from the Board of Directors or the availability of a more suitable investment opportunity, elect to terminate a particular investment (see “*Risk Factors – Termination of Investments in Certain Circumstances*”).

MJ BioPharma

Vinergy has advanced the aggregate amount of \$590,698.00 to a private company, doing business as MJ BioPharma, pursuant to an intended transaction whereby the Issuer would acquire all of the issued and outstanding securities of MJ BioPharma. The Issuer elected to terminate this transaction. As of the date hereof, the full amount of \$590,698.00 remains outstanding. The Issuer is in the process of reviewing this receivable for collectability.

Private Cannabis Company Investment

In June 2018 Vinergy advanced the aggregate amount of \$250,000.00 to a possible acquisition target – a private company operating in the cannabis space. The Issuer elected to terminate this transaction. As of October 2018, the full amount of \$250,000.00 has been repaid to the Issuer.

REGULATORY OVERVIEW

In accordance with the Canadian Securities Administrators (“CSA”) Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities* (“**Staff Notice 51-352**”), below is a general discussion of the current federal and

⁶ At this time, Eagle Energy does not supply its products to the U.S. Eagle Energy’s technology is categorized as “device and manufacturing intellectual property”, therefore, if it is sold in the U.S., Eagle Energy may be categorized as having “ancillary” U.S. cannabis-related involvement.

state-level U.S. regulatory regimes in those jurisdictions where the Issuer may have direct, indirect or ancillary involvement through its subsidiaries and Investments.

At this time, the Issuer has no direct, indirect or ancillary exposure to U.S. cannabis-related activities. However, the Issuer's investment strategy under its Investment Policy (see "*Narrative Description of the Business – Investment Policy*") makes it likely that the Issuer will gain exposure to U.S. cannabis-related activities in a number of ways including, without limitation: (i) the manufacture and sale of its Investments' cannabis consumer products in certain states, (ii) material investments in U.S. cannabis companies that operate in certain states, that may or may not result in the Issuer gaining control over the Issuer and (iii) immaterial investments or ancillary involvement in companies that operate in certain states.

In accordance with Staff Notice 51-352, the Issuer will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented, amended and communicated to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation.

Summary of the Issuer's U.S. Cannabis Activity

As of the date hereof, the Issuer has no exposure to U.S. cannabis-related activities in any form (direct, indirect, ancillary or otherwise). However, the Issuer intends to make investments in companies that undertake U.S. cannabis-related activities through (i) acquiring a controlling interest in a licensed manufacturer and distributor (ii) the manufacture and sale of cannabis consumer products, (iii) material investments in companies with U.S. cannabis-related activities it does not control and (iv) immaterial investments or ancillary involvement in companies it does not control that operate in the cannabis sector.

The Issuer will restrict its investments to companies and dealers that are in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state (see "*Overview: U.S. Federal Law – Compliance with Applicable State Law in the United States*").

As of the date hereof, the Issuer has no balance sheet exposure to U.S. cannabis-related activities. The Issuer also does not have operating losses or operating expenses from U.S. cannabis related activities, nor does it have assets on its consolidated balance sheet that pertain to U.S. cannabis related activities.

Readers are cautioned that the foregoing discussion regarding financial information was drawn from the Issuer's Pro Forma Financial Statements and has not been audited nor is it in compliance with IFRS based on consolidation principles.

Overview: U.S. Federal Law

General

In the United States, twenty-nine states, Washington D.C. and Puerto Rico have legalized medical marijuana, and nine states and Washington D.C. have legalized recreational marijuana. At the federal level, however, cannabis currently remains a Schedule I drug under the Controlled Substances Act of 1970. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, cannabis related practices or activities, including without limitation, the manufacture, importation, possession, use, or distribution of cannabis, remain illegal under United States federal law.

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

Memorandum laid a framework for managing the tension between state and federal laws concerning state regulated marijuana businesses.

However, on January 4, 2018 the Cole Memorandum was revoked by Attorney General Jeff Sessions, a longtime opponent of state-regulated medical and recreational cannabis. While this did not create a change in federal law, as the Cole Memorandum was not itself law, the revocation removed the DOJ's guidance to U.S. Attorneys that state regulated cannabis industries substantively in compliance with the Cole Memorandum's guidelines should not be a prosecutorial priority.

In addition to his revocation of the Cole Memorandum, Attorney General Sessions also issued a one-page memorandum known as the "**Sessions Memorandum**." The Sessions Memorandum confirmed the rescission of the Cole Memorandum and explained the rationale of the DOJ in doing so: the Cole Memorandum, according to the Sessions Memorandum, was "unnecessary" due to existing general enforcement guidance adopted in the 1980s, as set forth in the U.S. Attorney's Manual (the "**USAM**"). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the federal government's limited resources, and include "law enforcement priorities set by the Attorney General," the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community."

While the Sessions Memorandum emphasizes that marijuana is a Schedule I controlled substance, and reiterates the statutory view that cannabis is a "dangerous drug and that marijuana activity is a serious crime," it does not otherwise indicate that the prosecution of marijuana-related offenses is now a DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether or not to prosecute marijuana-related offenses. The Issuer intends to retain outside U.S. counsel in the states where it, through its subsidiaries and investments, operates to continuously monitors all U.S. Attorney comments related to regulated medical and adult-use cannabis laws to assess various risks and enforcement priorities within each jurisdiction. Dozens of U.S. Attorneys across the country have affirmed that their view of federal enforcement priorities has not changed, although a few have displayed greater ambivalence. In California, at least one U.S. Attorney has made comments indicating a desire to enforce the Controlled Substances Act: Adam Braverman, Interim U.S. Attorney for the Southern District of California, has been viewed as a potential enforcement hawk after stating that the rescission of the Cole Memorandum "returns trust and local control to federal prosecutors" to enforce the Controlled Substances Act. Additionally, Greg Scott, the Interim U.S. Attorney for the Eastern District of California, has a history of prosecuting medical cannabis activity: his office published a statement that cannabis remains illegal under federal law, and that his office would "evaluate violations of those laws in accordance with our district's federal law enforcement priorities and resources."

It is too soon to determine what prosecutorial effects will be created by the rescission of the Cole Memorandum. While initial fears of a nationwide "crackdown" have not yet materialized, considerable uncertainty remains.

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

Additionally, under U.S. federal law it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from marijuana sales or any other Schedule I substance. Canadian banks are also hesitant to deal with cannabis companies, due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy. Despite these laws, the U.S. Department of the Treasury issued a memorandum in February of 2014 (the "**FinCEN Memorandum**") outlining the pathways for financial institutions to bank state-sanctioned marijuana businesses. Under these guidelines, financial institutions must submit a "suspicious activity report" ("**SAR**") as required by federal money laundering laws. These marijuana related SARs

are divided into three categories: marijuana limited, marijuana priority, and marijuana terminated, based on the financial institution's belief that the marijuana business follows state law, is operating out of compliance with state law, or where the banking relationship has been terminated.

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

However, Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum can act as a standalone document which explicitly lists the eight enforcement priorities originally cited in the Cole Memorandum. As such, the FinCEN Memorandum remains intact.

Enforcement of Federal Laws

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

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the U.S. or elsewhere. A negative shift in the public's perception of medical cannabis in the U.S. or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which the Issuer and/or its Investments could expand. Any inability to fully implement the Issuer's expansion strategy may have a material adverse effect on the Issuer's business, financial condition and results of operations. See "*Risk Factors*".

Further, violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Issuer and/or its Investments, including their respective reputations and ability to conduct business, their holding (directly or indirectly) of cannabis licenses in the U.S., the listing of their securities on various stock exchanges, their financial positions, operating results, profitability or liquidity or the market price of their publicly traded shares. In addition, it is difficult for the Issuer to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial. See "*Risk Factors*".

Enforcement Proceedings

Although the Cole Memorandum and 2014 Cole Memo have been rescinded, one legislative safeguard for the medical marijuana industry remains in place: Congress has used a rider provision in the fiscal year 2015, 2016 and 2017 Consolidated Appropriations Acts (currently the "**Leahy Amendment**") to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law. The Leahy Amendment was included in the fiscal year 2018 budget passed on March 23, 2018, meaning that, the Leahy Amendment is still in effect as of today's date and will remain in effect until September 30, 2018, when fiscal year 2019 begins.

Ability to Access Public and Private Capital

The Issuer has historically, and continues to have, robust access to equity from prospectus exempt (private placement) markets globally. While the Issuer is not able to obtain bank financing in the U.S. or financing from other U.S. federally regulated entities, it plans to (i) continue to access equity financing through private markets, and (ii) access equity financing through public markets globally. Further, the Issuer's executive team and board also have extensive relationships with sources of private capital (such as high net worth individuals), that could be investigated at a higher cost of capital. Current proceeds from the Issuer's financings will be used to finance the continued growth of the Issuer's business. Further development of the Issuer's business may be financed wholly or partially with debt, which may increase the Issuer's debt levels above industry standards, or through the issuance of shares which will be dilutive to the current shareholders.

Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Issuer's projects and Investments. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that additional financing, if raised privately, will be available to the Issuer when needed or on terms which are acceptable. The Issuer's inability to raise financing to fund capital expenditures or acquisitions could limit growth and may have a material adverse effect upon future profitability. See "*Risk Factors – Additional Financing*".

Overview: U.S. State Law

As of the date hereof, the Issuer does not have an operating presence in any U.S. state. Upon acquiring U.S. operations in a particular state, the Issuer will, as soon as reasonably practicable, evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented, amended and communicated to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation.

Although the Issuer intends to make commercially reasonable efforts to ensure that the activities of its Investments are compliant with applicable U.S. state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve the Issuer of liability under U.S. federal law, nor may it provide a defense to any federal proceeding which may be brought against the Issuer.

General Compliance Procedures

The Issuer will require each of its Investments that operate in the U.S. cannabis industry (collectively, the "**State Operators**" and each, a "**State Operator**") to utilize, an enterprise compliance platform, such as Simplifya, which integrates that State Operator's inventory management program and standard operating procedures ("**SOPs**") with the software's compliance checklists and auditing features to facilitate continued compliance with state and local requirements.

Simplifya is a comprehensive compliance software solution that was developed specifically for the cannabis industry. The software features a robust auditing system that allows for both internal as well as third-party compliance auditing, covering all state and municipal, facility and operational requirements. Regulations are monitored in real-time and software updates are timely released to account for any changes. Simplifya offers standard operating procedure building tools to facilitate the implementation and maintenance of compliant operations and tracks all required licensing maintenance criteria, which include countdown features and automatically generated reminders for initiating renewals and required reporting.

The Issuer intends to ensure that all its activities, including those of its Investments, are compliant with applicable U.S. state and local law. To do so, the Issuer will access legal counsel, where necessary, and will develop a robust

compliance program catered towards each State Operator that is designed to ensure operational and regulatory requirements continue to be satisfied within requisite state and local jurisdiction. As part of such program, the Issuer intends to retain local outside counsel in each state where a State Operator operates to monitor that State Operator's compliance with U.S. state law on an ongoing basis. The Issuer will work closely with U.S. counsel to develop and improve its internal compliance program, and will defer to their legal opinions and risk mitigation guidance regarding each state regulatory framework. The internal compliance program, including the use of a compliance platform like Simplifya, will require continued monitoring by managers and executives of the Issuer and the State Operators to ensure all operations conform with legally compliant SOPs. The Issuer will also require the employees and management of its State Operators to report and disclose all instances of non-compliance, regulatory, administrative, or legal proceedings that may be initiated against them.

Compliance with Applicable State Law in the United States

The Issuer will take commercially reasonable steps to ensure that each of its future Investments that has "Direct", "Indirect" or "Ancillary" involvement in the U.S. marijuana industry (of which there are currently none) (collectively, the "**Licensed Entities**") holds all licenses, permits and/or requisite authorizations, as applicable, that are in good standing to cultivate, possess and/or distribute marijuana in its respective state in the U.S. Each of the Licensed Entities will be in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state and the Issuer will promptly disclose any notices of violation with respect to any Licensed Entity's marijuana-related activities by its respective regulatory authority. For a description of the Issuer's compliance program it intends to impose on Licensed Entities, please see the section entitled "*Regulatory Overview – Overview of State Law – General Compliance Procedures*".

The Issuer will take commercially reasonable steps to ensure that each of its investees that is involved in the U.S. marijuana industry (classified as having anything other than "Direct" or "Indirect" involvement in the U.S. marijuana industry, of which there are currently none) (collectively, the "**Non-Licensed Entities**"), will comply with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state for any of such Non-Licensed Entity's business and the Issuer will promptly disclose any notices of violation with respect to any Non-Licensed Entity's marijuana-related activities by its respective regulatory authority.

While the Issuer intends to take commercially reasonable steps to ensure that its business activities are compliant with applicable state and local law, such activities remain illegal under United States federal law. See "*Risk Factors – Risks Specifically Related to the United States Regulatory System*".

Overview: Canadian Law

Regulatory Environment

Cannabis is a controlled substance listed in Schedule II of the *Controlled Drugs and Substances Act* (Canada), as amended (the "**CDSA**"). Accordingly, activities related to cannabis are governed by the CDSA and its regulations, including the *Access to Cannabis for Medical Purposes Regulations* (the "**ACMPR**"), the Narcotics Control Regulations, as well as other applicable laws. Cannabis is subject to unique and specific regulation in Canada.

In 2000, the Canadian courts ruled that laws prohibiting the possession of cannabis were unconstitutional to the extent that they did not provide medical patients with access to cannabis, where required for their health (recognized in *R v Smith* (2015 SCC 34) and *R v Allard* (2016 FC 236) and in earlier decisions, including *R v Parker* (Ontario Court of Appeal, (2000), 146 C.C.C. (3d) 193)). In response to this decision, Canada passed the Medical Marijuana Access Regulations (the "**MMAR**") providing medically approved patients with a viable constitutional exemption. In 2013, Canada repealed the MMAR and replaced it with the *Marihuana for Medical Purposes Regulations* (the "**MMPR**") which provided for a commercial industry, responsible for the production and distribution of marijuana for medical purposes (dried marijuana only). These regulations introduced strict controls over the production, storage and distribution of medical marijuana and strict oversight to reduce public health, safety and security risks. The ACMPR then replaced the MMPR as the governing regulations in respect of the production, sale and distribution of medical cannabis and related oil extracts.

Summary of the ACMPR

In 2013, after the decision in *R v Smith*, individuals were now allowed to possess marijuana derivatives for their own use. The regulations were again challenged in 2016 in *R v Allard* resulting in subsequent changes to the regulatory framework under the ACMPR, removing the restriction of having to only purchase marijuana from those who are licensed under the ACMPR to produce and distribute cannabis (a “**Licensed Producer**”) and allowing individuals to produce limited amounts of cannabis for their own medical purposes.

The ACMPR are the current governing regulations regarding the production, sale and distribution of cannabis for medical purposes in Canada. The ACMPR provide for three possible alternatives for Canadian residents who have been authorized by their health care practitioner to access cannabis for medical purposes:

- they can continue to access quality-controlled cannabis by registering with Licensed Producers;
- they can register with Health Canada to produce a limited amount of cannabis for their own medical purposes (starting materials must be obtained from a Licensed Producer); or
- they can designate someone else who is registered with Health Canada to produce cannabis on their behalf (starting materials must be obtained from a Licensed Producer).

The ACMPR sets out, among other things, the authorized activities and general responsibilities of Licensed Producers, including:

- the requirement to obtain and maintain a licence from Health Canada prior to commencing any activities;
- calculating the quantity of cannabis, other than dried cannabis, that is equivalent to a given quantity of dried cannabis;
- security measures relating to facilities and personnel;
- “Good Production Practices”;
- packaging, shipping, labeling, import and export and record-keeping requirements; and
- patient registration and ordering requirements.

Authorized activities under the ACMPR include the production and sale of starting materials (i.e., cannabis seeds and plants) to those individuals who have registered to produce a limited amount of cannabis for their own medical purposes, or to have it produced by a designated person, and the ability to sell an interim supply of fresh or dried cannabis or cannabis oil to registered persons while they wait for their plants to grow. Licenses and licence applications under the ACMPR consolidate the MMPR licence requirements for the production and sale of dried cannabis, the requirements for supplemental licenses under the Section 56 CDSA Exemption, and the new requirements for the sale of cannabis seeds and plants.

Any applicant seeking to become a licensed producer or seller under the ACMPR is subject to stringent Health Canada licensing requirements. The below table provides a general overview of the licensing process as described by Health Canada.

Stage	Overview
1	Intake and Initial Screening: When an application is received, it undergoes a preliminary screening for completeness. If an application is not complete, it will be returned. If an application is complete, it will be assigned an application number. The assignment of an application number means that the application has completed the preliminary screening.
2	Detailed Review and Initiation of Security Clearance Process: Once an application has been assigned an application number, it will be reviewed to (i) complete the assessment of the application to ensure that it meets the requirements of the Regulations of the ACMPR; (ii) establish that the issuance of the license is not likely to create risks to public health, safety or security, including the risk of cannabis being diverted to an illicit market or use; and (iii) establish that there are no other

Stage	Overview
	<p>grounds for refusing the application. It is the responsibility of the applicant to ensure that they are in compliance with all applicable provincial, territorial and municipal legislation, regulations and bylaws, including zoning restrictions.</p> <p>An application will be thoroughly reviewed to ensure that the level of detail included in the application is sufficient to meet the requirement of the ACMPR and to validate the information provided. Given the extensive review process, applicants are generally required to communicate with the Office of Medical Cannabis multiple times to provide clarifications with respect to the application. Physical security plans will be reviewed and assessed in detail at this stage.</p> <p>When an application is in the Detailed Review stage, the security clearance forms for key personnel will be sent for processing. The time required to conduct mandatory security checks varies with each application. Security clearances generally take several months at a minimum. Health Canada and the Royal Canadian Mounted Police are not able to provide updates on the status of security checks. Applications will only advance to the review stage once security clearances for all key personnel are completed. Please note that until such a time as Health Canada receives the results of the security checks, there will be no further communication from Health Canada.</p>
3	<p>Issuance of License to Produce: Once Health Canada confirms that the requirements of the ACMPR have been met, and the application successfully completes the Detailed Review and Security Clearance stage, a license to produce will be issued.</p>
4	<p>Introductory Inspection (as cultivation begins): A Licensed Producer is required to notify Health Canada as cultivation begins, and once notified, Health Canada will schedule an initial inspection to verify that the Licensed Producer is meeting the requirement of the ACMPR, including but not limited to, the physical security requirement of the site, record keeping practices and Good Production Practices (GPP) and to confirm that the activities being conducted by the Licensed Producer correspond to those indicated on their license.</p>
5	<p>Pre-Sales Inspection (prior to issuance of sales license): If a Licensed Producer would like to add the activity of sale to their existing license, an amendment application must be submitted to the Office of Medical Cannabis, upon which Health Canada will schedule an additional inspection to verify that the Licensed Producer is meeting the requirement of the ACMPR, including but not limited to, GPP, packaging, labeling, shipping and record keeping prior to allowing the sale or provision of the product.</p>
6	<p>Issuance of License to Sell: To complete the assessment and add the activity of sale of cannabis products to an existing license, the following information is reviewed: (i) results of the pre-sale inspection; (ii) information submitted in the amendment application to add the activity of sale to the license; and (iii) any other relevant information. When the review is completed, an amended license, including the activity of sale, is issued to the Licensed Producer subject to which the Licensed Producer may supply cannabis products to registered clients, other Licensed Producers and/or other permitted parties named under the ACMPR. Separate licenses may be issued for dried marijuana, plants and/or cannabis oil.</p>

Medical Marijuana

Cannabis itself is not authorized for sale as a “drug” by Health Canada under the Food and Drug Act (Canada) (the “FDA”). Sale of cannabis by Licensed Producers to clients, other Licensed Producers or other identified groups in accordance with the ACMPR is exempt from the application of the FDA by the Cannabis Exemption (Food and Drugs Act) Regulations (Canada), as amended, issued pursuant to the FDA. The ACMPR includes provisions regulating production, processing, and labeling of cannabis to ensure that quality, safety and predictability of effect are available. The provisions of the ACMPR in this respect are unique to cannabis and distinct from similar provisions applicable to drugs in the FDA.

Access to cannabis includes the option for clients to purchase dried marijuana or cannabis oil from Licensed Producers, which is delivered to the patients via mail order (the ACMPR does not provide for retail sales of cannabis).

Access also includes growing by or on behalf of individuals remaining under the MMAR through an Allard injunction. Cultivation for personal use is also permitted under the ACMPR, with Licensed Producers now being permitted by the ACMPR to provide seeds or plants to clients who are registered and approved by Health Canada. The amounts of cannabis, seeds and plants that a client may be provided with per month is determined with reference to a permitted daily amount of cannabis, normalized to the number of grams of dried marijuana per day, specific to the patient.

“Medical Marijuana” (meaning the use of cannabis to treat disease or improve symptoms such as pain, muscle spasticity, nausea and other indications) can be administered using a variety of methods including, but not limited to, vaporizing or smoking dried buds, capsules, and oral/dermal sprays, and can also be ingested as oil or cannabis edibles. Unlike the pharmaceutical options, individual elements within medical marijuana have not been isolated, concentrated and synthetically manipulated to a specific therapeutic effect. Instead medical marijuana addresses ailments holistically through the synergistic action of naturally occurring phytochemicals. Currently, the most common means of administering medical marijuana in Canada is by smoking/vaporizing dried buds. The regulations prohibit any representations regarding any medicinal properties.

Cannabis Sativa and *Cannabis Indica* are the two main types of cannabis, and hybrid strains can be created when the genetics of each are crossed. Within these different types of cannabis there are many different varieties, within which there are many different cannabinoids, with the most common being tetrahydrocannabinol (“**THC**”) and Cannabidiol (“**CBD**”).

The Changing Regulatory Landscape

The medical cannabis industry in Canada has changed considerably between 2014 and 2018. The Canadian Government introduced the MMPR. Under the MMPR, Licensed Producers were initially licensed to sell dried cannabis only, and no other forms of cannabis such as oils and extracts were permitted. The Supreme Court of Canada judgment in *R v Smith* found this restriction to be contrary to the Canadian Charter of Rights and Freedoms (the “**Charter**”) and struck down portions of the CDSA to the extent that these portions of the CDSA prevent a person with a medical authorization from possessing cannabis derivatives for medical purposes. While *R v Smith* was considered in the context of the previous MMAR the exemption under the CDSA is equally applicable to the MMPR.

In response to *R v Smith*, Health Canada issued a class exemption under section 56 of the CDSA for Licensed Producers who met defined criteria and issued corresponding supplementary licenses for production and sale of cannabis oil to Licensed Producers who met the criteria. Health Canada released a statement with details to this effect on July 7, 2015. This Health Canada statement included requirements that essentially prevent production of cannabis oil suitable for vaporization or smoking. The only permitted dosage form for cannabis oil is a capsule or similar dosage form (sale of liquid oil in a container). The sale of foods or beverages infused with cannabis oil was not permitted under this Health Canada statement. The sale of cannabis oil, including restrictions to dosage forms, is now expressly provided for in the ACMPR.

Following the hearing of the constitutional challenge to the MMPR, the Federal Court of Canada rendered its decision on February 24, 2016 in *R v Allard*. The Court repealed the MMPR as contrary to the plaintiff’s Charter rights by unduly restricting access to medical cannabis. The repeal of the MMPR was suspended for six months to allow the Government of Canada to amend the MMPR or issue new regulations. On August 24, 2016, the ACMPR came into force, replacing the MMPR as the regulations governing Canada’s medical cannabis program.

The ACMPR essentially combined the MMPR, the MMAR and the section 56 class exemptions relating to cannabis oil (including Health Canada’s restrictions preventing smokable or vaporizable oil and preventing sale of infused foods or beverages) into one set of regulations. The ACMPR further sets out the process for ACMPR licence applicants, to obtain Licensed Producer status.

Bill C-45 and Anticipated Legalization of Adult-Use Recreational Cannabis

The use of cannabis for recreational purposes is not currently legal in Canada. Bill C-45, *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts, and An Act to amend the Criminal Code (offences related to conveyances) and to make consequential amendments to other Acts* (“**Bill C-45**”), was introduced by the Government of Canada on April 13, 2017. Following the passage of the proposed *Cannabis Act* (Canada) by the House of Commons on November 27, 2017, the legislation is now before the Senate where it will be subject to further debate and study.

On December 20, 2017, the Prime Minister communicated that the Government of Canada intends to legalize cannabis in the summer of 2018, despite previous reports of a July 1, 2018 deadline. On February 6, 2018, Public Safety Minister, Ralph Goodale, announced that, while Bill C-45 was still on schedule to receive royal assent in July 2018, implementation of various aspects of the regime, including preparing markets for retail sales, could take another eight to twelve weeks from such date. The impact of such regulatory changes on the Issuer’s business is unknown, and the proposed regulatory changes may not be implemented at all (“*Risk Factors – Changes in Laws, Regulations and Guidelines*”).

Bill C-45 proposes the enactment of the *Cannabis Act* (Canada) to regulate the production, distribution and sale of cannabis for unqualified adult use. The passage of Bill C-45 would allow adults to legally possess and use cannabis for recreational purposes. There can be no assurance Bill C-45 will become law or, if enacted, will be enacted in its current form. See “*Risk Factors — Changes in Laws, Regulations and Guidelines*”.

The following is intended to be of a summary nature, and the full text of Bill C-45 should be referred to for complete details with respect to the proposed legalization of recreational cannabis in Canada:

- *The Market for Recreational Cannabis*

Bill C-45, if enacted, will allow all Canadians over the age of 18, subject to additional age limits imposed by provincial governments, to purchase cannabis by mail and in provincially regulated retail spaces. Individuals will also be permitted to grow up to four plants in their residence. The possession limit of dried cannabis would be set at 30 grams. Bill C-45 does not provide for the regulation of edible cannabis products, and it is expected that such products would be regulated and legalized at a later date.

The effect of Bill C-45, should it be passed into law, would be the creation of a market for recreational cannabis in Canada. Bill C-45 would significantly expand the class of individuals who are legally permitted to purchase and consume cannabis in Canada.

Currently, it is illegal to buy, sell, produce, import or export cannabis unless it is authorized under the CDSA and its regulations, such as the ACMPR. The current program for access to cannabis for medical purposes would continue following the passage of Bill C-45. Cannabis will remain illegal as Bill C-45 moves through the legislative process.

- *Provincial Cannabis Regulation*

While the production of cannabis will be under the regulatory oversight of the Government of Canada, the distribution of adult-use recreational cannabis will be the responsibility of the provincial and territorial governments. To date, no provincial legislation has been approved to govern the retail sales. However, all of the provinces in Canada, excluding Saskatchewan (further described below), have announced that the wholesale distribution of cannabis will fall under the responsibility of their provincial liquor authorities. The legal retail business for adult-use recreational cannabis will initially fall under a framework of new provincially owned and run stand-alone cannabis outlets in Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island. Crown corporation run retail outlets will thus have a monopoly over the legal retailing and distribution of cannabis in these provinces, which represent approximately 67% of the Canadian population. The provinces of Alberta, Manitoba and Newfoundland and Labrador have indicated they would allow private retailers to manage the retail sales of cannabis in their provinces, while British Columbia will allow a mix of private and Crown corporation run retail stores. Wholesale and retail distribution in Saskatchewan will be exclusively managed by private retailers but regulated by its provincial liquor authority.

- *Production*

The production of cannabis in Canada will continue to be highly-regulated and subject to numerous controls and regulations.

Part 3 of Bill C-45 provides for the establishment of the legal framework for licenses and permits that will govern the importation, exportation, production, testing, packaging, labelling, sending, delivery, transportation, sale, possession or disposal of cannabis or any class of cannabis. Section 61 of Bill C-45 provides the government with the power to establish a framework for applications for such licenses and permits.

Part 12 of Bill C-45 provides transitional provisions with respect to applications for ACMPR licenses submitted under the ACMPR. Applications submitted under the ACMPR will continue to be processed under the ACMPR as Bill C-45 moves through the legislative process.

- *Distribution*

Under Bill C-45, the provinces and territories would authorize and oversee the distribution and sale of cannabis, subject to minimum federal conditions. In those jurisdictions that have not put in place a regulated retail framework, individuals would be able to purchase cannabis online from a federally Licensed Producer with secure home delivery through the mail or by courier. As a result, the distribution of cannabis will vary from province to province and territory to territory in Canada, and will be regulated at the provincial or territorial level. The Government of Canada has announced that the provinces will have to develop its regulations by July, 2018, failing which purchases may be made online through the federal framework.

- *Advertising and Promotions*

Bill C-45 prohibits any promotion, packaging and labeling of cannabis that could be appealing to young persons or encourage its consumption, while allowing consumers to have access to information with which they can make informed decisions about the consumption of cannabis.

In particular, Division 2 of Bill C-45 provides for broad restrictions on the promotion, packaging and labeling, display, and sale and distribution of cannabis and cannabis accessories. The promotion, packaging and labeling, display and sale and distribution of cannabis and cannabis accessories will be strictly controlled to prevent persons under the age of 18 from being exposed to such activities and to prevent the encouragement of consumption of cannabis. As such, the promotion, packaging and labeling, display and sale and distribution of cannabis and cannabis accessories will take place in a highly regulated environment. The later statement may not be accurate given the restrictions for tobacco and alcohol advertisings.

Health Canada Consultation Paper and its Proposed Approach to Regulating Cannabis

On November 21, 2017, Health Canada released a consultation paper entitled “Proposed Approach to the Regulation of Cannabis” (the “**Proposed Regulations**”). Recognizing the Government of Canada’s commitment to bringing the *Cannabis Act* (Canada) into force, the Proposed Regulations, among other things, seek to solicit public input and views on the appropriate regulatory approach to a recreational cannabis market by building upon established regulatory requirements that are currently in place for medical cannabis.

The Proposed Regulations are divided into the following seven major categories:

1. Licenses, Permits and Authorizations;
2. Security Clearances;
3. Cannabis Tracking System;
4. Cannabis Products;

5. Packaging and Labelling;
6. Cannabis for Medical Purposes; and
7. Health Products and Cosmetics Containing Cannabis.

Licenses, Permits and Authorizations

The Proposed Regulations would establish different types of authorizations based on the activity being undertaken and, in some cases, the scale of the activity. Rules and requirements for different categories of authorized activities are intended to be proportional to the public health and safety risks posed by each category of activity. The types of proposed authorizations include: (i) cultivation; (ii) processing; (iii) sale to the public for medical purposes and nonmedical purposes in provinces and territories that have not enacted a retail framework; (iv) analytical testing; (v) import/export; and (vi) research.

Cultivation licenses would allow for both large-scale and small-scale (i.e. micro) growing of cannabis, subject to a stipulated threshold. Industrial hemp and nursery licenses would also be issued as a subset of cultivation licenses. Health Canada is considering a number of options for establishing and defining a “micro-cultivator” threshold, such as plant count, size of growing area, total production, or gross revenue. Part of the stated purpose of the Proposed Regulations is to solicit feedback from interested stakeholders regarding the most appropriate basis for determining what such threshold should be.

The Proposed Regulations provide that all licenses issued under the *Cannabis Act* (Canada) would be valid for a period of no more than five years and that no licensed activity could be conducted in a dwelling-house. The Proposed Regulations would also permit both outdoor and indoor cultivation of cannabis. The implications of the proposal to allow outdoor cultivation are not yet known, but such a development could be significant as it may reduce start-up capital required for new entrants in the cannabis industry. It may also ultimately lower prices as capital expenditure requirements related to growing outside are typically much lower than those associated with indoor growing.

Security Clearances

It is proposed that select personnel (including individuals occupying a “key position”, directors, officers, large shareholders and individuals identified by the Minister of Health) associated with certain licences issued under the *Cannabis Act* (Canada) would be obliged to hold a valid security clearance issued by the Minister of Health. The Proposed Regulations would enable the Minister of Health to refuse to grant security clearances to individuals with associations to organized crime or with past convictions for, or an association with, drug trafficking, corruption or violent offences. This is the approach in place today under the ACMPR and other related regulations governing the licensed production of cannabis for medical purposes.

Health Canada acknowledges in the Proposed Regulations that there are individuals who may have histories of nonviolent, lower-risk criminal activity (for example, simple possession of cannabis, or small-scale cultivation of cannabis plants) who may seek to obtain a security clearance so they can participate in the legal cannabis industry. Under the new set of rules, the Minister of Health would be authorized to grant security clearances to any individual on a case-by-case basis. Part of the purpose of the Proposed Regulations is to solicit feedback from interested parties on the degree to which such individuals should be permitted to participate in the legal cannabis industry.

Cannabis Tracking System

As currently proposed under the *Cannabis Act* (Canada), the Minister of Health would be authorized to establish and maintain a national cannabis tracking system. The purpose of this system would be to track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the legal market. The Proposed Regulations would provide the Minister of Health with the authority to make a ministerial order that would require certain persons named in such order to report specific information about their authorized activities with cannabis, in the form and manner specified by the Minister.

Cannabis Products

The Proposed Regulations would permit the sale to the public of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds. It is proposed that the sale of edible cannabis products and concentrates (such as hashish, wax and vaping products) would only be permitted within one year following the coming into force of the *Cannabis Act* (Canada).

The Proposed Regulations acknowledge that a range of product forms should be enabled to help the legal industry displace the illegal market. Additional product forms that are mentioned under the Proposed Regulations include “pre-rolled” cannabis and vaporization cartridges manufactured with dried cannabis. Specific details related to these new products are to be set out in a subsequent regulatory proposal.

Packaging and Labelling

The Proposed Regulations would set out requirements pertaining to the packaging and labelling of cannabis products. Such requirements would promote informed consumer choice and allow for the safe handling and transportation of cannabis. Consistent with the requirements under the ACMPR, the Proposed Regulations would require all cannabis products to be packaged in a manner that is tamper-evident and child-resistant.

While minor allowances for branding would be permitted, Health Canada is proposing strict limits on the use of colours, graphics, and other special characteristics of packaging, and products would be required to be labelled with specific information about the product, contain mandatory health warnings similar to tobacco products, and be marked with a clearly recognizable standardized cannabis symbol.

Cannabis for Medical Purposes

The proposed medical access regulatory framework would remain substantively the same as currently exists under the ACMPR, with proposed adjustments to create consistency with rules for non-medical use, improve patient access, and reduce the risk of abuse within the medical access system.

Health Products and Cosmetics Containing Cannabis

Health Canada is proposing a scientific, evidenced-based approach for the oversight of health products with cannabis that are approved with health claims, including prescription and non-prescription drugs, natural health products, veterinary drugs and veterinary health products, and medical devices. Under the Proposed Regulations, the use of cannabis-derived ingredients (other than certain hemp seed derivatives containing no more than 10 parts per million THC) in cosmetics, which is currently prohibited, is proposed to be permitted and subject to provisions of the *Cannabis Act* (Canada).

General Compliance Procedures

Applicants and Licensed Producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of marijuana, and physical security measures to protect against potential diversion. Licensed Producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale. This approval process includes testing (and validation of testing) for microbial and chemical contaminants to ensure that they are within established tolerance limits for herbal medicines for human consumption as required under the Food and Drugs Act, and determining the percentage by weight of the two active ingredients of marijuana, THC and CBD.

The Issuer will access legal counsel, where necessary, and will develop a robust compliance program that is designed to ensure operational and regulatory requirements imposed under the ACMPR continue to be satisfied each of the Issuer’s investments that operate in the Canadian cannabis industry (the “**Canadian Operators**”) (see “*Regulatory Overview – Overview of Canadian Law – Summary of the ACMPR*”). The Issuer intends to monitor each Canadian Operator’s compliance with Canadian law on an ongoing basis. The Issuer will work closely with

outside Canadian counsel to develop and improve its internal compliance program, and will defer to their legal opinions and risk mitigation guidance regarding ongoing changes to the Canadian regulatory framework. The Issuer's internal compliance program will require continued monitoring by managers and executives of the Issuer and the Canadian Operators to ensure all operations conform with legally compliant SOPs. The Issuer will also require the employees and management of its Canadian Operators to report and disclose all instances of non-compliance, regulatory, administrative, or legal proceedings that may be initiated against them.

International

Medical and recreational marijuana opportunities also appear to be developing in other G20 countries as these jurisdictions move towards establishing new or improved medical and recreational marijuana legislative and regulatory frameworks and systems. The Issuer intends to investigate and monitor potential opportunities in international jurisdictions where medical and/or recreational marijuana is legally allowed by all levels of government presently, or where the government is actively moving towards such a legal framework.

NARRATIVE DESCRIPTION OF THE BUSINESS

Investment Policy

The Issuer has adopted the following investment policy to govern its investment activities and strategy (the "**Investment Policy**"):

Overview of Business

Vinergy's business objective is to identify promising companies with excellent projects, innovative technologies or both, using management's extensive experience in deal sourcing and capital combination to maximize returns for the Issuer's shareholders. The Issuer will focus on investing in private and public companies whose businesses involve cannabis business opportunities or other selected sectors with strong intellectual property, exceptional management and high growth potential that may be strategically positioned in the global cannabis market (the "**Investments**").

The Issuer may take advantage of special situations and other opportunities, as such opportunities arise, and make investments in other sectors which the Investment Committee identifies from time to time as offering particular value. Although the Issuer will not limit its concentration of investment to any specific geographic region, the Issuer anticipates that approximately 50% of its future investments will be in North American investments.

Investment Objectives

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

- to seek high return investment opportunities in the cannabis sector through direct investment in property and indirect investment via equity shareholdings;
- to identify early stage cannabis investment opportunities with attractive risk to reward ratios through industry contacts of the Board of Directors, its advisory board, and the Investment Committee;
- to preserve its capital and limit the downside risk of its Investments;
- to achieve a reasonable rate of capital appreciation;
- to minimize the risk associated with investments in securities; and
- to seek liquidity in its Investments.

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

Investment Strategy

In pursuit of returns and to achieve the investment objectives as stated above, while mitigating risk, the Issuer, when appropriate, shall employ the following disciplines:

- investments shall focus on the cannabis industry, concentrating on companies in the development stage. However, investments may also be made in intermediate stage pre-IPO companies and those companies with a listed market for their securities, where appropriate.
- the Issuer will obtain detailed knowledge of the relevant business the investment shall be made in, as well as the investee company.
- the Issuer will work closely with the investee company's management and Board of Directors, and in some cases assist in sourcing experienced and qualified persons to add to the board of directors and/or management of the investee companies.
- the Issuer will maintain a flexible position with respect to the form of investment taken.
- the Issuer may employ a wide range of investment instruments, including equity, bridge loans, secured loans, unsecured loans, convertible debentures, warrants and options, royalties, net profit interests and other hybrid instruments.
- investments will be made in private and public companies.
- investments may include:
 - (a) acquisition, development and licensing of intellectual property interests with an eye to retaining a carried interest, either through royalties, a carried joint venture percentage or equity holdings in the purchaser of such property interests;
 - (b) capital investment in private technology companies, and assistance in moving them to a merger with a larger company or to the public stage through initial public offering, reverse takeover, or as the Qualifying Transaction for a CPC;
 - (c) early stage equity investments in public technology companies believed to have favourable management and business plans;
 - (d) use of the TSX-V's CPC Program, as permitted by the TSX-V, to form special purpose public shells; and assist in sourcing and identifying target companies for their Qualifying Transaction, together with experienced professionals to operate the new company; and
 - (e) where appropriate, acting as a third party finder of opportunities in target or other companies, in exchange for a fee.
- The Issuer will have flexibility on the return sought, while seeking to recapture its capital (on a pre-tax basis) within eighteen months of the initial investment.
- The Issuer will seek to maintain the ability to actively review and revisit all of its investments on an ongoing basis.
- From time to time, the Issuer may insist on board or management representation on target companies.
- The Issuer will watch for liquidity of its investments and seek to realize value from same in a prudent and orderly fashion.
- The Issuer will take holdings in companies within the framework of the above guidelines, and which from time to time may result in the Issuer holding a control position in a target company.
- The Issuer will utilize the services of independent technology organizations, advisors and consultants to gain additional information on target investments where appropriate.
- To the extent permissible by law, the Issuer will obtain contractual rights of access to the books and records of the investee companies, as per the requirements of Policy 2.1 of the Exchange Policies.
- A minimum of 50% of the Issuer's available funds will have been allocated to a minimum of two specific investments as required under Policy 2.1 of the Exchange Policies.
- A limit of 25% of the investment capital base (at the time of the investment) in any one transaction has been set.

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

Composition of Investment Portfolio

The nature and timing of the Issuer's investments will depend, in part, on available capital at any particular time and the investment opportunities identified and available to the Issuer.

As noted above, subject to the availability of capital, the Issuer intends to create a diversified portfolio of investments. The composition of its investment portfolio will vary over time depending on its assessment of a number of factors including the performance of financial markets and credit risk.

Investment Committee

The Issuer will establish an investment committee (the "**Investment Committee**") of at least one member of its Board of Directors and management and one independent consultant to monitor its investment portfolio on an ongoing basis and to review the status of each investment at least once a month or on an as needed basis. Nominees for the investment committee shall be recommended by the Board.

The members of the Investment Committee shall be appointed annually by the Board of Directors at the first directors' meeting subsequent to the annual meeting of shareholders or on such other date as determined by the Board (see the below heading "*Current Investment Committee* for biographies of Vinergy's current Investment Committee).

Members of the Investment Committee may be removed or replaced by the Board. Officers of the Issuer may be members of the Investment Committee. Each member of the Investment Committee shall be financially literate.

Investment Evaluation Process

The directors, officers and management of the Issuer will work jointly and severally to uncover appropriate investment opportunities. However, the Issuer's Investment Committee will monitor the Issuer's investment portfolio on an ongoing basis and will review the status of its investments.

Prospective investments will be first presented to the Investment Committee. The Investment Committee will make an assessment of (a) whether the proposal is consistent with the Issuer's Investment Policy, (b) whether the proposal fits with the investment and corporate strategy of the Issuer, (c) the merits of the proposed investment; and (d) whether the investment has the potential to create value of the Issuer's shareholders. If the proposed investment is approved in principle by the Investment Committee, the Issuer will then conduct a preliminary due diligence investigation and, based on that investigation, the Investment Committee will decide whether to undertake more robust due diligence, move forward with the proposed investment or abandon the proposed investment. The Investment Committee may engage the participation of outside professional consultants to assist in its decision making.

All prospective investments will be submitted by the Investment Committee to the Board of Directors for final approval. The Board of Directors may delegate the management and oversight of any investment to the Investment Committee or certain members of the Investment Committee.

Conflicts of Interest

The Issuer will adopt a system for discovering conflicts of interest and maintaining the independence of the Investment Committee in the presence of a potential conflict.

Prior to making any Investment Commitment, the Issuer shall adopt procedures for checking for potential conflicts of interest, which shall include but not be limited to a circulation of the potential target company and its affiliates to the Issuer's principal management.

All members of the Board of Directors and Investment Committee shall be obligated to disclose any interest in the potential investment. In the event a conflict is detected, the target company shall be notified of the potential conflict in writing. The members of the Board of Directors and its advisors shall be responsible for the detection of a potential conflict.

Where a conflict is determined to exist either within the Board of Directors or the Investment Committee, the member of the Board having a disclosable interest, shall abstain from making further decisions or recommendations concerning such investment. In the event of a conflict within the Investment Committee, the member of the Investment Committee affected shall be temporarily replaced with an alternate member for the purpose of evaluating the potential investment. In the event of a conflict within the Board of Directors, the director affected shall be required to provide full disclosure of their interest in the potential investment and shall abstain from all voting in respect of same.

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

Current Investment Committee

The Investment Committee shall be comprised of the following individuals:

Amandeep Thindal, CPA, CA

Amandeep Thindal has been the CFO at Reliq Health Technologies Inc. since July 2015. Mr. Thindal has been an active participant in the public market sector for the past 10 years as an independent investor and more recently has provided financial consulting services to several public companies. In addition, Mr. Thindal also sits on the board of directors of various public issuers.

Prior to Joining Reliq Health Technologies Inc., Mr. Thindal spent four years as a partner and CFO of a Greater Vancouver based private mid-tier real estate development company where he played an active role in land acquisitions, financial management, human resources and marketing of the company's projects. During his tenure, Mr. Thindal helped the company secure over \$75,000,000 in both traditional mortgage and private equity financing.

Mr. Thindal obtained his Chartered Accountant Designation in 2010 and holds a Bachelor of Business Administration degree with joint concentration in Accounting and Finance from Simon Fraser University.

Aarun Kumar

Aarun Kumar has extensive experience in the public markets sector, spending the previous six years as an investment advisor at PI Financial and Haywood Securities. During his tenure as an investment advisor, Mr. Kumar raised more than \$10,000,000 in financings predominately in the Technology and Health Care sectors. In addition, Mr. Kumar has significant experience as a capital markets advisory, with a focus on mergers and acquisitions for both public and private companies. In 2016, Mr. Kumar was the largest trader on three Canadian Small-Cap Technology companies: AcuityAds, Apivio Sytems and TIO Networks.

Mr. Kumar holds a Bachelor of Commerce in Finance from the University of British Columbia. He is also a Chartered Financial Analyst level 3 Candidate, which equips him with the skills to identify and evaluate financial opportunities.

Ken Ralfs

Mr. Ralfs has a Bachelor of Science (Geology) from the University of British Columbia and has been a self-employed business consultant from 1998 to present. Mr. Ralfs has extensive experience with public companies as a director, officer and audit committee member with these companies.

Mr. Ralfs was previously employed by CM Oliver and started as a floor trader on the Vancouver Stock Exchange. He then used his background experience in Geological studies to become a stock broker specializing in the mining sector. Mr. Ralfs' previous work history also includes positions at Garder Watson and McDermid St. Lawrence prior to him leaving the brokerage business to focus on junior exploration company development in 1989.

Current Investments

Please see "*General Development of Business – Investments*".

Business Objectives and Milestones Over Next 12 Months

Over the next 12-month period the Issuer will continue to monitor its current investment portfolio and evaluate whether the Issuer's Investments should continue to be held in whole or in part or be divested of. The Issuer's key objective over the next year is to grow its current investment portfolio by adding investments that (a) are accretive to the existing investment portfolio; (b) provide potential for growth or hyper-growth opportunities; and (c) are consistent with the criteria and objectives set out in the Issuers Investment Policy. To review a copy of the Issuers Investment Policy, please refer to the heading "*Narrative Description of the Business – Investment Policy*".

In order to meet the Issuer's key objective, management will need to source and identify investment opportunities to present to the Investment Committee. Management intends to devote a significant amount of time over the next year in working to identify investments for review by the Investment Committee. In order to grow the Issuer's investment portfolio, the Issuer will need additional investment capital. While the Issuer will initially have approximately \$1,752,877 in cash available to acquire investments, it is expected that more capital will be needed throughout the year to continue to acquire new investments. The Issuer will obtain such capital either from the divestiture of existing Investments or from the sale of its own securities. There can be no assurance that the Issuer will be successful in raising additional capital. Please see "*Risk Factors*".

The fulfillment of the Issuer's business objectives will be contingent upon, among other things, compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the production and sale of its products. The legislative and compliance regime for the use of marijuana for medical and recreational purposes in Canada, the United States and elsewhere is evolving and, in many respects, conflicting and unpredictable. Similarly, the Issuer cannot predict the time and expense required to secure all appropriate regulatory approvals for its proposed products (including, but not limited to, a CDS Licence), or the extent of testing and documentation that may be required by governmental authorities. The impact of applicable governmental legislative and compliance regime and any delays in obtaining, or failure to obtain, regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of the Issuer. See "*Risk Factors*".

The Issuer's primary business objectives are to assist its two portfolio companies achieve their business plans outlined below:

Eagle Energy Business Objectives:

Business Objective	Timeframe	Projected Sales
Shopify Revenue	6 months	\$375,000
Amazon Revenue	6 months	\$135,000
Shopify Revenue	12 months	\$1,131,000
Amazon Revenue	12 months	\$408,700
Shopify Revenue	24 months	\$4,678,007
Amazon Revenue	24 months	\$1,523,628

- From late 2017-March 2018, the Eagle Energy shifted its focus to e-commerce versus retail distribution and obtained approval to sell and market Eagle Energy on Amazon, Facebook, Google. This shift to e-commerce platforms has produced significantly higher profit margins for the company;
- Eagle Energy optimized its online storefront and is now scaling its Shopify revenue by launching new suppliers and increasing marketing spend. In the last three months, Eagle Energy has realized substantial growth in website traffic and sales. Additionally, there has been steady growth in the website’s conversion rate;
- The 6-month Shopify projections listed above reflect a 213% increase in sales compared to the previous 6-month period. Sales velocity is expected to continue to grow at approximately 40% per quarter for the next two quarters and is then expected to stabilize at approximately 30% growth per quarter for the next year;
- Eagle Energy’s Amazon USA account has been inactive/in transition over the last 3 months due to Amazon eliminating their Vendor Express platform and moving all vendors to Seller Central/FBA;
- Eagle Energy filed a US Provisional Patent in September 2014 with respect to the Eagle Energy caffeine inhaler, when the founders conceived the idea. This patent application has been renewed and updated to reflect product development for three consecutive years. Eagle Energy is working with its council, the USPO and WIPO to have this patent issued in 2019. An application to issue the patent is expected to be made in January, 2019;
- Trademark registrations have been prioritized in Eagle Energy’s three main markets: Canada, USA and China. Eagle Energy has successfully registered “EAGLE ENERGY”, “INHALE YOUR ENERGY” [slogan] and it’s Eagle Logo in Canada and China. The USPO has issued “INHALE YOUR ENERGY” and the Eagle logo but has yet to issue “EAGLE ENERGY”. The company expects this trademark to be issued by the end of 2018.

Botanical Technologies Inc. Business Objectives:

Business Objective	Timeframe	Projected Sales
Pilot semi-automatic filling/production equipment line (V1) with two existing clients	6 months	\$821,026
Begin selling current THC/CBD devices and related hardware to US based customers	12 months	\$2,275,952
Begin selling fully-automated filling/production equipment line (V2) to Canada and US based customers	24 months	\$6,100,000

- Current income is being generated by the sale of THC and CBD inhaler devices and related hardware. Future revenue streams (12-24 months) include V2 fully automated equipment sales in addition to existing hardware revenue streams;
- Further development of CBD and THC inhalers will be necessary in order to service customers more efficiently and target a broader audience. Botanical Technologies continues to customize inhaler devices for the desired THC/CBD solution(s) of its customers;
- The V2 (fully-automated) filling/production line is in development and expected to be market ready in approximately 6-8 months;
- Botanical Technologies is currently finalizing development of a “puff”-testing device, which is expected to allow B2B clients to accurately and quickly test inhaler devices during production. This is expected to be complete within 3 months.

Funds Available

Upon closing of the Concurrent Financing (pursuant to the Pro Forma Financial Statements), Vinergy will have a working capital position and available funds of approximately \$1,121,807.

Principal Purposes

The available funds will be used to fund, in order of priority, the Issuer’s estimated expenditures during the next 12 months of operations, which are budgeted for as follows:

Expenditure	(\$)
Available Funds of the Issuer	\$1,752,877
Expenses Related to the Completion of the Change of Business	(60,000)
Investment in Eagle Energy	(500,000)
Business Development and marketing	(60,000)
Investor Relations	(50,000)
General and Administrative costs for 12 months	(280,000)
TOTAL UNALLOCATED WORKING CAPITAL	\$802,877

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Annual Information

The following table is a summary of selected financial information for Vinergy for the fiscal years ended February 28, 2018 and 2017 and February 29, 2016. This information has been prepared in accordance with IFRS and is expressed in Canadian dollars. See also the Vinergy Financial Statements attached hereto as Schedule “A”.

	Year Ended February 28, 2018 (audited)	Year Ended February 28, 2017 (audited)	Year Ended February 29, 2016 (audited)
Revenue	-	-	-
Net Loss	(271,643)	(265,614)	(99,814)
Other income	-	-	-

Basic and diluted loss per share	(0.01)	(0.01)	-
Total Assets	1,757,073	1,921,593	44,187
Total non-current liabilities	-	-	-
Cash dividends declared	-	-	-

See Vinergy’s MD&A for the year ended February 28, 2018 attached to this Listing Statement as Schedule “B” for a discussion of the factors causing period to period variations in Vinergy’s financial condition for the fiscal years ended February 28, 2018 and 2017 and February 29, 2016, including significant acquisitions and changes in the direction of Vinergy’s business.

Quarterly Information

The following table is a summary of selected financial information for the eight most recently completed fiscal quarters of Vinergy. This information has been prepared in accordance with IFRS and is expressed in Canadian dollars. See also the Vinergy Financial Statements attached hereto as Schedule “A”.

	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter
Three Months Ended	Aug. 31, 2018	May 31, 2018	Feb. 28, 2018	Nov. 30, 2017
Total Revenue	-	-	-	-
Loss before other income (expense)	(55,258)	(6,019)	(61,294)	(99,708)
Net Loss	(46,587)	(14,209)	(54,445)	(107,551)
Loss per share-basic and diluted	-	-	-	-
	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter
Three Months Ended	Aug. 31, 2017	May 31, 2017	Feb. 28, 2017	Nov. 30, 2016
Total Revenue	-	-	-	-
Loss before other income (expense)	(63,937)	(15,479)	(188,328)	(15,221)
Net Loss	(86,477)	(23,170)	(195,739)	(22,598)
Loss per share-basic and diluted	-	-	(0.01)	-

See Vinergy’s MD&As for the year ended February 28, 2018 and the subsequent six-month period ended August 31, 2018, attached to this Listing Statement as Schedule “B” for a discussion of the factors causing period to period variations in Vinergy’s financial condition over the past eight fiscal quarters.

Financial Information

See attached Schedule “C” for the pro forma consolidated statement of financial position of the Issuer as at August 31, 2018.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management’s Discussion and Analysis

Vinergy’s annual MD&A for the year ended February 28, 2018 and interim MD&A for the six-month period ended August 31, 2018 are attached to this Listing Statement as Schedule “B”.

MARKET FOR SECURITIES

The Vinergy Shares are presently listed on the CSE under the stock symbol “VIN”. See “*Description of Securities – Stock Exchange Price - Vinergy*” below.

CONSOLIDATED CAPITALIZATION

The following table sets forth the share and loan capital of Vinergy as at February 28, 2017, August 31, 2018 and the date of this Listing Statement (after giving effect to the Change of Business). The table should be read in conjunction with the Vinergy Financial Statements and the accompanying notes thereto, attached as Schedule “A”, and the Pro Forma Financial Statements of the Issuer and accompanying notes thereto, attached as Schedule “C”, to this Listing Statement.

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding as of February 28, 2017	Amount Outstanding as of August 31, 2018	Amount Outstanding as of the date of this Listing Statement
Vinergy Shares	unlimited	36,750,330	36,750,330	50,750,330 ⁽⁴⁾
Warrants	5,208,500 ⁽¹⁾	5,208,500 ⁽¹⁾	5,537,700 ⁽¹⁾	10,208,500 ⁽⁵⁾
Convertible Debenture ⁽²⁾	\$215,000	\$215,000	\$215,000	\$215,000
Unsecured loan ⁽³⁾	-	\$45,000	\$20,000	\$20,000

Notes:

- (1) This value gives effect to the 5,208,500 January 2017 Financing Warrants and the 329,200 January 2017 Finder’s Warrants. Each January 2017 Financing Warrant and each January 2017 Finder’s Warrant entitles the holder to purchase one Vinergy Share at a price of \$0.40 on or before July 9, 2018, subject to acceleration in certain events. See “*General Development of the Business – General Development of the Issuer’s Business*”). This figure excludes any securities to be issued under the Concurrent Financing (see “*General Development of Business – Equity Financing*”).
- (2) On January 15, 2010, Vinergy issued a \$215,000 convertible debenture which bears interest at 10% per annum, is unsecured, and was due on January 16, 2015. The debenture was convertible into shares of Vinergy at a conversion price of \$0.05 per share at any time at the option of the holder prior to the due date. The debenture matured on January 16, 2015 and is currently in default. Vinergy continues to accrue interest on the debenture at the rate of 10% per annum. As at August 31, 2018, Vinergy had incurred interest on this convertible debenture of \$164,814, which is included in Vinergy’s accounts payable and accrued liabilities.
- (3) This value gives effect to a \$20,000 loan that is due to a non-related party, is unsecured, bears interest at 20% per annum compounded monthly and is due on demand. As at August 31, 2018, Vinergy had incurred interest on this loan of \$39,728, which is included in Vinergy’s accounts payable and accrued liabilities.
- (4) This value gives effect to the 9,000,000 Vinergy Shares issued pursuant to the Bota Agreement (see “*General Development of Business – Botanical Technologies Inc.*”) and the 5,000,000 Vinergy Shares to be issued pursuant to the Concurrent Financing (see “*General Development of Business – Equity Financing*”).
- (5) This value gives effect to the 5,208,500 January 2017 Financing Warrants and the 5,000,000 Concurrent Financing Warrants to be issued pursuant to the Concurrent Financing (see “*General Development of Business – Equity Financing*”).

OPTIONS TO PURCHASE SECURITIES

As of the date of this Listing Statement, Vinergy has a total of 100,000 stock options outstanding as follows:

Category of Optionee	Number of Options Holding	Exercise Price	Market Value on Date of Grant	Expiry Date
Director	100,000	\$0.60	\$0.59	March 8, 2019

DESCRIPTION OF SECURITIES

Vinergy Shares

The Issuer will be authorized to issue an unlimited number of common shares without par value, of which 50,750,330 Vinergy Shares will be issued and outstanding. See “*Consolidated Capitalization*” above. All issued and outstanding Vinergy Shares will be fully paid and not subject to any future call or assessment. In addition, all Vinergy Shares will rank equally as to voting rights, participation in a distribution of the assets of the Issuer on a liquidation, dissolution or winding-up of the Issuer and the entitlement to dividends as and when declared by the directors of the Issuer. The holders of Vinergy Shares will be entitled to receive notice of all meetings of shareholders and to attend and vote the shares at the meetings. Each Issuer Share will carry with it the right to one vote. The Vinergy Shares will have no pre-emptive, conversion, exchange, redemption, retraction, purchase for cancellation or surrender provisions and there are no sinking fund provisions in relation to the Vinergy Shares.

In the event of the liquidation, dissolution or winding-up of the Issuer or other distribution of its assets, the holders of the Vinergy Shares will be entitled to receive, on a pro rata basis, all of the assets remaining after the Issuer has paid out its liabilities. Distribution in the form of dividends, if any, will be set by the directors of the Issuer. See “*Dividend Policy*” below for particulars of the Issuer’s anticipated dividend policy.

Provisions as to the modification, amendment or variation of the rights attached to the capital of the Issuer are contained in the Issuer’s articles and the BCBCA. Generally speaking, substantive changes to the share capital require the approval of the shareholders by either an ordinary (50% +1 of the votes cast) or special resolution (at least 66 2/3% of the votes cast). However, in certain cases, the directors of the Issuer may, subject to the BCBCA, be able to alter the Issuer’s authorized and issued share capital to, inter alia, create one or more classes of shares or, if none of the shares of a class are allotted or issued, eliminate that class of shares; increase, reduce or eliminate the maximum number of shares that the Issuer is authorized to issue out of any class of shares; subdivide or consolidate all or any of its unissued, or fully paid issued, shares; or alter the identifying name of any of its shares.

As at the date of this Listing Statement, there are a total of 5,208,500 January 2017 Financing Warrants, 5,000,000 Concurrent Financing Warrants and 100,000 stock options issued and outstanding. See “*Consolidated Capitalization*” and “*Options to Purchase Securities*” above.

Dividend Policy

The Issuer will retain any future earnings for use in its business and does not expect to pay dividends on the Vinergy Shares in the foreseeable future. Any decision to pay dividends on Vinergy Shares will be made by the Board of Directors on the basis of the earnings, financial requirements and other conditions existing at such time.

Prior Sales of Vinergy

The following table summarizes all securities issued by Vinergy within the 24 months prior to the date of this Listing Statement:

Date of Issue	Description	Number of Securities	Price per Security	Total Issue Price
January 10, 2017	January 2017 Financing	10,417,000 January 2017 Units ⁽¹⁾	\$0.20	\$2,083,400
January 10, 2017	January 2017 Financing	329,200 January 2017 Finder's Warrants ⁽²⁾	\$0.40	\$131,680
-	Concurrent Financing	5,000,000 Concurrent Financing Units ⁽³⁾	\$0.20	\$1,000,000

Notes:

- (1) Each January 2017 Unit consisted of one Vinergy Share and one-half (1/2) of one January 2017 Financing Warrant, each whole January 2017 Financing Warrant entitling the holder to acquire an additional Vinergy Share at a price of \$0.40 until July 9, 2018, subject to acceleration in certain events. See “*General Development of the Business – January 2017 Financing*”.
- (2) The January 2017 Finder's Warrants are expired as at January 9, 2018. See “*General Development of the Business – January 2017 Financing*”.
- (1) The Concurrent Financing is being completed concurrent with the filing of this Listing Statement. Each Concurrent Financing Unit consists of one Vinergy Share and one Concurrent Financing Warrant entitling the holder to acquire an additional Vinergy Share at a price of \$0.225 for a period of 24 months following the date of issuance. See “*General Development of the Business – Equity Financing*”.

Stock Exchange Price

As at the date of this Listing Statement, the Vinergy Shares are listed on the CSE under the symbol “VIN”. The following table sets out the high and low trading price and volume of trading of Vinergy Shares on the CSE during the periods indicated.

Period	High (\$)	Low (\$)	Volume
November, 2018	Trading Halted pending completion of Change of Business		
October, 2018	Trading Halted pending completion of Change of Business		
September, 2018	Trading Halted pending completion of Change of Business		
August, 2018	Trading Halted pending completion of Change of Business		
July, 2018	Trading Halted pending completion of Change of Business		
June, 2018	Trading Halted pending completion of Change of Business		
May, 2018	Trading Halted pending completion of Change of Business		
April, 2018	Trading Halted pending completion of Change of Business		
March, 2018	Trading Halted pending completion of Change of Business		
Quarter ended February 28, 2018	Trading Halted pending completion of Change of Business		
Quarter ended November 30, 2017	Trading Halted pending completion of Change of Business		
Quarter ended August 31, 2017	Trading Halted pending completion of Change of Business		
Quarter ended May 31, 2017 (Vinergy Shares halted April 4, 2017)	0.73	0.45	4,703,133
Quarter ended February 28, 2017	1.15	0.07	26,465,776

Period	High (\$)	Low (\$)	Volume
Quarter ended November 30, 2016	0.04	0.04	Nil
Quarter ended August 31, 2016	0.05	0.04	7,500
Quarter ended May 31, 2016	0.05	0.05	11,500
Quarter ended February 29, 2016	0.01	0.005	21,000

ESCROWED SECURITIES

Escrowed Securities – Vinergy

As at the date of this Listing Statement, there are no Vinergy Shares held in escrow.

Designation of class	Number of Vinergy Shares held in escrow	Percentage of class
Vinergy Shares	Nil ⁽¹⁾	Nil ⁽²⁾

(1) This figure does not take into account up to 5,208,500 Vinergy Shares issuable upon the exercise of the January 2017 Financing Warrants, up to 5,000,000 Vinergy Shares issuable upon exercise of the Concurrent Financing Warrants (pending completion of the Concurrent Financing) and up to 100,000 Vinergy Shares issuable upon the exercise of outstanding stock options. See “*General Development of the Business – January 2017 Financing*”, “*General Development of the Business – Equity Financing*” and “*Consolidated Capitalization*”.

(2) Based on 50,750,330 Vinergy Shares issued and outstanding.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and executive officers of the Issuer, as at the date of this Listing Statement, no Person owns, both of record and beneficially, of record only, or beneficially only, Vinergy Shares carrying 10% or more of the voting rights attached to all outstanding Vinergy Shares which have the right to vote in all circumstances.

DIRECTORS AND OFFICERS OF THE ISSUER

Directors and Officers

The following table sets out information regarding each of the Issuer’s directors and executive officers, including the name, municipality of residence, position or office held with the Issuer and principal occupation of each proposed director and executive officer of the Issuer, as well as the number of voting securities beneficially owned, directly or indirectly, or over which each exercises control or direction, excluding common shares issued on the exercise of convertible securities, are as follows:

Name, place of the residence and proposed position with Issuer	Principal occupation during the last five years	Date of appointment as director or officer	Vinergy Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed upon completion of the Change of Business ⁽¹⁾
Glen Indra North Vancouver, B.C. Chief Financial Officer	CFO of Vinergy since April 16, 2016;	April 16, 2016	Nil (0.0%)

Name, place of the residence and proposed position with Issuer	Principal occupation during the last five years	Date of appointment as director or officer	Vinergy Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed upon completion of the Change of Business ⁽¹⁾
Eugene Beukman ⁽²⁾ North Vancouver, B.C. Director	Corporate counsel of Pender Street Corporate Consulting Ltd. since 1994	Proposed	Nil (0.0%)
Glen C. Macdonald ⁽²⁾ Vancouver, B.C. Chief Executive Officer, Corporate Secretary and Director	Self-employed consulting geologist; Member of Alberta Professional Engineers, Geologists and Geophysicists Association (1982) and British Columbia Association of Professional Engineers and Geoscientists (1993); Director and/or officer of various junior public resource companies	May 10, 2011 (date of continuance to British Columbia)	Nil (0.0%)
Kenneth R. Ralfs ⁽²⁾ Sidney, B.C. Director	Self-employed business consultant since 1998; Director of several junior public companies	November 12, 2013	Nil (0.0%)

Notes:

- (1) The information as to principal occupation, business or employment and shares beneficially owned or controlled is not within the knowledge of management of the Issuer and has been furnished by the respective individuals.
- (2) Proposed member of audit committee.
- (3) Mr. Clifford was previously a director of Vinergy from May 10, 2011 (date of continuance to British Columbia) to April 18, 2016. Mr. Clifford also acted as CEO and CFO of Vinergy for fiscal years 2015 and 2016 from March 1, 2016 to April 18, 2016 of fiscal 2017. See “Executive Compensation – Vinergy” below.

Pursuant to the provisions of the BCBCA, the Issuer will be required to have an audit committee whose proposed members are indicated above.

Corporate Cease Trade Orders or Bankruptcies

Other than as disclosed below, no proposed director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the Issuer being the subject of a cease trade or similar order or an order that denied the relevant Issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days

- (c) 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
- (d) within a 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.

Glen Macdonald was a director of AVC Venture Corp., a capital pool company (“**AVC**”), on November 25, 2002 when AVC was halted by the TSX-V for failure to complete a qualifying transaction within the required time. Trading was reinstated on December 15, 2003. AVC was again halted on June 6, 2006 for failure to complete a qualifying transaction. This halt was lifted in October 2009.

Mr. MacDonald was a director of Dunes Exploration Ltd. (formerly Dynamic Resources Corp.) (“**Dunes**”) on May 1, 2009 when a management cease trade order was issued against the securities of Dunes held by Mr. Macdonald for failure to file financial statements. The financial statements were subsequently filed and the management cease trade order expired as of July 10, 2009.

Mr. Macdonald was a director of Wind River Resources Ltd. (“**Wind**”) on May 1, 2009 when a management cease trade order issued was issued against Mr. MacDonald by the Alberta Securities Commission as a result of the failure of Wind to make required filings. The order expired on July 10, 2009.

Mr. Macdonald was a director of Maxim Resources Inc. (“**Maxim**”) on May 4, 2009 when a cease trade order was issued against Maxim for failure to file financial statements. The financial statements were subsequently filed and the cease trade order expired as of August 4, 2009.

Mr. Indra was a director of Zoloto on May 14, 2008 when a cease trade order was issued against Zoloto for failure to file financial statements. The financial statements were subsequently filed and the cease trade order expired as of July 8, 2008.

Penalties or Sanctions

No proposed director or executive officer of the Issuer, or a shareholder holding a sufficient number of the Issuer’s securities to affect materially the control of the Issuer, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

No proposed director or executive officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 or officer.

Conflicts of Interest

Certain of the proposed directors and officers of the Issuer are currently, or may in the future become, involved in managerial or director positions with other issuers, both reporting and non-reporting, whose operations may, from time to

time, be in direct competition with those of the Issuer or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of the Issuer.

In such event, the directors and officers of the Issuer will be required by law to act honestly and in good faith with a view to the best interests of the Issuer and to disclose any interests which they may have in any project or opportunity of the Issuer and abstain from voting thereon. In determining whether or not the Issuer will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Issuer may be exposed and its financial position at that time.

The proposed directors and officers of the Issuer also have either other employment or other business or time restrictions placed on them and accordingly, these directors and officers will only be able to devote part of their time to the affairs of the Issuer.

Conflicts, if any, will be subject to the procedures and remedies prescribed by the BCBCA, the CSE and applicable securities law, regulations and policies.

See “*Risk Factors*”.

Management Details

The following sets out details respecting the management of the Issuer:

Glen Indra, (71) Chief Financial Officer and Director

Mr. Indra has wide experience in the junior mineral exploration business in British Columbia and internationally. Mr. Indra holds a B.Comm (1970) degree from the University of British Columbia. He was granted a Canadian Securities Course certified by the Canadian Investment Dealers (now the Canadian Securities Institute) in 1982. Mr. Indra has acted as a director, officer and audit committee member of junior public companies for a number of years.

Mr. Indra expects to devote approximately 20% of his time to the Issuer or such other amount of time as is necessary to fulfill his duties.

Glen C. Macdonald, (69) Chief Executive Officer, Corporate Secretary and Director

Mr. Macdonald has wide experience in the junior mineral exploration business. He has a BSc. (1973) from the University of British Columbia and has been a member of the Alberta Professional Engineers, Geologists and Geophysicists Association since 1982 and of the British Columbia Association of Professional Engineers and Geoscientists since 1993. Mr. Macdonald has acted as a director of junior public companies for many years and has substantial audit committee experience.

Mr. Macdonald expects to devote approximately 10% of his time to the Issuer.

Kenneth Ralfs, (72) Director

Mr. Ralfs has experience with public companies as a director and through several types of officer positions held with various reporting issuers. Mr. Ralfs often participated on each Issuer's audit committee. Mr. Ralfs has a B.Sc. (Geology) (1975) from the University of British Columbia.

Mr. Ralfs expects to devote approximately 10% of his time to the Issuer.

Eugene Beukman, (60) Director

Mr. Beukman is Corporate Counsel of Pender Street Corporate Consulting Ltd., a private company that provides accounting, legal and administrative services, and has held this position since January 1994. Mr. Beukman was

previously employed as a legal advisor to the predecessor of BHP Billiton, a leading global resources company, a producer of major commodities, including iron ore, metallurgical coal, copper and uranium, with substantial interests in conventional and unconventional oil and gas and energy coal, and a company that creates long-term shareholder value through the discovery, acquisition, development and marketing of these natural resources. Mr. Beukman has over 20 years' experience in the acquisition of assets and joint ventures.

Mr. Beukman graduated from Rand University of Johannesburg, South Africa, with a Bachelor of Law degree and a Bachelor of Law Honours Postgraduate degree in 1987. He remains an Admitted Advocate of the High Court of South Africa. Mr. Beukman also serves as an audit committee member for a number of other public companies and is corporate consultant to public companies. He is a director and/or officer of several reporting companies listed on the TSX-V and the CSE.

Mr Beukman will devote approximately 10% of his time to the Issuer.

CAPITALIZATION OF THE RESULTING ISSUER

<u>Issued Capital</u>	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
<u>Public Float</u>				
Total outstanding (A)	50,750,330 ⁽¹⁾	61,058,830 ⁽²⁾	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	Nil	100,000	0%	0.163%
Total Public Float (A-B)	50,750,330 ⁽¹⁾	60,958,830 ⁽²⁾	100%	99.84%
<u>Freely-Tradeable Float</u>				
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)	14,000,000 ⁽¹⁾	24,308,500 ⁽²⁾	27.59%	39.81%
Total Tradeable Float (A-C)	36,750,330 ⁽¹⁾	36,750,330 ⁽²⁾	72.41%	60.19%

Notes:

- (1) This value gives effect to the aggregate 9,000,000 Vinergy Shares issued to Bota pursuant to the Bota Agreement (see "General Development of the Business – Investments – Botanical Technologies Inc.") and the 5,000,000 Vinergy Shares that will be issued pursuant to the Concurrent Financing (see "General Development of the Business – Equity Financing").

- (2) This value gives effect to the 5,208,500 Vinergy Shares issuable upon exercise of the January 2017 Financing Warrants, the 5,000,000 Vinergy Shares issuable upon exercise of the Concurrent Financing Warrants and the 100,000 Vinergy Shares issuable upon exercise of the Issuer's stock options currently outstanding. See "Consolidated Capitalization" above.

Public Securityholders (Registered)

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	1	2,000
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	1	4,000
5,000 or more securities	18	6,683,831
TOTAL	20	6,689,831

Public Securityholders (Beneficial)

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	20	922
100 – 499 securities	88	19,740
500 – 999 securities	86	52,605
1,000 – 1,999 securities	142	167,759
2,000 – 2,999 securities	67	145,718
3,000 – 3,999 securities	40	128,964
4,000 – 4,999 securities	27	113,523
5,000 or more securities	241	10,050,472
TOTAL	711	10,679,703

Non-Public Securityholders (Registered)

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-

1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	-	-
TOTAL	Nil	Nil

Convertible Securities

The following are details for any securities convertible or exchangeable into Vinergy Shares:

Description of Security (include conversion/exercise terms, including conversion/exercise price)			Number of convertible/exchangeable securities outstanding	Number of listed securities issuable upon conversion/exercise
Exercise Price	Expiry Date	Type of Security		
\$0.40	July 9, 2018	January 2017 Financing Warrants	5,208,500	5,208,500
\$0.20	-	Concurrent Financing Warrants ⁽²⁾	5,000,000	5,000,000

Notes:

- (1) The January 2017 Financing Warrants were issued pursuant to the January 2017 Financing (see “*General Development of the Business – General Development of Issuer’s Business*”).
- (2) The Concurrent Financing is being completed concurrent with the filing of this Listing Statement. Each Concurrent Financing Warrant entitles the holder to acquire one Vinergy Share at a price of \$0.225 for a period of 24 months following the date of issuance. See “*General Development of the Business – Equity Financing*”.

See also “*Options to Purchase Securities*” above for details of outstanding stock options to purchase Vinergy Shares.

EXECUTIVE COMPENSATION

Vinergy

Compensation Discussion and Analysis

Vinergy’s policies on compensation for its executive officers are intended to provide appropriate compensation for executives that is internally equitable, externally competitive and reflects individual achievements in the context of Vinergy. The overriding principles in establishing executive compensation provide that compensation should:

- (a) reflect fair and competitive compensation commensurate with an individual’s experience and expertise in order to attract and retain highly qualified executives;
- (b) reflect recognition and encouragement of leadership, entrepreneurial spirit and team work;
- (c) reflect an alignment of the financial interests of the executives with the financial interest of Vinergy’s

shareholders;

- (d) include stock options and, in certain circumstances, bonuses to reward individual performance and contribution to the achievement of corporate performance and objectives;
- (e) reflect a contribution to enhancement of shareholder value; and
- (f) provide incentive to the executives to continuously improve operations and execute on corporate strategy.

Goals and Objectives

Vinergy’s compensation philosophy is aimed at attracting and retaining quality and experienced people which is critical to the success of Vinergy. Executive compensation is comprised of three elements: base fee or salary, short-term incentive compensation (discretionary cash bonuses) and long-term incentive compensation (stock options). The Board of Directors reviews all three components in assessing the compensation of individual executive officers and of Vinergy as a whole.

Base fees or salaries and bonuses (discretionary) are intended to provide current compensation and a short-term incentive for executive officers to meet Vinergy’s goals, as well as to remain competitive with the industry. Base fees or salaries are compensation for job responsibilities and reflect the level of skills, expertise and capabilities demonstrated by the executive officers. Executive officers will also be eligible to receive discretionary bonuses as determined by the Board of Directors from time to time based on each officer’s responsibilities, his or her achievement of individual and corporate objectives and Vinergy’s financial performance. Cash bonuses are intended to reward the executive officers for meeting or exceeding the individual and corporate performance objectives set by Vinergy’s board.

Stock options are an important part of Vinergy’s long-term incentive strategy for its officers, permitting them to participate in any appreciation of the market value of Vinergy Shares over a stated period of time, and are intended to reinforce commitment to long-term growth and shareholder value. Stock options reward overall corporate performance, as measured through the price of the Vinergy Shares and enable executives to acquire and maintain a significant ownership position in Vinergy. Stock options also represent an additional form of compensation to Vinergy’s executive officers without directly impacting Vinergy’s cash resources.

Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6 – *Statement of Executive Compensation*) sets forth all annual and long term compensation for services paid by Vinergy to each individual who was a Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) or one of the three most highly compensated executive officers (in addition to the CEO and CFO) of Vinergy whose total compensation exceeded \$150,000 (collectively the “Named Executive Officers” or “NEOs”) during the most recently completed financial year ended February 28, 2018 for each of Vinergy’s three most recently completed financial years ended February 28, 2018, February 29, 2017 and February 28, 2016, as applicable:

SUMMARY COMPENSATION TABLE									
Name and Principal Position of Named Executive Officer	Year Ended February 28 or 29 (as applicable)	Salary (\$)	Share-Based Awards	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation		Pension Value	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-Term Incentive Plans (\$)			

SUMMARY COMPENSATION TABLE									
Name and Principal Position of Named Executive Officer	Year Ended February 28 or 29 (as applicable)	Salary (\$)	Share-Based Awards	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation		Pension Value	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-Term Incentive Plans (\$)			
Glen C. MacDonald CEO ⁽¹⁾	2018	\$50,000	Nil	Nil	N/A	N/A	N/A	Nil	\$50,000
	2017	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil
	2016	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil
Glen Indra CFO ⁽²⁾	2018	\$40,000	Nil	Nil	N/A	N/A	N/A	Nil	\$40,000
	2017	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil
Paul Chow (former CEO) ⁽³⁾	2017	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil
J. Randy Clifford (former CEO/CFO) ⁽⁴⁾	2017	28,800	Nil	Nil	N/A	N/A	N/A	Nil	28,800
	2016	28,800	Nil	Nil	N/A	N/A	N/A	Nil	28,800
	2015	48,000	Nil	Nil	N/A	N/A	N/A	Nil	48,000

Notes:

- (1) Glen MacDonald was appointed Chief Executive Officer of Vinergy effective December 9, 2016.
- (2) Glen Indra was appointed Chief Financial Officer of Vinergy effective April 18, 2016.
- (3) Paul Chow acted as Chief Executive Officer of Vinergy from April 18, 2016 to December 9, 2016.
- (4) J. Randy Clifford acted as both Chief Executive Officer and Chief Financial Officer of Vinergy during fiscal 2015 and 2016 and for the period March 1, 2016 to April 18, 2016 in fiscal 2017. Mr. Clifford resigned as CEO and CFO of Vinergy effective April 18, 2016.

Incentive Plan awards

Outstanding Share-Based Awards and Option-Based Awards

As of February 28, 2018, there were no option-based or share-based awards outstanding to the Named Executive Officers.

Incentive Plan Awards – Value Vested or Earned During the Year

No option-based awards or share-based awards were vested in, and no non-equity incentive plan compensation was earned by, the Named Executive Officers during the year ended February 28, 2018.

Pension Plan Benefits

Vinergy does not have any pension, retirement or deferred compensation plans, including defined contribution plans.

Termination and Change of Control Benefits

Vinergy has not entered into any compensatory plans, contracts or arrangements with any of its Named Executive Officers whereby such officers are entitled to receive compensation as a result of the resignation, retirement or any other termination of employment of the Named Executive Officer with Vinergy or from a change in control of Vinergy or a change in the Named Executive Officer's responsibilities following a change in control.

Management / Employment Contracts

Vinergy does not currently have any management/employment agreements in place with its Named Executive Officers.

Director Compensation Table

The following table sets forth information regarding the compensation paid to Vinergy’s directors, other than directors who are also Named Executive Officers listed in the “Summary Compensation Table” above, during the fiscal year ended February 28, 2018.

Name	Fees Earned	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total
Kenneth Ralfs	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Eugene Sekora ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Eugene Sekora resigned as a director of Vinergy on April 18, 2016.

Share-based awards, option-based awards and non-equity incentive plan compensation

Outstanding Share-Based Awards and Option-Based Awards

As of February 28, 2018, there were no option-based or share-based awards outstanding to the non-executive directors of Vinergy.

Incentive Plan Awards – Value Vested or Earned During the Year

No option-based awards or share-based awards were vested in, and no non-equity incentive plan compensation was earned by, the non-executive directors of Vinergy during the year ended February 28, 2018.

Issuer

Compensation Discussion and Analysis

It is anticipated that the objectives, criteria and analysis of the compensation of the executive officers of the Issuer will be, in all material respects, the same as Vinergy’s current philosophy and policies on executive compensation. See “*Executive Compensation – Vinergy*” above. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, the board of directors determines that another compensation strategy is in the best interests of the Issuer.

Summary Compensation Table

The following table summarises the proposed compensation to be paid by the Issuer to its CEO and CFO, and each other executive officer whose total compensation is anticipated to exceed \$150,000 (collectively, the “**Proposed Named Executive Officers**”) during the twelve-month period following completion of the Change of Business.

SUMMARY COMPENSATION TABLE								
Name and Principal Position	Salary (\$)	Share based Awards	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation		Pension Value	All Other Compensation (\$)	Total Compensation(\$) ⁽¹⁾
				Annual Incentive Plans (\$)	Long-Term Incentive Plans (\$)			
Glen Macdonald CEO	50,000	Nil	Nil	Nil	Nil	Nil	Nil	50,000
Glen Indra CFO	40,000	Nil	Nil	Nil	Nil	Nil	Nil	40,000

Notes:

1. The Issuer does not currently intend to issue the executive officers of the Issuer or the directors of the Issuer any share-based awards during the 12 months following completion of the acquisition. In addition, no benefits are proposed to be paid to any of the executive officers of the Issuer or director of the Issuer under any pension or retirement plan or under any deferred compensation plan during the 12 months following completion of the Change of Business.

Incentive Plan awards

As of the date of this Listing Statement, the Issuer does not currently intend to grant any stock options to its Proposed Named Executive Officers upon completion of the Change of Business. Any future grants of incentive stock options will be as determined by the Issuer's board from time to time.

As of the date of this Listing Statement, the Issuer does not propose to grant any share-based awards to its Proposed Named Executive Officers during the first year following completion of the Change of Business.

See also "Options to Purchase Securities" above.

Pension Plan Benefits

As of the date of this Listing Statement, the Issuer does not expect to establish any pension, retirement or deferred compensation plans, including defined contribution plans, for its proposed Named Executive Officers in the first year following completion of the Change of Business.

Termination and Change of Control Benefits

Vinergy does not currently have any compensatory plan, contract or agreement with any Named Executive Officer.

Compensation of Directors

Following completion of the Change of Business, it is anticipated that the non-executive directors of the Issuer will not receive cash compensation in their capacities as directors of the Issuer. The directors of the Issuer will be entitled to reimbursement for transportation and other out-of-pocket expenses incurred for attendance at Board of Directors meetings and in connection with discharging their director functions.

Non-executive directors of the Issuer will also be entitled to receive incentive stock options as determined by the Issuer's board from time to time. As of the date of this Listing Statement, the Issuer does not currently intend to grant any stock options to non-executive directors of the Issuer upon completion of the Change of Business

See also “*Options to Purchase Securities*” above.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or officer of Vinergy or person who acted in such capacity in the last financial year of Vinergy, or proposed director or officer of the Issuer, or any Associate of any such director or officer is, or has been, at any time since the beginning of the most recently completed financial year of Vinergy, indebted to Vinergy nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Vinergy.

RISK FACTORS

The following are certain risk factors relating to the business to be carried on by the Issuer, including the business of the Investments, which prospective investors should carefully consider before deciding whether to purchase Vinergy Shares. For the purposes of this section, any reference to the Issuer’s business and operations includes the business and operations of the Investments. Any explicit use of the term “Investments” or discussion of specific Investment is for narrative purposes only and should be understood to include the Issuer.

The risks presented below may not be all of the risks that the Issuer may face. The Issuer will face a number of challenges in the development of its business due to the nature of the present stage of the business and operations of its Investments and its Investment Policy. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. Readers should not rely upon forward-looking statements as a prediction of future results. Readers should carefully consider all such risks, including those set out in the discussion below and elsewhere in this Listing Statement.

Risks Relating to Investments

Market Reaction to Investments

The market reaction to the Issuer’s Investments and the future trading prices of the Vinergy Shares cannot be predicted. If any disclosed Investments are not consummated, the market price of Vinergy Shares may decline to the extent that the current market price of Vinergy Shares reflects a market assumption that the Investments will be completed.

Costs of the Investments

Certain costs related to the Investments, such as legal and accounting fees incurred by the Issuer, must be paid by the Issuer even if the Investments are not completed.

Failure to Secure a More Attractive Offer

If the Investments are not completed and the Board decides to seek other merger or business combinations, there can be no assurance that it will be able to find an equivalent or more attractive price than the consideration pursuant to the Investments.

Termination of Investments in Certain Circumstances

The Issuer has entered agreements, pursuant to certain Investments, that will close subject to CSE Conditional Approval. There is no certainty, that the Issuer will receive CSE Conditional Approval. The Issuer may also elect to withdraw any of its investments (where possible) for a number of reasons including, without limitation, changing market conditions, a recommendation from the Issuer’s Board of Directors or the availability of a more suitable investment opportunity. If for any reason the Investments are delayed or not completed, the market price of Vinergy Shares may be adversely affected (see “*Risk Factors – Market Reaction*” above).

Investment Issuer Status

As an Investment Issuer, essentially all of the Issuer's operating assets are the capital stock of its Investments. As a result, investors in the Issuer are subject to the risks attributable to its Investments. As an Investment Issuer, the Issuer conducts substantially all of its business through its Investments, which generate substantially all of its revenues. Consequently, the Issuer's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its Investments and the distribution of those earnings to the Issuer. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Issuer's Investments, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those Investments before any assets are made available for distribution to the Issuer.

Competition for Investments

There is potential that the Issuer will face intense competition from numerous other companies, some of which can be expected to have longer operating histories and more financial resources and technical, manufacturing and marketing experience than the Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the Issuer's ability to acquire Investments.

Because of early stage of the industry in which the Issuer has focused its Investment Policy, the Issuer expects to face additional competition from new entrants. If the number of users of medical or recreational marijuana in Canada, the United States or elsewhere increases, the demand for products will increase and the Issuer expects that competition will become even more intense, as current and future competitors begin to offer an increasing number of diversified products (see "*Risk Factors – Risks Relating to the Cannabis Industry – The Cannabis Industry is Subject to Competition*"). To remain competitive, the Issuer will require a continued high level of investment in research, marketing and networking, and research and development, marketing, sales and client support for its Investments. The Issuer may not have sufficient resources to maintain its operations on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Issuer.

Tax Consequences

The Investments described herein, including the acquisition, ownership and disposition of the Vinergy Shares may have tax consequences in Canada, or elsewhere, depending on each particular existing or prospective shareholder's specific circumstances. Such tax consequences are not described herein and disclosure is not intended to be, nor should it be construed to be, legal or tax advice to any particular shareholder. Existing and prospective shareholders should consult their own tax advisors with respect to any such tax considerations.

Risks Relating to the Cannabis Industry

Licensing Requirements

The market for cannabis (including medical marijuana) in Canada is regulated by the CDSA, the ACMPR, the Narcotic Control Regulations ("**NCR**") and other applicable law. Health Canada is the primary regulator of the industry as a whole. The ACMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

Any applicant seeking to become a Licensed Producer under the ACMPR and/or a Licensed Dealer under the CDSA is subject to stringent licensing requirements which may place limitations on the applicant's business and operations (see "*Narrative Description of Business – Canada: Overview of Cannabis Industry Regulation*").

Reliance on Licenses

Failure to comply with the requirements of the CDSA licence, if any of the Issuer's Investments, or any failure to maintain the CDSA licence would have a material adverse impact on the business, financial condition and operating results of the Issuer. Although the Issuer believes its investment(s) would meet the requirements of the CDSA to become a Licensed Dealer, there can be no guarantee that they will be granted a licence under the CDSA to become a Licensed Dealer.

The ability of any Investment to grow, store and sell medical cannabis in Canada under the ACMPR, should it intend to do so, is dependent on the Investment obtaining an ACMPR licence from Health Canada and the need to maintain such ACMPR licence in good standing. Failure to: (i) comply with the requirements of the ACMPR licence; and (ii) maintain this ACMPR licence would have a material adverse impact on the business, financial condition and operating results of the Issuer.

General Changes in Laws, Regulations and Guidelines

The Issuer's operations will be subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of marijuana and marijuana-related products but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines due to matters beyond the control of the Issuer may cause adverse effects to the Issuer's operations.

The Issuer operates in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

The Issuer will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of the Issuer's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Issuer's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

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

Canadian Regulatory Risks

Cannabis is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of cannabis, but Canadian courts have required reasonable access to a legal source of cannabis when authorized by a healthcare practitioner (see "*Regulatory Overview – Overview: Canadian Law*").

The potential legalization of recreational marijuana in Canada is currently under consideration by the federal government. Legislation to legalize recreational marijuana use in Canada was introduced on April 13, 2017. The Government of Canada has provided guidance that the recreational cannabis market will be operational in late 2018 or early 2019, however there is no assurance that the legalization of cannabis by the Government will occur as anticipated or at all (see "*Regulatory Overview – Overview: Canadian Law*").

Furthermore, the legislative framework pertaining to the Canadian recreational cannabis market will be subject to significant provincial and territorial regulation, which may vary across provinces and territories and result in an asymmetric regulatory and market environment, different competitive pressures and significant additional

compliance and other costs and/or limitation on the Issuer's ability to participate in such market. While the impact of any new legislative framework for the regulation of the Canadian recreational cannabis market is uncertain, any of the foregoing could result in material adverse effect on the Issuer's business, financial condition and operating results (see "*Regulatory Overview – Overview: Canadian Law*").

While the impact of such changes are uncertain and are highly dependent on which specific laws, regulations or guidelines are changed and on the outcome of any such court actions, it is not expected that any such changes would have an effect on the Issuer's operations that is materially different than the effect on similar-sized companies in the same business as the Issuer (see "*Regulatory Overview – Overview: Canadian Law*").

U.S. Regulatory Risks

Risks Specifically Related to the U.S. Regulatory System

The Issuer's Investments will operate in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward looking statements.

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

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

This Listing Statement involves an entity that is expected to derive a portion of its revenues from the cannabis industry in certain states of the U.S., which industry is illegal under United States federal law. While the Issuer intends for its business activities to be compliant with applicable state and local law, such activities remain illegal under U.S. Federal law. The Issuer intends to be involved in the cannabis industry in the U.S. where local and state laws permit such activities or provide limited defenses to criminal prosecutions. Currently, the Issuer is not directly engaged in the manufacture and possession of cannabis in the medical and recreational cannabis marketplace in the U.S. **The enforcement of relevant laws is a significant risk.**

Twenty-nine of the states in the U.S. have enacted comprehensive legislation to regulate the sale and use of medical cannabis. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a Schedule 1 controlled substance under the CS Act. As such, cannabis-related practices or activities, including without limitation, the cultivation, manufacture, importation, possession, use or distribution of cannabis, are illegal under U.S. federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Issuer of liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against the Issuer. Any such proceedings brought against the Issuer may adversely affect the Issuer's operations and financial performance.

Because of the conflicting views between state legislatures and the federal government of the U.S. regarding cannabis, investments in cannabis businesses in the U.S. are subject to inconsistent legislation, regulation, and enforcement. Unless and until the U.S. Congress amends the CS Act with respect to cannabis or the Drug Enforcement Agency reschedules or de-schedules cannabis (and 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, which would adversely affect the Issuer's operations in the U.S. along with any future Investments of the Issuer in the U.S. As a result of the tension between state and federal law, there are a number of risks associated with the Issuer's potential investments in the U.S.

For the reasons set forth above, the Issuer's potential interests in the U.S. cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. It has been reported by certain publications in Canada that the Canadian Depository for Securities Limited may implement policies that would see its subsidiary, CDS Clearing and Depository Services Inc. ("**CDS**"), refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settlement hub settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time.

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

The Issuer's and its Investments' potential activities and operations in the U.S. will be subject to evolving regulation by governmental authorities.

Currently, the states of Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon, Vermont, Washington and the District of Columbia have legalized recreational use of cannabis. Over half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis. However, the U.S. federal government has not enacted similar legislation. As such, the cultivation, manufacture, distribution, sale and use of cannabis remain illegal under U.S. federal law.

Further, on January 4, 2018, U.S. Attorney General Jeff Sessions formally rescinded the standing U.S. Department of Justice federal policy guidance governing enforcement of marijuana laws, as set forth in a series of memos and guidance from 2009-2014, principally the Cole Memorandum. The Cole Memorandum generally directed U.S. Attorneys not to enforce the federal marijuana laws against actors who are compliant with state laws, provided enumerated enforcement priorities were not implicated. The rescission of this memo and other Obama-era prosecutorial guidance did not create a change in federal law as the Cole Memorandums were never legally binding; however, the revocation removed the DOJ's guidance to U.S. Attorneys that state-regulated cannabis industries substantively in compliance with the Cole Memorandum's guidelines should not be a prosecutorial priority. The federal government of the United States has always reserved the right to enforce federal law regarding the sale and disbursement of medical or recreational marijuana, even if state law sanctioned such sale and disbursement. Although the rescission of the above memorandums does not necessarily indicate that marijuana industry prosecutions are now affirmatively a priority for the DOJ, there can be no assurance that the federal government will not enforce such laws in the future.

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

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum discussed above, on February 8, 2018 the CSA published a staff notice (Staff Notice 51-352) setting out the CSA's disclosure expectations for specific risks facing issuers with cannabis-related activities in the U.S. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry. The Issuer views this staff notice favourably, as it provides increased transparency and greater certainty regarding the views of its exchange and its regulator of existing operations and strategic business plan as well as the Issuer's ability to pursue future investment and opportunities in the U.S.

The concepts of "medical cannabis" and "retail cannabis" do not exist under U.S. federal law because the U.S. Controlled Substances Act classifies "marijuana" 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 U.S., and a lack of accepted safety for the use of the drug under medical supervision. As such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis remain illegal under U.S. federal law. Although the Issuer's activities are compliant with applicable U.S. state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve the Issuer of liability under U.S. federal law, nor may it provide a defense to any federal proceeding which may be brought against the Issuer. Any such proceedings brought against the Issuer may adversely affect the Issuer's operations and financial performance.

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

There is still uncertainty surrounding the Trump Administration and Attorney General Jeff Sessions and their influence and policies in opposition to the cannabis industry as a whole.

Many factors could cause the Issuer's actual results, performances and achievements to differ materially from those expressed or implied by the forward-looking statements and forward-looking information, including without limitation, the following factors:

- The Issuer plans to invest into business that operate in the cannabis sector in the U.S., where cannabis is federally illegal;
- The activities of the Issuer are subject to evolving regulation that is subject to changes by governmental authorities in Canada and the U.S.;

- Third parties with which the Issuer does business, including banks and other financial intermediaries, may perceive that they are exposed to legal and reputational risk because of the Issuer's cannabis business activities;
- The Issuer's ability to repatriate returns generated from potential Investments in the U.S. may be limited by anti-money laundering laws;
- Under Section 280E of the *Internal Revenue Code*, normal business expenses incurred in the business of selling marijuana and its derivatives are not deductible in calculating income tax liability. Therefore, the Issuer will be precluded from claiming certain deductions otherwise available to non-marijuana businesses. As a result, an otherwise profitable business may in fact operate at a loss after taking into account its income tax expenses. There is no certainty that the Issuer will not be subject to 280E in the future, and accordingly, there is no certainty that the impact that 280E has on the Issuer's margins will ever be reduced;
- Federal prohibitions result in marijuana businesses being potentially restricted from accessing the U.S. federal banking system, and the Issuer and its subsidiaries may have difficulty depositing funds in federally insured and licensed banking institutions. This may lead to further related issues, such as the potential that a bank will freeze the Issuer's accounts and risks associated with uninsured deposit accounts. There is no certainty that the Issuer will be able to maintain its existing accounts or obtain new accounts in the future; and
- Although the TMX MOU confirms that there is currently no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, there can be no guarantee that this approach to regulation will continue in the future.

The Issuer's potential Investments in the United States are subject to applicable anti-money laundering laws and regulations.

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

Despite these laws, the FinCEN Memorandum outlines the pathways for financial institutions to bank marijuana businesses in compliance with federal enforcement priorities. The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to the 2014 Cole Memo which has been rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes was not a DOJ priority. Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to remain in effect as a standalone document which explicitly lists the eight enforcement priorities originally cited in the rescinded Cole Memorandum.

Although the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance, it is unclear whether the current administration will continue to follow the guidelines of the FinCEN Memorandum.

Any Investments that the Issuer may acquire in the future, and the proceeds thereof, that operate in the U.S. will be considered proceeds of crime due to the fact that cannabis remains illegal federally in the U.S. This restricts the ability of the Issuer to declare or pay dividends, effect other distributions or subsequently repatriate such funds back

to Canada. Furthermore, while the Issuer has no current intention to declare or pay dividends on its shares in the foreseeable future, the Issuer may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

The Issuer's Investments in the U.S. may be subject to heightened scrutiny by Canadian authorities.

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

Although the TMX MOU has confirmed that there is currently no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S., there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Vinergy Shares to make and settle trades. In particular, the Vinergy Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Vinergy Shares through the facilities of a stock exchange.

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the U.S. or elsewhere. A negative shift in the public's perception of medical cannabis in the U.S. or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which the Issuer could expand. Any inability to fully implement the Issuer's expansion strategy may have a material adverse effect on the Issuer's business, financial condition and results of operations.

Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis under the ACMPR, investors are cautioned that in the U.S., cannabis is largely regulated at the state level. To the Issuer's knowledge, there are to date a total of 46 states, plus the District of Columbia, that have legalized cannabis in some form, including Arizona and Florida. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the CS Act in the U.S. and as such, may be in violation of federal law in the U.S.

As previously stated, the U.S. Congress has passed appropriations bills, currently the Leahy Amendment, each of the last four years to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law. The 2018 Consolidated Appropriations Act was passed by Congress on March 23, 2018, and included the re-authorization of the Leahy Amendment. It will continue in effect until September 30, 2018, the last day of FY 2018.

U.S. courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state medical cannabis laws. However, because this conduct continues to violate federal law, U.S. courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CS Act, any individual or business—even those that have fully complied with state law—could be prosecuted for violations of federal law. If Congress restores funding, for example by declining to include the Leahy Amendment in the 2019 budget resolution, or by failing to pass necessary budget legislation and causing another government shutdown, the government will have the authority to prosecute individuals for violations of the law before it lacked funding under the five-year statute of limitations applicable to non-capital CS Act violations. Additionally, it is important to note that the appropriations protections only apply to medical cannabis operations, and provide no protection against businesses operating in compliance with a state's recreational cannabis laws.

As previously stated, violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Issuer, including its reputation and ability to conduct business, its holding (directly or indirectly) of medical cannabis licenses in the U.S., the

listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Issuer to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

The approach to the enforcement of cannabis laws may be subject to change, or may not proceed as previously outlined.

The Cannabis Industry is Subject to Competition

There is potential that the Issuer will face intense competition from other companies, some of which can be expected to have more financial resources, industry, manufacturing, marketing and investment experience than the Issuer. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Issuer and its Investments.

Because of the early stage of the industry in which the Issuer operates, the Issuer expects to face additional competition from new entrants. If the number of users of medical and/or recreational marijuana in Canada, the United States and elsewhere increases, the demand for products will increase and the Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products and pricing strategies. To remain competitive, the Issuer will require a continued high level of investment in research and development, marketing, sales, client support and its investment strategy. The Issuer may not have sufficient resources to maintain research and development, marketing, sales, client support and its investment strategy efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Issuer.

The impact of any developments in cannabis legislation and regulation may be negative for the Issuer and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which the Issuer will operate.

Restrictions on Sales Activities

The industry is in its early development stage and restrictions on sales and marketing activities imposed by Health Canada, various medical associations, other governmental or quasi-governmental bodies or voluntary industry associations may adversely affect the Issuer's ability to conduct sales and marketing activities and could have a material adverse effect on the Issuer's respective businesses, operating results and financial conditions.

Environmental Regulations and Risks

Through its Investments, the Issuer's operations may be subject to environmental regulation. 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 Issuer's operations.

Government approvals and permits are currently, and may in the future, be required in connection with the Issuer's operations. To the extent such approvals are required and not obtained, the Issuer, through its Investments, may be curtailed or prohibited from proceeding with the development of their operations as currently proposed.

Failure to comply with applicable 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 Issuer may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

General Risks

Volatile Market Price for Vinergy Shares

The market price for the Vinergy Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Issuer's control, including the following:

- actual or anticipated fluctuations in the Issuer's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Issuer operates;
- addition or departure of the Issuer's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Vinergy Shares;
- sales or perceived sales of additional Vinergy Shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Issuer's industry generally and its business and operations;
- announcements of developments and other material events by the Issuer or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Issuer or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Issuer or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Issuer's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Such volatility has been particularly evident with regards to the share prices of medical cannabis companies that are public issuers in Canada. Accordingly, the market price of Vinergy Shares may decline even if the Issuer's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Issuer's operations could be adversely impacted and the trading price of Vinergy Shares may be materially adversely affected.

Lack of Operating History

Many of the Issuer's Investments have only recently started to carry their businesses. The Issuer will therefore be subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. The failure by the Issuer to meet any of these conditions could have a materially adverse effect on the Issuer and may force it to reduce, curtail, or discontinue operations. There is no assurance that the Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations. The Issuer may not successfully address all of the risks and uncertainties or successfully implement its existing and new products and services. If the Issuer fails to do so, it could materially harm its business and impair the value of its common stock, resulting in a loss to shareholders. Even if the Issuer accomplishes these objectives, the Issuer may not generate the anticipated positive cash flows or profits. No assurance can be given that the Issuer can or will ever be successful in its operations and operate profitably.

Reliance on Management and Key Personnel

The success of the Issuer is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. The Issuer attempts to enhance its management and technical expertise by recruiting qualified individuals who possess desired skills and experience in certain targeted areas. The Issuer's inability to retain employees and attract and retain sufficient additional employees as well as information technology, engineering, and technical support resources could have a material adverse impact on the Issuer's financial condition and results of operation. Any loss of the services of such individuals could have a material adverse effect on the Issuer's business, operating results or financial condition.

Additional Financing

The Issuer's future capital requirements depend on many factors, including its ability to market products successfully, cash flows from operations, locating and retaining talent, and competing market developments. The Issuer's business model requires spending money (primarily on, licensing, advertising and marketing) in order to generate revenue. Based on the Issuer's current financial situation, the Issuer may have difficulty continuing its operations at the current level, or at all, if it does not raise additional financing in the near future.

In order to execute the Issuer's business plan, the Issuer will require some additional equity and/or debt financing to undertake capital expenditures. There can be no assurance that additional financing will be available to the Issuer when needed or on terms which are acceptable. The Issuer's inability to raise financing to support on-going operations or to fund capital expenditures could limit the Issuer's operations and may have a material adverse effect upon future profitability. The Issuer may require additional financing to fund its operations to the point where it is generating positive cash flows.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Vinergy Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Issuer to obtain additional capital or to pursue business opportunities, including potential acquisitions. If adequate funds are not obtained, the Issuer may be required to reduce, curtail, or discontinue operations. There is no assurance that the Issuer's future cash flow, if any, will be adequate to satisfy its ongoing operating expenses and capital requirements.

Growth and Consolidation in the Industry

The cannabis industry is undergoing rapid growth and substantial change, which has resulting in increasing consolidation and formation of strategic relationships. The Issuer expects this consolidation and strategic partnering to continue. Acquisitions or other consolidating transactions could have adverse effects on the Issuer. The Issuer could lose strategic relationships if its partners are acquired by or enter into agreements with a competitor, causing

the Issuer to lose access to distribution, content and other resources. The relationships between the Issuer and its strategic partners may deteriorate and cause an adverse effect on the business. The Issuer could lose customers if competitors or users of competing technology consolidate with the Issuer's customers. Furthermore, the Issuer's current competitors could become larger players in the market or new competitors could form from consolidations. Any of the foregoing events could put the Issuer at a competitive disadvantage, which could cause the Issuer to lose customers, revenue, and market share. Consolidation in the industry could also force the Issuer to divert greater resources to meet new or additional competitive threats, which could harm the Issuer's operating results.

Intellectual Property Risks

The Issuer's ability to compete largely depends on the superiority, uniqueness, and value of the intellectual property and technology of its Investments, including both internally-developed technology and the ability to acquire patent protection and/or trademark protection. To protect its proprietary rights, the Issuer will rely on a combination of trademark, copyright, and trade secret laws, trademark and patent applications, confidentiality agreements with its employees and third parties, and protective contractual provisions. Despite these efforts, certain risks may reduce the value of the Issuer's intellectual property. The Issuer's applications for trademarks and copyrights relating to its business may not be granted, and if granted, may be challenged or invalidated. There is no guarantee that issued trademarks and registered copyrights will provide the Issuer with any competitive advantages. The Issuer's efforts to protect its intellectual property rights may not be effective in preventing misappropriation of its technology and may not prevent the development and design by others of products or technology similar to, competitive with, or superior to those the Issuer develops. There is a risk that another party may obtain a blocking patent and the Issuer would need to either obtain a licence or design around the patent in order to continue to offer the contested feature or service in its products.

Unfavourable Publicity or Consumer Perception

The Issuer believes the marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the product. Consumer perception of the Issuer's Investments' products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical and/or recreational marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Issuer's products and the business, results of operations, financial condition and cash flows of the Issuer. The Issuer's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Issuer, the demand for the Issuer's products, and the business, results of operations, financial condition and cash flows of the Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of marijuana in general, or the Issuer's products specifically, or associating the consumption of marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

In Certain Circumstances, the Issuer's Reputation Could be Damaged

Damage to the Issuer's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Issuer and its activities, whether true or not. Although the Issuer believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Issuer does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Issuer's overall

ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

Cyber Security and Expanding Social Media Vehicles

The use of social media could cause the Issuer and/or its Investments to suffer brand damage or information leakage. Negative posts or comments about the Issuer or its properties on any social networking website could damage the Issuer's reputation. In addition, employees or others might disclose non-public sensitive information relating to the Issuer's business through external media channels. The continuing evolution of social media will present the Issuer with new challenges and risks.

Management of the Issuer have reviewed CSA Staff Notice 33-321 – *Cyber Security and Social Media* and CSA Staff Notice 51-348 – *Staff's Review of Social media Used by Reporting Issuers* and have developed internal policies and procedures governing the use of social media that aligns with the same.

Product Liability

Some of the Issuer's Investments may be licensors, manufacturers and/or distributors of products designed to be ingested by humans. In this case, the Issuer will face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of the Issuer's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Issuer's products alone or in combination with other medications or substances could occur. The Issuer may be subject to various product liability claims, including, among others, that the Issuer's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Issuer could result in increased costs, could adversely affect the Issuer's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Issuer. There can be no assurances that the Issuer will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Issuer's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Issuer's Investments' products are recalled due to an alleged product defect or for any other reason, the Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Issuer may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Issuer will ensure that its Investments have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Issuer's significant brands were subject to recall, the image of that brand and the Issuer could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Issuer's products and could have a material adverse effect on the results of operations and financial condition of the Issuer. Additionally, product recalls may lead to increased scrutiny of the Issuer's operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Reliance on Key Inputs

The Issuer's business will be dependent on a number of key inputs and their related costs including marijuana, hemp and other raw materials and supplies related to its operations, as well as electricity, water and other local utilities.

Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Issuer. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Issuer might be unable to find a replacement for such source in a timely manner or at all. If sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Issuer in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Issuer.

Dependence on Suppliers and Skilled Labour

The ability of the Issuer to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Issuer will be successful in maintaining its required supply of skilled labour, equipment, parts and components.

Difficult to Forecast

The Issuer will have to rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the marijuana industry in Canada and the United States. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

Operating Risk and Insurance Coverage

The Issuer will obtain and maintain insurance to protect its assets, operations and employees. However, insurance that is otherwise readily available, such as workers compensation, general liability, and directors and officers insurance, may be more difficult for the Issuer to obtain and more costly because the Issuer will be engaged in the marijuana industry. There are no guarantees that the Issuer will be able to find adequate insurance coverage in the future or that the cost will be affordable to the Issuer. While the Issuer believes it will be able to obtain sufficient insurance coverage to address all material risks to which it will be exposed, such insurance will be subject to coverage limits and exclusions and may not be available for all risks and hazards to which the Issuer is exposed. In addition, no assurance can be given that such insurance will be adequate to cover all of the Issuer's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Issuer were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Issuer were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Management of Growth

Should the Issuer experience rapid growth and development in its business in a relatively short period of time the Issuer may encounter growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Issuer to deal with this growth may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

Conflicts of Interest

Certain of the directors and officers of the Issuer are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Issuer and as officers and directors of such other companies. See "*Directors and Officers of the Issuer – Conflicts of Interest*" above.

Litigation

The Issuer may be forced to litigate, enforce, or defend its intellectual property rights, protect its trade secrets, or determine the validity and scope of other parties' proprietary rights. Such litigation would be a drain on the financial and management resources of the Issuer which may affect the operations and business of the Issuer. Furthermore, because the content of most of the Issuer's intellectual property concerns cannabis and other activities that are not legal in some state jurisdictions or federally in the United States, the Issuer may face additional difficulties in defending its intellectual property rights.

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

The market price of Vinergy Shares may be subject to wide price fluctuations

The market price of Vinergy Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Issuer, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Issuer, general economic conditions, legislative changes, and other events and factors outside of the Issuer's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for Vinergy Shares.

Limited Market for Securities

Upon completion of the Change of Business, the Vinergy Shares will be listed on the CSE, however, there can be no assurance that an active and liquid market for the Vinergy Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Issuer.

Employee Health and Safety Regulations

The Issuer's operations will be subject to safety laws and regulations concerning, among other things, employee health and safety. The Issuer will incur ongoing costs and obligations related to compliance with employee health and safety matters. Failure to comply with safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on the Issuer's operations. In addition, changes in employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Issuer's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

PROMOTERS

This is not applicable to the Issuer.

LEGAL PROCEEDINGS

Vinergy

As of the date of this Listing Statement, there are no legal proceedings to which Vinergy is a party or of which any of its property is the subject matter. Additionally, to the reasonable knowledge of the management of Vinergy, there are no such proceedings contemplated.

Investments

As of the date of this Listing Statement, there are no legal proceedings to which any of the Investments is a party or of which any of its property is the subject matter. Additionally, to the reasonable knowledge of the management of each of the Investments, there are no such proceedings contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the directors or executive officers of the Issuer, principal shareholders, or any associate or affiliate of such persons, has or has had any material interest, direct or indirect, in any material transaction within the three years before the date of this Listing Statement or in any proposed transaction that has materially affected or may affect the Issuer.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

The current auditors of Vinergy, Saturna Group Chartered Professional Accountants LLP, located at 1250 – 1066 Hastings Street West, Vancouver, BC, V6E 3X1, will be the auditors of the Issuer.

Vinergy's registrar and transfer agent, Computershare Trust Issuer of Canada, located at 510 Burrard Street, 3rd Floor, Vancouver, BC, V6C 3B9, will be the registrar and transfer agent of the Issuer.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts entered into by Vinergy in the previous two years are the following:

1. the Bota Agreement (see "*General Development of the Business – Investments – Botanical Technologies Inc.*"); and
2. the Eagle Energy Agreement (see "*General Development of the Business – Investments – Eagle Energy*").

INTEREST OF EXPERTS

The auditor of Vinergy, Saturna Group Chartered Professional Accountants LLP ("**Saturna**"), audited the financial statements of Vinergy for the year ended February 28, 2018 and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia. Based on information provided by Saturna, Saturna has not received nor will receive any direct or indirect interests in the property of Vinergy or the Issuer. Neither Saturna nor any of the directors, officers, employees and partners thereof, beneficially own, directly or indirectly, any securities of Vinergy or the Issuer or its associates and affiliates.

OTHER MATERIAL FACTS

Vinergy is not aware of any other material facts relating to Vinergy, the Issuer or the Issuer's Investments that are not disclosed under the preceding items and are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to Vinergy and the Issuer.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Vinergy Resources 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 Vinergy Resources 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 Vancouver, British Columbia this 30th day of November, 2018.

"Glen Macdonald"

GLEN A. MACDONALD
Chief Executive Officer

"Glen Indra"

GLEN INDRA
Chief Financial Officer

"Eugene Beukman"

EUGENE BEUKMAN
Director

"Kenneth Ralfs"

KENNETH R. RALFS
Director

SCHEDULE "A" – VINERGY FINANCIAL STATEMENTS

[Please see attached]

VINERGY RESOURCES LTD.

Consolidated Financial Statements
Years Ended February 28, 2018 and 2017
(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Vinergy Resources Ltd.

We have audited the accompanying consolidated financial statements of Vinergy Resources Ltd., which comprise the consolidated statements of financial position as at February 28, 2018 and 2017 and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the years 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Vinergy Resources Ltd. as at February 28, 2018 and 2017 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

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



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

June 28, 2018

VINERGY RESOURCES LTD.Consolidated statements of financial position
(Expressed in Canadian dollars)

	February 28, 2018 \$	February 28, 2017 \$
Assets		
Current assets		
Cash and cash equivalents	826,899	1,582,237
Amounts receivable	–	4,277
Prepaid expenses and deposits	18,000	30,679
Loans receivable (Note 3)	912,174	304,400
Total assets	1,757,073	1,921,593
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	336,400	252,931
Loan payable (Note 5)	20,000	45,000
Convertible debenture (Note 6)	215,000	215,000
Due to related parties (Note 7)	512,528	504,762
Total liabilities	1,083,928	1,017,693
Shareholders' equity		
Share capital	2,531,290	2,531,290
Share-based payment reserve	171,016	130,128
Equity component of convertible debt	176,251	176,251
Deficit	(2,205,412)	(1,933,769)
Total shareholders' equity	673,145	903,900
Total liabilities and shareholders' equity	1,757,073	1,921,593

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 14)

Approved and authorized for issuance by the Board of Directors on June 28, 2018:

/s/ "Glen Macdonald"

Glen Macdonald, Director

/s/ "Glen Indra"

Glen Indra, Director

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

VINERGY RESOURCES LTD.

Consolidated statements of operations and comprehensive loss
(Expressed in Canadian dollars)

	Year ended February 28, 2018 \$	Year ended February 28, 2017 \$
Expenses		
General and administrative	5,949	1,830
Investor relations	79,478	70,476
Management fees (Note 8)	–	28,800
Professional fees (Note 8)	69,574	74,220
Share-based compensation	40,888	–
Transfer agent and filing fees	44,529	60,879
Loss before other expense	(240,418)	(236,205)
Other expense		
Finance costs	(31,225)	(29,409)
Net loss	(271,643)	(265,614)
Loss per share, basic and diluted	(0.01)	(0.01)
Weighted average common shares outstanding	36,750,330	27,760,316

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

VINERGY RESOURCES LTD.Consolidated statements of changes in equity
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve \$	Equity component of convertible debt \$	Deficit \$	Total shareholders' equity (deficit) \$
	Number of shares	Amount \$				
Balance, February 29, 2016	26,333,330	700,821	–	176,251	(1,668,155)	(791,083)
Shares issued pursuant to private placement	10,417,000	2,083,400	–	–	–	2,083,400
Share issuance costs	–	(252,931)	130,128	–	–	(122,803)
Net loss for the year	–	–	–	–	(265,614)	(265,614)
Balance, February 28, 2017	36,750,330	2,531,290	130,128	176,251	(1,933,769)	903,900
Fair value of stock options granted	–	–	40,888	–	–	40,888
Net loss for the year	–	–	–	–	(271,643)	(271,643)
Balance, February 28, 2018	36,750,330	2,531,290	171,016	176,251	(2,205,412)	673,145

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

VINERGY RESOURCES LTD.Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Year ended February 28, 2018 \$	Year ended February 28, 2017 \$
Operating activities:		
Net loss	(271,643)	(265,614)
Items not involving cash:		
Share-based compensation	40,888	–
Changes in non-cash operating working capital:		
Amounts receivable	4,277	(4,064)
Prepaid expenses and deposits	12,679	(16,833)
Accounts payable and accrued liabilities	83,469	89,830
Due to related parties	7,766	67,593
Net cash used in operating activities	(122,564)	(129,088)
Investing activities		
Advances for loans receivable	(607,774)	(275,000)
Net cash used in investing activities	(607,774)	(275,000)
Financing activities		
Proceeds from loans payable	–	25,000
Repayment of loans payable	(25,000)	–
Proceeds from issuance of common shares	–	2,083,400
Share issuance costs	–	(122,803)
Net cash provided by (used in) financing activities	(25,000)	1,985,597
Increase (decrease) in cash and cash equivalents	(755,338)	1,581,509
Cash and cash equivalents, beginning of year	1,582,237	728
Cash and cash equivalents, end of year	826,899	1,582,237
Cash and cash equivalents consist of:		
Cash in bank	807,850	563,188
Cash in legal trust account	19,049	1,019,049
Total cash and cash equivalents	826,899	1,582,237
Non-cash financing activities:		
Fair value of finders' warrants issued as share issuance costs	–	130,128

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

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements

Years ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

1. Nature of Operations and Continuance of Business

Vinergy Resources Ltd. (the "Company") was incorporated as Vanguard Investments Corp. on March 20, 2001 under the provisions of the Alberta Business Corporations Act. On May 10, 2011, the Company changed its name to Vinergy Resources Ltd. and continued the Company's registered jurisdiction from Alberta to British Columbia. The Company's head office is located at Suite 1008, 409 Granville Street, Vancouver, BC, V6C 1T2 and its shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "VIN".

On November 30, 2009, the Company entered into a Share Purchase Agreement (the "Agreement") with Zeus Energy Inc. ("Zeus") and its shareholders to acquire 100% of the issued and outstanding shares of Zeus. Zeus was incorporated on November 7, 2007 under the Alberta Business Corporations Act. Since the closing of the Agreement on November 30, 2009, the Company has been in the business of oil and gas acquisition, exploration and development. On May 2, 2017 Zeus Energy Inc. was discontinued.

On May 8, 2017 (as amended), the Company entered into a share exchange agreement (the "Agreement") with 1099955 B.C. Ltd. ("MJ BioPharma") a private British Columbia company. Pursuant to the terms of the Agreement, the Company will acquire 100% of the issued and outstanding securities of MJ BioPharma by issuing 4,000,000 common shares of the Company to the shareholders of MJ BioPharma. The Company will issue 400,000 common shares as a finder's fee on the closing of the transaction. The Agreement is subject to regulatory approval. The Agreement was cancelled on April 19, 2018.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at February 28, 2018, the Company has no revenue generated from operations and has an accumulated deficit of \$2,205,412. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that with its current cash and other funds that may be obtained from external financing that it has sufficient working capital to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations of the IFRS Interpretations Committee.

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company's functional currency.

(b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Zeus Energy Inc. All inter-company transactions and balances have been eliminated. On May 2, 2017, Zeus Energy Inc. was discontinued.

(c) Use of Estimates and Judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. 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 and in any future periods affected.

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements

Years ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(c) Use of Estimates and Judgments

Significant areas requiring the use of estimates include the collectability of loans receivable, fair value of share-based payments, and unrecognized deferred income tax assets.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(e) Exploration and Evaluation Assets

(i) Recognition and measurement:

Exploration and evaluation expenditures:

Pre-license costs are recognized in the consolidated statement of operations as incurred. Exploration and evaluation costs, including the costs of acquiring licenses, geological and geophysical, drilling, sampling, decommissioning and often directly attributable internal costs, initially are capitalized as exploration and evaluation assets. The costs are accumulated in cost centres by well, field or exploration area and not depreciated pending determination of technical feasibility and commercial viability.

Exploration and evaluation assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability; and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven and/or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proven and/or probable reserves have been discovered. Upon determination of proven and/or probable reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to property, plant and equipment or expensed to exploration and evaluation impairments.

Development and production costs:

Items of property, plant and equipment, which include oil and gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Development and production assets are grouped into cash generating units ("CGU") for impairment testing. When significant parts of an item of property, plant and equipment, including oil and natural gas interests, have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of an item of property, plant and equipment, including oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within the consolidated statement of operations.

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements

Years ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(e) Exploration and Evaluation Assets (continued)

(ii) Subsequent costs:

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in the consolidated statement of operations as incurred. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the consolidated statement of operations as incurred.

(iii) Depletion and depreciation:

The net carrying value of development or production assets is depleted using the unit of production method by reference to the ratio of production in the year to the related proven and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually. The estimated useful lives for all production assets are assumed to be equal to the reserve life of the oil and natural gas assets, and therefore are also depreciated using the unit of production method. For other assets, depreciation is recognized in the consolidated statement of operations on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

(f) Impairment of Non-Current Assets

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

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

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

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

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements

Years ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(g) Decommissioning, Restoration, and Similar Liabilities

The Company records the present value of estimated costs of legal and constructive obligations required to restore the site in the period in which the obligation is incurred. The nature of these restoration activities include dismantling and removing structures, rehabilitating mines and tailings dam, dismantling facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas.

The future obligations for well closure activities are estimated by the Company using well closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations. Since the obligations are dependent on the laws and regulations of the countries in which the wells operate, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies.

As the estimate of the obligations is based on future expectations, a number of assumptions and judgments are made by management in the determination of closure provisions. The closure provisions are more uncertain the further into the future the well closure activities are to be carried out.

The present value of decommissioning and site restoration provision as a long-term liability as incurred and records an increase in the carrying value of the related asset by a corresponding amount. The provision is discounted using a nominal, risk free pre-tax discount rate. Charges for accretion and restoration expenditures are recorded as operating activities. The related decommissioning provision is recorded as part of the oil and gas property and depreciated accordingly. In subsequent periods, the carrying amount of the liability is accreted by a charge to the consolidated statement of operations to reflect the passage of time and the liability is adjusted to reflect any changes in the timing of the underlying future cash flows.

Changes to the obligation resulting from any revisions to the timing or amount of the original estimate of undiscounted cash flows are recognized as an increase or decrease in the decommissioning provision, and a corresponding change in the carrying amount of the related long-lived asset. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, a provision is made for the estimated outstanding continuous rehabilitation work at each statement of financial position date and the cost is charged to the consolidated statement of operations.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant and equipment. These costs are depreciated using either the unit of production or straight line method depending on the asset to which the obligation relates.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements

Years ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(h) Financial Instruments

(i) Non-derivative financial assets

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

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

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

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the consolidated statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Cash and cash equivalents are classified as fair value through profit or loss.

Held-to-maturity investments

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

Available-for-sale financial assets

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

Loans and receivables

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

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements

Years ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

Impairment of financial assets

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

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

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

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

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

(ii) Non-derivative financial liabilities

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

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

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

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

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements

Years ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

(ii) Non-derivative financial liabilities (continued)

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

(iii) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(i) Foreign Currency Translation

The financial statements for the Company's subsidiary are measured using the currency of the primary economic environment in which the subsidiary operates. The functional and reporting currency of the Company is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the consolidated statement of operations.

(j) Income Taxes

Current income tax

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

Deferred income tax

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

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements

Years ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(k) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted losses per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at February 28, 2018, the Company had 9,608,500 (2017 – 9,837,700) potentially dilutive shares outstanding.

(l) Comprehensive Loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the consolidated statement of operations.

(m) Share-based Payments

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

Share-based payments arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, unless the fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the equity instruments granted.

(m) Reclassifications

Certain of the prior year figures have been reclassified to conform to the current year's presentation.

(n) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended February 28, 2018, and have not been applied in preparing these consolidated financial statements.

IFRS 9, *Financial Instruments* (New)

IFRS 2, *Share-based Payment* (Amended)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the Company's consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements

Years ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

3. Loans Receivable

- (a) In conjunction with the plan of arrangement for each of the former subsidiary companies: Arq Graphite Inc, 0990756 BC Ltd., Jonpol Rare Earths Inc., Leucadia Finance Partners Inc., Wayzata Film Finance Inc., and Wedona Uranium Inc., the Company advanced \$4,900 to each of these companies for a total \$29,400 (2017 - \$29,400). These loans are non-interest bearing, unsecured, and due on demand.
- (b) As at February 28, 2018, the Company has a loan receivable of \$345,680 (2017 - \$115,000) to 1099955 B.C. Ltd. These advances are non-interest bearing, unsecured, and due on demand.
- (c) As at February 28, 2018, the Company has a loan receivable of \$160,000 (2017 - \$160,000) from a non-related party which is non-interest bearing, unsecured, and due on demand.
- (d) As at February 28, 2018 the Company has a loan receivable of \$60,000 (2017 - \$nil) to a non-related company which is non-interest bearing, unsecured, and due on demand.
- (e) As at February 28, 2018 the Company has a loan receivable of \$125,000 (2017 - \$nil) to a non-related company which is non-interest bearing, unsecured, and due on demand.
- (f) As at February 28, 2018 the Company has a loan receivable of \$25,000 (2017 - \$nil) to a non-related company which is non-interest bearing, unsecured, and due on demand.
- (g) As at February 28, 2018, the Company has a loan receivable of \$167,076 (2017 - \$nil) to a non-related company which is non-interest bearing, unsecured, and due on demand.

4. Accounts Payable and Accrued Liabilities

	2018	2017
	\$	\$
Trade accounts payable	59,291	49,782
Accrued liabilities	89,088	46,353
Accrued interest payable	188,021	156,796
	336,400	252,931

5. Loans Payable

- (a) As at February 28, 2018, the Company owed \$20,000 (2017 - \$20,000) to a non-related party. The amount owing is unsecured, bears interest at 20% per annum compounded monthly, and is due on demand. As at February 28, 2018, the Company had incurred interest on this loan of \$34,045 (2017 - \$24,320), which is included in accounts payable and accrued liabilities.
- (b) As at February 28, 2018, the Company owed \$nil (2017 - \$25,000) to a non-related party which is non-interest bearing, unsecured, and due on demand.

6. Convertible Debenture

On January 15, 2010, the Company issued a \$215,000 convertible debenture which bears interest at 10% per annum, is unsecured, and was due on January 16, 2015. The debenture was convertible into shares of the Company at a conversion price of \$0.05 per share at any time at the option of the holder prior to the due date. The Company's convertible debenture matured on January 16, 2015 and the Company continues to accrue interest at the rate of 10% per annum. The convertible debenture is currently in default.

The fair value of the equity component was determined to be \$176,251 (2017 - \$176,251) which was recorded as equity and an equivalent discount on the convertible debenture. The fair value was estimated using the Black-Scholes option pricing model assuming no expected dividends, a risk free interest rate of 2.99%, expected life of 5 years, and expected volatility of 100%. The accretion of the discount was recognized over the term of the debenture. As at February 28, 2018, the carrying value of the convertible debenture is \$215,000 (2017 - \$215,000).

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements
Years ended February 28, 2018 and 2017
(Expressed in Canadian dollars)

7. Related Party Transactions

- (a) As at February 28, 2018, the amount of \$385,128 (2017 - \$377,362) is owed to the former President of the Company and companies controlled by the President of the Company which is non-interest bearing, unsecured, and due on demand.
- (b) As at February 28, 2018, the amount of \$127,400 (2017 - \$127,400) is owed to the spouse of the former President of the Company, which is non-interest bearing, unsecured, and due on demand.
- (c) For the year ended February 28, 2018, the amount of \$nil (2017 - \$28,800) was incurred to the former President of the Company for management fees.
- (d) For the year ended February 28, 2018, the amount of \$nil (2017 - \$19,200) was incurred to the spouse of the former President of the Company for professional fees.

8. Share Capital

Authorized: Unlimited number of common shares without par value

On January 9, 2017, the Company issued 10,417,000 units at \$0.20 per unit for proceeds of \$2,083,400. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole share purchase warrant is exercisable at \$0.40 per common share expiring on January 9, 2018. In connection with this private placement, the Company paid \$122,803 in finders' fees and issued 329,200 finders' warrants with a fair value of \$130,128. The finder's warrants are exercisable at \$0.40 per common share expiring on January 9, 2018. The Company is entitled to accelerate the expiry date of the finders' warrants to the date that is 30 days following a notification issued by the Company announcing that the volume weighted average price of the shares on the Canadian Securities Exchange exceeds \$0.55 for any 10 consecutive trading days after the hold period on the shares has expired. The fair value of the finders' warrants was calculated using the Black-Scholes option pricing model with the following assumptions: volatility of 194%, risk-free rate of 0.65%, expected life of one year, no expected dividends, and no expected forfeitures.

9. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, February 29, 2016	–	–
Issued	5,537,700	0.40
Balance, February 28, 2017	5,537,700	0.40
Expired	(329,200)	0.40
Balance, February 28, 2018	5,208,500	0.40

As at February 28, 2017, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
5,208,500	0.40	July 9, 2018

On January 2, 2018, the Company extended the expiry date of its 5,208,500 outstanding share purchase warrants from January 9, 2018 to July 9, 2018.

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements

Years ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

10. Stock Options

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

	Number of options	Weighted average exercise price \$
Outstanding, February 29, 2016 and February 28, 2017	–	–
Granted	100,000	0.60
Outstanding, February 28, 2018	100,000	0.60

Additional information regarding stock options outstanding as at February 28, 2018 is as follows:

Range of exercise prices \$	Outstanding and exercisable		
	Number of options	Weighted average contractual life (years)	Weighted average exercise price \$
0.60	100,000	1.0	0.60

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2018	2017
Risk-free interest rate	0.82%	–
Expected life (in years)	2	–
Forfeiture rate	0%	–
Expected volatility	144%	–

For the year ended February 28, 2018, the total fair value of the stock options granted was \$40,888 (2017 - \$nil) which was recorded as share-based payment reserve and charged to operations. The weighted average grant date fair value of stock options granted during the year ended February 28, 2018 was \$0.41 (2017 - \$nil) per share.

11. Financial Instruments

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at February 28, 2018 is as follows:

	Fair value measurements using			Balance, February 28, 2018 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash and cash equivalents	826,899	–	–	826,899

The fair values of other financial instruments, which include amounts receivable, loans receivable, accounts payable and accrued liabilities, loans payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments. The fair value of the convertible debenture is estimated to approximate its carrying value based on borrowing rates currently available to the Company for a loan with similar terms.

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements

Years ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

11. Financial Instruments (continued)

(b) Credit Risk

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

(c) Foreign Exchange Rate Risk

The Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities. As the Company does not have any producing assets or any current programs for exploration, management considers the Company's commodity price risk to be minimal.

12. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital, share-based payments reserve, and equity component of convertible debt.

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

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remained unchanged from the year ended February 28, 2017.

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements

Years ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

13. Income Taxes

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

	2018 \$	2017 \$
Canadian statutory income tax rate	26.17%	26%
Income tax recovery at statutory rate	(71,080)	(69,060)
Tax effect of:		
Permanent differences and other	10,685	(31,929)
Change in enacted tax rates	(19,582)	14,529
Expiry of non-capital losses and resources expenditure pools	23,702	–
Change in unrecognized deferred income tax assets	56,275	86,460
Income tax provision	–	–

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

	2018 \$	2017 \$
Deferred income tax assets		
Non-capital losses carried forward	515,111	366,473
Resource properties	–	86,714
Share issuance costs	19,894	25,543
Total gross deferred income tax assets	535,005	478,730
Unrecognized deferred income tax assets	(535,005)	(478,730)
Net deferred income tax asset	–	–

As at February 28, 2018, the Company has non-capital losses carried forward of \$1,907,817, which are available to offset future years' taxable income. These losses expire as follows:

	\$
2026	56,949
2027	36,881
2028	93,472
2029	64,705
2030	54,711
2031	149,954
2032	138,703
2033	81,711
2034	138,430
2035	126,799
2036	99,814
2037	290,175
2038	575,513
	1,907,817

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements

Years ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

14. Subsequent Events

- (a) On March 8, 2018, the Company entered into a share exchange agreement with a non-related party whereby it agreed to exchange 2,025,000 common shares of this company for 9,000,000 common shares of the Company. As part of this agreement, the Company has an option to purchase an additional 2,475,000 common shares of this company in exchange for 1,000,000 common shares of the Company expiring two years from the closing date.
- (b) On March 20, 2018, the Company advanced \$50,000 to a non-related party. The loan receivable is non-interest bearing, unsecured and due on demand.
- (c) On May 18, 2018, the Company advanced \$50,000 to a non-related party. The loan receivable is non-interest bearing, unsecured and due on demand.
- (d) Subsequent to February 28, 2018, the Company advanced \$30,000 towards the purchase of 1,245,300 common shares of a non-related company at a price of \$0.4015 per share pursuant to a private placement agreement.

VINERGY RESOURCES LTD.

Consolidated Financial Statements
Years Ended February 28, 2017 and February 29, 2016
(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Vinergy Resources Ltd.

We have audited the accompanying consolidated financial statements of Vinergy Resources Ltd., which comprise the consolidated statements of financial position as at February 28, 2017 and February 29, 2016 and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Vinergy Resources Ltd. as at February 28, 2017 and February 29, 2016 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

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



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

June 28, 2017

VINERGY RESOURCES LTD.Consolidated statements of financial position
(Expressed in Canadian dollars)

	February 28, 2017 \$	February 29, 2016 \$
Assets		
Current assets		
Cash and cash equivalents	1,582,237	728
Amounts receivable	4,277	213
Prepaid expenses and deposits	30,679	13,846
Loans receivable (Note 3)	304,400	29,400
Total assets	1,921,593	44,187
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	252,931	163,101
Loans payable (Note 6)	45,000	20,000
Convertible debenture (Note 7)	215,000	215,000
Due to related parties (Note 8)	504,762	437,169
Total liabilities	1,017,693	835,270
Shareholders' equity (deficit)		
Share capital	2,531,290	700,821
Share-based payment reserve	130,128	–
Equity component of convertible debt	176,251	176,251
Deficit	(1,933,769)	(1,668,155)
Total shareholders' equity (deficit)	903,900	(791,083)
Total liabilities and shareholders' equity (deficit)	1,912,593	44,187

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 14)

Approved and authorized for issuance by the Board of Directors on June 28, 2017:

/s/ "Glen Macdonald"

Glen Macdonald, Director

/s/ "Glen Indra"

Glen Indra, Director

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

VINERGY RESOURCES LTD.

Consolidated statements of operations and comprehensive loss
(Expressed in Canadian dollars)

	Year ended February 28, 2017 \$	Year ended February 29, 2016 \$
Expenses		
General and administrative	1,830	444
Investor relations	70,476	–
Management fees (Note 8)	28,800	28,800
Professional fees (Note 8)	74,220	27,067
Transfer agent and filing fees	60,879	15,397
Loss before other expense	(236,205)	(71,708)
Other expense		
Finance costs	(29,409)	(28,106)
Net loss	(265,614)	(99,814)
Loss per share, basic and diluted	(0.01)	–
Weighted average common shares outstanding	27,760,316	26,333,330

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

VINERGY RESOURCES LTD.Consolidated statements of changes in equity
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve \$	Equity component of convertible debt \$	Deficit \$	Total shareholders' equity (deficit) \$
	Number of shares	Amount \$				
Balance, February 28, 2015	26,333,330	700,821	–	176,251	(1,568,341)	(691,269)
Net loss for the year	–	–	–	–	(99,814)	(99,814)
Balance, February 29, 2016	26,333,330	700,821	–	176,251	(1,668,155)	(791,083)
Shares issued pursuant to private placement	10,417,000	2,083,400	–	–	–	2,083,400
Share issuance costs	–	(252,931)	130,128	–	–	(122,803)
Net loss for the year	–	–	–	–	(265,614)	(265,614)
Balance, February 28, 2017	36,750,330	2,531,290	130,128	176,251	(1,933,769)	903,900

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

VINERGY RESOURCES LTD.Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Year ended February 28, 2017 \$	Year ended February 29, 2016 \$
Operating activities:		
Net loss	(265,614)	(99,814)
Changes in non-cash operating working capital:		
Amounts receivable	(4,064)	(40)
Prepaid expenses and deposits	(16,833)	–
Accounts payable and accrued liabilities	89,830	22,421
Due to related parties	67,593	76,508
Net cash used in operating activities	(129,088)	(925)
Investing activities		
Advances for loans receivable	(275,000)	–
Net cash used in investing activities	(275,000)	–
Financing activities		
Proceeds from loans payable	25,000	–
Proceeds from issuance of common shares	2,083,400	–
Share issuance costs	(122,803)	–
Net cash from financing activities	1,985,597	–
Increase (decrease) in cash	1,581,509	(925)
Cash and cash equivalents, beginning of year	728	1,653
Cash and cash equivalents, end of year	1,582,237	728
Cash and cash equivalents consist of:		
Cash in bank	563,188	728
Cash in legal trust account	1,019,049	–
Total cash and cash equivalents	1,582,237	728
Non-cash financing activities:		
Fair value of finders' warrants issued as share issuance costs	130,128	–
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

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

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements
Years ended February 28, 2017 and February 29, 2016
(Expressed in Canadian dollars)

1. Nature of Operations and Continuance of Business

Vinergy Resources Ltd. (the "Company") was incorporated as Vanguard Investments Corp. on March 20, 2001 under the provisions of the Alberta Business Corporations Act. On May 10, 2011, the Company changed its name to Vinergy Resources Ltd. and continued the Company's registered jurisdiction from Alberta to British Columbia. The Company's head office is located at Suite 1008, 409 Granville Street, Vancouver, BC, V6C 1T2 and its shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "VIN".

On November 30, 2009, the Company entered into a Share Purchase Agreement (the "Agreement") with Zeus Energy Inc. ("Zeus") and its shareholders to acquire 100% of the issued and outstanding shares of Zeus. Zeus was incorporated on November 7, 2007 under the Alberta Business Corporations Act. Since the closing of the Agreement on November 30, 2009, the Company has been in the business of oil and gas acquisition, exploration and development.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at February 28, 2017, the Company has negative cash flows from operating activities, defaulted on its convertible debenture, and has an accumulated deficit of \$1,933,769. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that with its current cash and other funds that may be obtained from external financing that it has sufficient working capital to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations of the IFRS Interpretations Committee.

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company's functional currency.

(b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Zeus Energy Inc. All inter-company transactions and balances have been eliminated.

(c) Use of Estimates and Judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. 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 and in any future periods affected.

Significant areas requiring the use of estimates include the collectability of loans receivable, fair value of share-based payments, and unrecognized deferred income tax assets.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements
Years ended February 28, 2017 and February 29, 2016
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(e) Exploration and Evaluation Assets

(i) Recognition and measurement:

Exploration and evaluation expenditures:

Pre-license costs are recognized in the consolidated statement of operations as incurred. Exploration and evaluation costs, including the costs of acquiring licenses, geological and geophysical, drilling, sampling, decommissioning and often directly attributable internal costs, initially are capitalized as exploration and evaluation assets. The costs are accumulated in cost centres by well, field or exploration area and not depreciated pending determination of technical feasibility and commercial viability.

Exploration and evaluation assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability; and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven and/or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proven and/or probable reserves have been discovered. Upon determination of proven and/or probable reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to property, plant and equipment or expensed to exploration and evaluation impairments.

Development and production costs:

Items of property, plant and equipment, which include oil and gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Development and production assets are grouped into cash generating units ("CGU") for impairment testing. When significant parts of an item of property, plant and equipment, including oil and natural gas interests, have different useful lives, they are accounted for as separate items (major components).

(i) Recognition and measurement: (continued)

Gains and losses on disposal of an item of property, plant and equipment, including oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within the consolidated statement of operations.

(ii) Subsequent costs:

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in the consolidated statement of operations as incurred. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the consolidated statement of operations as incurred.

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements
Years ended February 28, 2017 and February 29, 2016
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(e) Exploration and Evaluation Assets (continued)

(iii) Depletion and depreciation:

The net carrying value of development or production assets is depleted using the unit of production method by reference to the ratio of production in the year to the related proven and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually. The estimated useful lives for all production assets are assumed to be equal to the reserve life of the oil and natural gas assets, and therefore are also depreciated using the unit of production method. For other assets, depreciation is recognized in the consolidated statement of operations on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

(f) Impairment of Non-Current Assets

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

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

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

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

(g) Decommissioning, Restoration, and Similar Liabilities

The Company records the present value of estimated costs of legal and constructive obligations required to restore the site in the period in which the obligation is incurred. The nature of these restoration activities include dismantling and removing structures, rehabilitating mines and tailings dam, dismantling facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas.

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements

Years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(g) Decommissioning, Restoration, and Similar Liabilities (continued)

The future obligations for well closure activities are estimated by the Company using well closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations. Since the obligations are dependent on the laws and regulations of the countries in which the wells operate, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies.

As the estimate of the obligations is based on future expectations, a number of assumptions and judgments are made by management in the determination of closure provisions. The closure provisions are more uncertain the further into the future the well closure activities are to be carried out.

The present value of decommissioning and site restoration provision as a long-term liability as incurred and records an increase in the carrying value of the related asset by a corresponding amount. The provision is discounted using a nominal, risk free pre-tax discount rate. Charges for accretion and restoration expenditures are recorded as operating activities. The related decommissioning provision is recorded as part of the oil and gas property and depreciated accordingly. In subsequent periods, the carrying amount of the liability is accreted by a charge to the consolidated statement of operations to reflect the passage of time and the liability is adjusted to reflect any changes in the timing of the underlying future cash flows.

Changes to the obligation resulting from any revisions to the timing or amount of the original estimate of undiscounted cash flows are recognized as an increase or decrease in the decommissioning provision, and a corresponding change in the carrying amount of the related long-lived asset. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, a provision is made for the estimated outstanding continuous rehabilitation work at each statement of financial position date and the cost is charged to the consolidated statement of operations.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant and equipment. These costs are depreciated using either the unit of production or straight line method depending on the asset to which the obligation relates.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

(h) Financial Instruments

(i) Non-derivative financial assets

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

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

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements
Years ended February 28, 2017 and February 29, 2016
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

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

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the consolidated statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Cash and cash equivalents are classified as fair value through profit or loss.

Held-to-maturity investments

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

Available-for-sale financial assets

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

Loans and receivables

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

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements
Years ended February 28, 2017 and February 29, 2016
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

Impairment of financial assets

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

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

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

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

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

(ii) Non-derivative financial liabilities

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

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

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

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

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements
Years ended February 28, 2017 and February 29, 2016
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

(ii) Non-derivative financial liabilities (continued)

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

(iii) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(i) Foreign Currency Translation

The financial statements for the Company's subsidiary are measured using the currency of the primary economic environment in which the subsidiary operates. The functional and reporting currency of the Company is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the consolidated statement of operations.

(j) Income Taxes

Current income tax

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

Deferred income tax

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

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements
Years ended February 28, 2017 and February 29, 2016
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(k) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted losses per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at February 28, 2017, the Company had 9,837,700 (February 29, 2016 – 4,300,000) potentially dilutive shares outstanding.

(l) Comprehensive Loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the consolidated statement of operations.

(m) Share-based Payments

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

Share-based payments arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, unless the fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the equity instruments granted.

(n) Reclassifications

Certain of the prior year figures have been reclassified to conform to the current year's presentation.

(o) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended February 28, 2017, and have not been applied in preparing these consolidated financial statements.

IFRS 9, *Financial Instruments* (New)
IFRS 2, *Share-based Payment* (Amended)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the Company's consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements

Years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

3. Loans Receivable

- (a) In conjunction with the plan of arrangement for each of the former subsidiary companies: Arq Graphite Inc, 0990756 BC Ltd., Jonpol Rare Earths Inc., Leucadia Finance Partners Inc., Wayzata Film Finance Inc., and Wedona Uranium Inc., the Company advanced \$4,900 to each of these companies for a total \$29,400. These loans are non-interest bearing, unsecured, and due on demand.
- (b) During the year ended February 28, 2017, the Company advanced an aggregate amount of \$115,000 to 1099955 B.C. Ltd. These advances are non-interest bearing, unsecured, and due on demand. Refer to Note 14(d).
- (c) As at February 28, 2017, the Company has a loan receivable of \$160,000 from a non-related party which is non-interest bearing, unsecured, and due on demand.

4. Exploration and Evaluation Assets

Nipisi Land Properties – Alberta

On November 18, 2013, the Company entered into an agreement and was granted the right to earn a 6.7% net interest (before payout) and a 2% net interest (after payout) in the lands in the Nipisi Region of Alberta. To earn this interest, the Company issued a promissory note to pay \$25,000 to purchase the rights as held by a non-related company.

During the year ended February 29, 2016, the agreement was terminated.

5. Accounts Payable and Accrued Liabilities

	2017	2016
	\$	\$
Trade accounts payable	49,782	29,715
Accrued liabilities	46,353	6,000
Accrued interest payable	156,796	127,386
	<u>252,931</u>	<u>163,101</u>

6. Loans Payable

- (a) As at February 28, 2017, the Company owed \$20,000 (February 29, 2016 – \$20,000) to a non-related party. The amount owing is unsecured, bears interest at 20% per annum compounded monthly, and is due on demand. As at February 28, 2017, the Company had incurred interest on this loan of \$24,320 (February 29, 2016 - \$16,362), which is included in accounts payable and accrued liabilities.
- (b) As at February 28, 2017, the Company owed \$25,000 (February 29, 2016 – \$nil) to a non-related party which is non-interest bearing, unsecured and due on demand. Refer to Note 14(b).

7. Convertible Debenture

On January 15, 2010, the Company issued a \$215,000 convertible debenture which bears interest at 10% per annum, is unsecured, and was due on January 16, 2015. The debenture was convertible into shares of the Company at a conversion price of \$0.05 per share at any time at the option of the holder prior to the due date. The Company's convertible debenture matured on January 16, 2015 and the Company continues to accrue interest at the rate of 10% per annum. The convertible debenture is currently in default.

The fair value of the equity component was determined to be \$176,251 which was recorded as equity and an equivalent discount on the convertible debenture. The fair value was estimated using the Black-Scholes option pricing model assuming no expected dividends, a risk free interest rate of 2.99%, expected life of 5 years, and expected volatility of 100%. The accretion of the discount was recognized over the term of the debenture. As at February 28, 2017, the carrying value of the convertible debenture is \$215,000 (February 29, 2016 - \$215,000).

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements

Years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

8. Related Party Transactions

- (a) As at February 28, 2017, the amount of \$377,362 (February 29, 2016 - \$328,969) is owed to the former President of the Company and companies controlled by the former President of the Company which is non-interest bearing, unsecured, and due on demand.
- (b) As at February 28, 2017, the amount of \$127,400 (February 29, 2016 - \$108,200) is owed to the spouse of the former President of the Company, which is non-interest bearing, unsecured, and due on demand.
- (c) For the year ended February 28, 2017, the amount of \$28,800 (February 29, 2016 - \$28,800) was incurred to the former President of the Company for management fees.
- (d) For the year ended February 28, 2017, the amount of \$19,200 (February 29, 2016 - \$19,200) was incurred to the spouse of the former President of the Company for professional fees.

9. Share Capital

Authorized: Unlimited number of common shares without par value

On January 9, 2017, the Company issued 10,417,000 units at \$0.20 per unit for proceeds of \$2,083,400. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole share purchase warrant is exercisable at \$0.40 per common share expiring on January 9, 2018. In connection with this private placement, the Company paid \$122,803 in finders' fees and issued 329,200 finders' warrants with a fair value of \$130,128. The finder's warrants are exercisable at \$0.40 per common share expiring on January 9, 2018. The Company is entitled to accelerate the expiry date of the finders' warrants to the date that is 30 days following a notification issued by the Company announcing that the volume weighted average price of the shares on the Canadian Securities Exchange exceeds \$0.55 for any 10 consecutive trading days after the hold period on the shares has expired. The fair value of the finders' warrants was calculated using the Black-Scholes option pricing model with the following assumptions: volatility of 194%, risk-free rate of 0.65%, expected life of one year, no expected dividends, and no expected forfeitures.

10. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, February 28, 2015 and February 29, 2016	–	–
Issued	5,537,700	0.40
Balance, February 28, 2017	5,537,700	0.40

As at February 28, 2017, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
5,537,700	0.40	January 9, 2018

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements
Years ended February 28, 2017 and February 29, 2016
(Expressed in Canadian dollars)

11. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at February 28, 2017 is as follows:

	Fair Value Measurements Using			Balance, February 28, 2017 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash and cash equivalents	1,582,237	–	–	1,582,237

The fair values of other financial instruments, which include amounts receivable, loans receivable, accounts payable and accrued liabilities, loans payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments. The fair value of the convertible debenture is estimated to approximate its carrying value based on borrowing rates currently available to the Company for a loan with similar terms.

(b) Credit Risk

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

(c) Foreign Exchange Rate Risk

The Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities. As the Company does not have any producing assets or any current programs for exploration, management considers the Company's commodity price risk to be minimal.

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements
Years ended February 28, 2017 and February 29, 2016
(Expressed in Canadian dollars)

12. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital, share-based payments reserve, and equity component of convertible debt.

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

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remained unchanged from the year ended February 29, 2016.

13. Income Taxes

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

	2017 \$	2016 \$
Canadian statutory income tax rate	26%	26.33%
Income tax recovery at statutory rate	(69,060)	(26,284)
Tax effect of:		
Permanent differences and other	(31,929)	–
Change in enacted tax rates	14,529	(27,726)
Change in unrecognized deferred income tax assets	86,460	54,010
Income tax provision	–	–

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

	2017 \$	2016 \$
Deferred income tax assets		
Non-capital losses carried forward	366,473	302,221
Resource properties	86,714	90,049
Share issuance costs	25,543	–
Total gross deferred income tax assets	478,730	392,270
Unrecognized deferred income tax assets	(478,730)	(392,270)
Net deferred income tax asset	–	–

VINERGY RESOURCES LTD.

Notes to the consolidated financial statements

Years ended February 28, 2017 and February 29, 2016

(Expressed in Canadian dollars)

13. Income Taxes (continued)

As at February 28, 2017, the Company has non-capital losses carried forward of \$1,409,513, which are available to offset future years' taxable income. These losses expire as follows:

	\$
2026	56,949
2027	36,881
2028	93,472
2029	64,705
2030	131,642
2031	149,954
2032	138,981
2033	81,711
2034	138,430
2035	126,799
2036	99,814
2037	290,175
	<u>1,409,513</u>

The Company also has available resource related expenditure pools totalling \$333,516 which may be deducted against future taxable income on a discretionary basis.

14. Subsequent Events

- (a) On March 8, 2017 the Company granted 100,000 options with an exercise price of \$0.60 per common share expiring on March 8, 2019 to a new director of the Company.
- (b) On March 29, 2017, the Company repaid a loan payable of \$25,000.
- (c) On May 2, 2017, the Company's wholly owned subsidiary, Zeus Energy Inc., was dissolved.
- (d) On May 4, 2017, the Company advanced \$60,000 to a non-related party. The loan receivable is non-interest bearing, unsecured, and due on demand.
- (e) On May 8, 2017 the Company entered into a share exchange agreement (the "Agreement") with 1099955 B.C. Ltd. ("MJ BioPharma") a private British Columbia company. Pursuant to the terms of the Agreement, the Company will acquire 100% of the issued and outstanding securities of MJ BioPharma by issuing 9,750,000 common shares of the Company to the shareholders of MJ BioPharma. The Company will issue 400,000 common shares as a finder's fee on the closing of the transaction. The Agreement is subject to regulatory approval.
- (f) On May 25, 2017, the Company advanced \$125,000 to a non-related party. The loan receivable is non-interest bearing, unsecured, and due on demand.

VINERGY RESOURCES LTD.

Condensed Interim Financial Statements

For the Quarter Ended
August 31, 2018

(Expressed in Canadian dollars)

(unaudited)

VINERGY RESOURCES LTD.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

October 30, 2018

VINERGY RESOURCES LTD.Condensed interim statements of financial position
(Expressed in Canadian dollars)

	August 31, 2018 \$ (unaudited)	February 28, 2018 \$ (audited)
Assets		
Current assets		
Cash	6,319	826,899
Amounts receivable	17,583	–
Investments (Note 5)	700,000	–
Prepaid expenses and deposits	36,395	18,000
Loans receivable (Note 3)	912,174	912,174
Total assets	1,672,471	1,757,073
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	379,734	336,400
Loans payable (Note 6)	20,000	20,000
Convertible debenture (Note 7)	215,000	215,000
Due to related parties (Note 8)	445,388	512,528
Total liabilities	1,060,122	1,083,928
Shareholders' deficit		
Share capital	2,635,821	2,531,290
Share-based payment reserve	171,016	171,016
Equity component of convertible debt	140,351	176,251
Deficit	(2,334,839)	(2,205,412)
Total equity	612,349	673,145
Total liabilities and equity	1,672,471	1,757,073

Nature of operations and continuance of business (Note 1)

Approved and authorized for issue by the Board on October 30, 2018:

Signed "Glen Macdonald"

Glen Macdonald, Director

Signed "Ken Ralfs"

Ken Ralfs, Director

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

VINERGY RESOURCES LTD.

Condensed interim statements of operations and comprehensive loss
(Expressed in Canadian dollars)
(unaudited)

	Three Months Ended August 31, 2018 \$	Three Months Ended August 31, 2017 \$	Six Months Ended August 31, 2018 \$	Six Months Ended August 31, 2017 \$
Expenses				
General and administrative	113	56,250	113	67,708
Professional fees	46,767	1,030	48,767	1,030
Transfer agent and filing fees	8,378	6,657	12,397	10,678
Total operating expenses	55,258	63,937	61,277	79,416
Loss before other income (expense)	(55,258)	(63,937)	(61,277)	(79,416)
Other income (expense)				
Interest income	17,039	1	17,039	1
Foreign exchange gain (loss)	–	(14,733)	–	(14,733)
Finance costs	(8,368)	(7,808)	(16,558)	(15,499)
Total other income (expense)	8,671	(22,540)	481	(30,231)
Net loss for the period	(46,587)	(86,477)	(60,796)	(109,647)
Loss per share, basic and diluted	–	–	–	–
Weighted average common shares outstanding	36,750,330	36,750,330	36,750,330	36,750,330

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

VINERGY RESOURCES LTD.

Condensed interim statements of equity

(Expressed in Canadian dollars)

(unaudited)

	Share capital		Share-based payment reserve	Equity component of convertible debt	Deficit	Total
	Number of shares	Amount				
		\$	\$	\$	\$	\$
Balance February 28, 2017	36,750,330	2,531,290	130,128	176,251	(1,933,769)	903,900
Net loss and comprehensive loss	–	–	–	–	(109,647)	(109,647)
Balance August 31, 2017	36,750,330	2,531,290	130,128	176,251	(2,043,416)	794,253
Balance February 28, 2018	36,750,330	2,531,290	171,016	176,251	(2,205,412)	673,145
Adjustment for non-consolidation	–	104,531	–	(35,900)	(68,631)	–
Net loss and comprehensive loss	–	–	–	–	(60,796)	(60,796)
Balance August 31, 2018	36,750,330	2,635,821	171,016	140,351	(2,334,839)	612,349

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

VINERGY RESOURCES LTD.

Condensed interim statements of cash flows
(Expressed in Canadian dollars)
(unaudited)

	Six Months Ended August 31, 2018 \$	Six Months Ended August 31, 2017 \$
Operating activities:		
Net loss for the period	(60,796)	(109,647)
Items not involving cash:		
Finance costs	-	15,499
Changes in non-cash operating activities:		
Amounts receivable	(17,583)	2,123
Accounts payable and accrued liabilities	(43,334)	13,780
Funds placed in trust	(18,395)	(19,048)
Due to related parties	(67,140)	(23,135)
Net cash used in operating activities	(120,580)	(120,428)
Investing activities:		
Advances for loans receivable	(700,000)	(401,191)
Net cash provided by investing activities	(700,000)	(401,191)
Increase (decrease) in cash	(820,580)	(521,619)
Cash, beginning of period	826,899	1,582,237
Cash, end of period	6,319	1,060,618
Supplemental disclosures:		
Interest paid	-	-
Income taxes paid	-	-

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

VINERGY RESOURCES LTD.

Notes to the condensed interim financial statements

August 31, 2018

(Expressed in Canadian dollars)

(unaudited)

1. Nature of Operations and Continuance of Business

Vinergy Resources Ltd. (the “Company”) was incorporated as Vanguard Investments Corp. on March 20, 2001 under the provisions of the Alberta Business Corporations Act. On May 10, 2011, the Company changed its name to Vinergy Resources Ltd. and continued the Company’s registered jurisdiction from Alberta to British Columbia. The Company’s head office is located at Suite 1008, 409 Granville Street, Vancouver, BC, V6C 1T2 and its shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “VIN”.

On November 30, 2009, the Company entered into a Share Purchase Agreement (the “Agreement”) with Zeus Energy Inc. (“Zeus”) and its shareholders to acquire 100% of the issued and outstanding shares of Zeus. Zeus was incorporated on November 7, 2007 under the Alberta Business Corporations Act. Since the closing of the Agreement on November 30, 2009, the Company has been in the business of oil and gas acquisition, exploration and development. On May 2, 2017 Zeus Energy Inc. was discontinued.

On May 8, 2017 (as amended), the Company entered into a share exchange agreement (the “Agreement”) with 1099955 B.C. Ltd. (“MJ BioPharma”) a private British Columbia company. Pursuant to the terms of the Agreement, the Company will acquire 100% of the issued and outstanding securities of MJ BioPharma by issuing 4,000,000 common shares of the Company to the shareholders of MJ BioPharma. The Company will issue 400,000 common shares as a finder’s fee on the closing of the transaction. The Agreement is subject to regulatory approval. The Agreement was cancelled on April 19, 2018.

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at August 31, 2018, the Company has no revenue generated from operations and has an accumulated deficit of \$2,334,839. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that with its current cash and other funds that may be obtained from external financing that it has sufficient working capital to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These condensed financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of Compliance

These condensed interim financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting of the International Financial Reporting Standards (“IFRS”).

(b) Basis of Presentation

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and interpretations of the IFRS Interpretations Committee.

These condensed interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company’s functional currency.

(c) Basis of Consolidation

These condensed interim financial statements include the accounts of the Company and its wholly owned subsidiary, Zeus Energy Inc. All inter-company transactions and balances have been eliminated. On May 2, 2017, Zeus Energy Inc. was discontinued.

VINERGY RESOURCES LTD.

Notes to the condensed interim financial statements

August 31, 2018

(Expressed in Canadian dollars)

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2. Significant Accounting Policies (continued)

(d) Use of Estimates and Judgments

The preparation of these condensed interim financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. 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 and in any future periods affected.

Significant areas requiring the use of estimates include the collectability of loans receivable, fair value of share-based payments, and unrecognized deferred income tax assets.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern

(e) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(f) Exploration and Evaluation Assets

(i) Recognition and measurement:

Exploration and evaluation expenditures:

Pre-license costs are recognized in the condensed statement of operations as incurred. Exploration and evaluation costs, including the costs of acquiring licenses, geological and geophysical, drilling, sampling, decommissioning and often directly attributable internal costs, initially are capitalized as exploration and evaluation assets. The costs are accumulated in cost centres by well, field or exploration area and not depreciated pending determination of technical feasibility and commercial viability.

Exploration and evaluation assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability; and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven and/or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proven and/or probable reserves have been discovered. Upon determination of proven and/or probable reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to property, plant and equipment or expensed to exploration and evaluation impairments.

Development and production costs:

Items of property, plant and equipment, which include oil and gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Development and production assets are grouped into cash generating units ("CGU") for impairment testing. When significant parts of an item of property, plant and equipment, including oil and natural gas interests, have different useful lives, they are accounted for as separate items (major components).

VINERGY RESOURCES LTD.

Notes to the condensed interim financial statements

August 31, 2018

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(unaudited)

2. Significant Accounting Policies (continued)

(f) Exploration and Evaluation Assets (continued)

(i) Recognition and measurement: (continued)

Development and production costs: (continued)

Gains and losses on disposal of an item of property, plant and equipment, including oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within the condensed statement of operations.

(ii) Subsequent costs:

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in the condensed statement of operations as incurred. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the condensed statement of operations as incurred.

(iii) Depletion and depreciation:

The net carrying value of development or production assets is depleted using the unit of production method by reference to the ratio of production in the year to the related proven and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually. The estimated useful lives for all production assets are assumed to be equal to the reserve life of the oil and natural gas assets, and therefore are also depreciated using the unit of production method. For other assets, depreciation is recognized in the condensed statement of operations on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

(g) Impairment of Non-Current Assets

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

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

VINERGY RESOURCES LTD.

Notes to the condensed interim financial statements

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2. Significant Accounting Policies (continued)

(g) Impairment of Non-Current Assets (continued)

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

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

(h) Decommissioning, Restoration, and Similar Liabilities

The Company records the present value of estimated costs of legal and constructive obligations required to restore the site in the period in which the obligation is incurred. The nature of these restoration activities include dismantling and removing structures, rehabilitating mines and tailings dam, dismantling facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas.

The future obligations for well closure activities are estimated by the Company using well closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations. Since the obligations are dependent on the laws and regulations of the countries in which the wells operate, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies.

As the estimate of the obligations is based on future expectations, a number of assumptions and judgments are made by management in the determination of closure provisions. The closure provisions are more uncertain the further into the future the well closure activities are to be carried out.

The present value of decommissioning and site restoration provision as a long-term liability as incurred and records an increase in the carrying value of the related asset by a corresponding amount. The provision is discounted using a nominal, risk free pre-tax discount rate. Charges for accretion and restoration expenditures are recorded as operating activities. The related decommissioning provision is recorded as part of the oil and gas property and depreciated accordingly. In subsequent periods, the carrying amount of the liability is accreted by a charge to the condensed statement of operations to reflect the passage of time and the liability is adjusted to reflect any changes in the timing of the underlying future cash flows.

Changes to the obligation resulting from any revisions to the timing or amount of the original estimate of undiscounted cash flows are recognized as an increase or decrease in the decommissioning provision, and a corresponding change in the carrying amount of the related long-lived asset. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, a provision is made for the estimated outstanding continuous rehabilitation work at each statement of financial position date and the cost is charged to the condensed statement of operations.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant and equipment. These costs are depreciated using either the unit of production or straight line method depending on the asset to which the obligation relates.

VINERGY RESOURCES LTD.

Notes to the condensed interim financial statements

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(Expressed in Canadian dollars)

(unaudited)

2. Significant Accounting Policies (continued)

(h) Decommissioning, Restoration, and Similar Liabilities (continued)

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

(i) Financial Instruments

(i) Non-derivative financial assets

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

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

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

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the condensed statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Cash and cash equivalents are classified as fair value through profit or loss.

Held-to-maturity investments

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

Available-for-sale financial assets

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

VINERGY RESOURCES LTD.

Notes to the condensed interim financial statements

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2. Significant Accounting Policies (continued)

(i) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables

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

Impairment of financial assets

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

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

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

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

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

(ii) Non-derivative financial liabilities

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

VINERGY RESOURCES LTD.

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2. Significant Accounting Policies (continued)

(i) Financial Instruments (continued)

(ii) Non-derivative financial liabilities (continued)

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

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

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

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

(iii) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(j) Foreign Currency Translation

The financial statements for the Company's subsidiary are measured using the currency of the primary economic environment in which the subsidiary operates. The functional and reporting currency of the Company is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the condensed statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the condensed statement of operations.

(k) Income Taxes

Current income tax

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

VINERGY RESOURCES LTD.

Notes to the condensed interim financial statements

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2. Significant Accounting Policies (continued)

(k) Income Taxes (continued)

Deferred income tax

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

(l) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted losses per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at August 31, 2018, the Company had 5,308,500 (February 28, 2018 – 5,637,700) potentially dilutive shares outstanding.

(m) Comprehensive Loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the condensed statement of operations.

(n) Share-based Payments

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

Share-based payments arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, unless the fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the equity instruments granted.

(o) Reclassifications

Certain of the prior period figures have been reclassified to conform to the current period's presentation.

VINERGY RESOURCES LTD.

Notes to the condensed interim financial statements

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2. Significant Accounting Policies (continued)

(p) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended August 31, 2018, and have not been applied in preparing these condensed interim financial statements.

IFRS 9, *Financial Instruments* (New)

IFRS 2, *Share-based Payment* (Amended)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the Company's condensed interim financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim financial statements.

3. Loans Receivable

- (a) In conjunction with the plan of arrangement for each of the former subsidiary companies: Arq Graphite Inc, 0990756 BC Ltd., Jonpol Rare Earths Inc., Leucadia Finance Partners Inc., Wayzata Film Finance Inc., and Wedona Uranium Inc., the Company advanced \$4,900 to each of these companies for a total \$29,400 (2017 - \$29,400). These loans are non-interest bearing, unsecured, and due on demand.
- (b) As at August 31, 2018, the Company has a loan receivable of \$345,698 (2017 - \$251,825) to 1099955 B.C. Ltd. These advances are non-interest bearing, unsecured, and due on demand.
- (c) As at August 31, 2018, the Company has a loan receivable of \$160,000 (2017 - \$160,000) from a non-related party which is non-interest bearing, unsecured, and due on demand.
- (d) As at August 31, 2018 the Company has a loan receivable of \$60,000 (2017 - \$60,000) to a non-related company which is non-interest bearing, unsecured, and due on demand.
- (e) As at August 31, 2018 the Company has a loan receivable of \$125,000 (2017 - \$125,000) to a non-related company which is interest bearing at 6 percent per annum, unsecured, and due on demand. The Company has accrued interest of \$9,513 (2017 - \$Nil).
- (f) As at August 31, 2018 the Company has a loan receivable of \$25,000 (2017 - \$25,000) to a non-related company which is non-interest bearing, unsecured, and due on demand.
- (g) As at August 31, 2018, the Company has a loan receivable of \$167,076 (2017 - \$Nil) to a non-related company which is interest bearing at 6 percent per annum, unsecured, and due on demand. The Company has accrued interest of \$7,525 (2017 - \$Nil).

4. Accounts Payable and Accrued Liabilities

	August 31, 2018	February 28, 2018
	\$	\$
Trade accounts payable	86,104	59,291
Accrued liabilities	89,088	89,088
Accrued interest payable	204,542	188,021
	<u>379,734</u>	<u>336,400</u>

VINERGY RESOURCES LTD.

Notes to the condensed interim financial statements

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5. Investments

March 8, 2018, the Company entered into a share exchange agreement with a non-related party whereby it agreed to exchange 2,025,000 common shares of this company for 9,000,000 common shares of the Company. As part of this agreement, the Company has an option to purchase an additional 2,475,000 common shares of this company in exchange for 1,000,000 common shares of the Company expiring two years from the closing date. During the six-month period ended August 31, 2018 the Company had advanced \$700,000 to three non-related companies.

6. Loans Payable

As at August 31, 2018, the Company owed \$20,000 (2017 – \$20,000) to a non-related party. The amount owing is unsecured, bears interest at 20% per annum compounded monthly, and is due on demand. As at August 31, 2018, the Company had incurred interest on this loan of \$39,728 (2017 - \$28,981), which is included in accounts payable and accrued liabilities.

7. Convertible Debenture

On January 15, 2010, the Company issued a \$215,000 convertible debenture which bears interest at 10% per annum, is unsecured, and was due on January 16, 2015. The debenture was convertible into shares of the Company at a conversion price of \$0.05 per share at any time at the option of the holder prior to the due date. The Company's convertible debenture matured on January 16, 2015 and the Company continues to accrue interest at the rate of 10% per annum. The convertible debenture is currently in default.

The fair value of the equity component was determined to be \$176,251 (2017 - \$176,251) which was recorded as equity and an equivalent discount on the convertible debenture. The fair value was estimated using the Black-Scholes option pricing model assuming no expected dividends, a risk free interest rate of 2.99%, expected life of 5 years, and expected volatility of 100%. The accretion of the discount was recognized over the term of the debenture. As at August 31, 2018, the carrying value of the convertible debenture is \$215,000 (2017 - \$215,000).

8. Related Party Transactions

(a) As at August 31, 2018, the amount of \$317,988 (2017 - \$379,228) is owed to the former President of the Company and companies controlled by the President of the Company which is non-interest bearing, unsecured, and due on demand.

(b) As at August 31, 2018, the amount of \$127,400 (2017 - \$127,400) is owed to the spouse of the former President of the Company, which is non-interest bearing, unsecured, and due on demand.

9. Share Capital

Authorized: Unlimited number of common shares without par value

On January 9, 2017, the Company issued 10,417,000 units at \$0.20 per unit for proceeds of \$2,083,400. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole share purchase warrant is exercisable at \$0.40 per common share expiring on January 9, 2018. In connection with this private placement, the Company paid \$122,803 in finders' fees and issued 329,200 finders' warrants with a fair value of \$130,128. The finder's warrants are exercisable at \$0.40 per common share expiring on January 9, 2018. The Company is entitled to accelerate the expiry date of the finders' warrants to the date that is 30 days following a notification issued by the Company announcing that the volume weighted average price of the shares on the Canadian Securities Exchange exceeds \$0.55 for any 10 consecutive trading days after the hold period on the shares has expired. The fair value of the finders' warrants was calculated using the Black-Scholes

VINERGY RESOURCES LTD.

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option pricing model with the following assumptions: volatility of 194%, risk-free rate of 0.65%, expected life of one year, no expected dividends, and no expected forfeitures.

10. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, February 28, 2017	5,537,700	0.40
Expired	(329,200)	0.40
Balance, February 28, 2018	5,208,500	0.40
Balance, August 31, 2018	5,208,500	0.40

As at August 31, 2018, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
5,208,500	0.40	January 6, 2019

On January 2, 2018, the Company extended the expiry date of its 5,208,500 outstanding share purchase warrants from January 9, 2018 to July 9, 2018.

On July 6, 2018 the Company announced that the expiry date had been extended to January 6, 2019.

11. Stock Options

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

	Number of Options	Weighted Average Exercise Price \$
Balance, February 28, 2017	–	–
Issued	100,000	0.60
Balance, February 28, 2018	100,000	0.60
Balance, August 31, 2018	100,000	0.60

Additional information regarding stock options outstanding as at August 31, 2018 is as follows:

Range of exercise prices \$	Outstanding and Exercisable		
	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.60	100,000	0.52	0.60

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12. Financial Instruments

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at August 31, 2018 is as follows:

	Fair Value Measurements Using			Balance, August 31, 2018 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	6,319	–	–	6,319

The fair values of other financial instruments, which include amounts receivable, loans receivable, accounts payable and accrued liabilities, loans payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments. The fair value of the convertible debenture is estimated to approximate its carrying value based on borrowing rates currently available to the Company for a loan with similar terms.

(b) Credit Risk

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

(c) Foreign Exchange Rate Risk

The Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities. As the Company does not have any producing assets or any current programs for exploration, management considers the Company's commodity price risk to be minimal.

VINERGY RESOURCES LTD.

Notes to the condensed interim financial statements

August 31, 2018

(Expressed in Canadian dollars)

(unaudited)

13. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital, share-based payments reserve, and equity component of convertible debt.

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

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remained unchanged from the six month period ended August 31, 2018.

SCHEDULE “B” – VINERGY’S MANAGEMENT’S DISCUSSION & ANALYSIS

[Please see attached]

VINERGY RESOURCES LTD.
(the "Company")

FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2018

The following Management's Discussion and Analysis, prepared as of June 28, 2018, should be read together with the financial statements for the year ended February 28, 2018 and the related notes attached thereto. These financial statements and MD&A include the results of operations and cash flows for the year ended February 28, 2018 and the reader must be aware that historical results are not necessarily indicative of the future performance. The reader may also wish to refer to the Company's audited financial statements and MD&A for the year ended February 28, 2017. All amounts are reported in Canadian dollars.

The aforementioned documents and additional disclosures pertaining to the Company's press releases and other information are also available on the SEDAR website www.sedar.com.

Certain statements contained in this interim management discussion and analysis may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts but are forward-looking statements. Such forward-looking statements are subject to both known and unknown risks and uncertainties which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the receipt of required regulatory approvals, the availability of sufficient capital, the estimated cost and availability of funding for the continued exploration and development of The Company's prospects, political and economic conditions, commodity prices and other factors.

Description of Business

Vinergy Resources Ltd. (the "Company") was incorporated as Vanguard Investments Corp. on March 20, 2001 under the provisions of the Alberta Business Corporations Act. On May 10, 2011, the Company changed its name to Vinergy Resources Ltd. and continued the Company's registered jurisdiction from Alberta to British Columbia. The Company's head office is located at Suite 1008, 409 Granville Street, Vancouver, BC, V6C 1T2 and its shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "VIN".

On November 30, 2009, the Company entered into a Share Purchase Agreement (the "Agreement") with Zeus Energy Inc. ("Zeus") and its shareholders to acquire 100% of the issued and outstanding shares of Zeus. Zeus was incorporated on November 7, 2007 under the Alberta Business Corporations Act. Since the closing of the Agreement on November 30, 2009, the Company has been in the business of oil and gas acquisition, exploration and development. On May 2, 2017 Zeus Energy Inc. was discontinued.

On May 8, 2017 (as amended), the Company entered into a share exchange agreement (the "Agreement") with 1099955 B.C. Ltd. ("MJ BioPharma") a private British Columbia company. Pursuant to the terms of the Agreement, the Company will acquire 100% of the issued and outstanding securities of MJ BioPharma by issuing 4,000,000 common shares of the Company to the shareholders of MJ BioPharma. The Company will issue 400,000 common shares as a finder's fee on the closing of the transaction. The Agreement is subject to regulatory approval. The Agreement was cancelled on April 19, 2018.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at February 28, 2018, the Company has no revenue generated from operations and has an accumulated deficit of \$2,205,412. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that with its current cash and other funds that may be obtained from external financing that it has sufficient working capital to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

VINERGY RESOURCES LTD.
Management's Discussion & Analysis
For the year ended February 28, 2018

Selected Annual Information

The following table sets forth selected audited financial information of the Company from the last three completed financial years. This information has been prepared in accordance with IFRS and is presented in Canadian Dollars which is the functional currency of the Company.

	2018 \$	2017 \$	2016 \$
Total revenue	–	–	–
Net loss for the year	(271,643)	(265,614)	(99,814)
Basic and diluted loss per share	(0.01)	(0.01)	–
Total assets	1,757,073	1,921,593	44,187

The increase in net loss from the year ended February 28, 2016 to the year ended February 28, 2017 was due to increased expenditures incurred for investor relations, professional fees, and transfer agent and filing fees as the Company relating to its equity financing in fiscal 2017 and search for a new business opportunity.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	February 28, 2018 \$	November 30, 2017 \$	August 31, 2017 \$	May 31, 2017 \$
Revenue	–	–	–	–
Net loss for the period	(136,775)	(25,221)	(86,477)	(23,170)
Basic and diluted loss per share	–	–	–	–

	February 28, 2017 \$	November 30, 2016 \$	August 31, 2016 \$	May 31, 2016 \$
Revenue	–	–	–	–
Net loss for the period	(195,739)	(22,598)	(24,817)	(22,460)
Basic and diluted loss per share	(0.01)	–	–	–

Results of Operations

During the year ended February 28, 2018, the Company incurred a net loss of \$271,643 compared to a net loss of \$265,614 for the year ended February 28, 2017.

Liquidity and Capital Resources

As at February 28, 2018, the Company had cash of \$826,899 and working capital of \$673,145.

The Company is actively seeking opportunities to provide shareholder value. Although historically the Company has been involved in oil and gas exploration and production, future prospects will not necessarily be restricted or limited to this sector or business. While management is confident that it will be able to raise any funds that may be required to meet the Company's needs for the next year, there can be no assurance that these funds will be available on terms acceptable to the Company in the future.

Operating activities

During the year ended February 28, 2018, the Company's operating activities used cash of \$122,564 while during the year ended February 28, 2017 operating activities used cash of \$129,088.

VINERGY RESOURCES LTD.
Management's Discussion & Analysis
For the year ended February 28, 2018

Investing activities

During the year ended February 28, 2018, the Company used cash of \$607,774 (2017 - \$275,000) for advances for loans receivable.

Financing activities

During the year ended February 28, 2018, the Company used cash of \$25,000 to repay loans payable compared to net proceeds of \$1,985,597 from equity and debt financing for the year ended February 28, 2017.

Related Party Transactions

- (a) As at February 28, 2018, the amount of \$385,128 (2017 - \$377,362) is owed to the former President of the Company and companies controlled by the President of the Company which is non-interest bearing, unsecured, and due on demand.
- (b) As at February 28, 2018, the amount of \$127,400 (2017 - \$127,400) is owed to the spouse of the former President of the Company, which is non-interest bearing, unsecured, and due on demand.
- (c) For the year ended February 28, 2018, the amount of \$nil (2017 - \$28,800) was incurred to the former President of the Company for management fees.
- (d) For the year ended February 28, 2018, the amount of \$nil (2017 - \$19,200) was incurred to the spouse of the former President of the Company for professional fees.

Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at February 28, 2018 is as follows:

	Fair Value Measurements Using			Balance, February 28, 2018 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash and cash equivalents	826,899	–	–	826,899

The fair values of other financial instruments, which include amounts receivable, loans receivable, accounts payable and accrued liabilities, loans payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments. The fair value of the convertible debenture is estimated to approximate its carrying value based on borrowing rates currently available to the Company for a loan with similar terms.

(b) Credit Risk

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

(c) Foreign Exchange Rate Risk

The Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

VINERGY RESOURCES LTD.
Management's Discussion & Analysis
For the year ended February 28, 2018

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities. As the Company does not have any producing assets or any current programs for exploration, management considers the Company's commodity price risk to be minimal.

Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital, share-based payment reserve, and equity component of convertible debt.

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

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remained unchanged from the year ended February 28, 2017.

Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended February 28, 2018, and have not been applied in preparing these consolidated financial statements.

IFRS 9, *Financial Instruments* (New)
IFRS 2, *Share-based Payment* (Amended)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the Company's consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

Disclosure by Venture Issuer Without Significant Revenue

An analysis of the material components of the Company's general and administrative expenses is disclosed in the financial statements for the year ended February 28, 2018 to which this MD&A relates.

Disclosure of Outstanding Share Data

Share Capital

Authorized: Unlimited common shares without par value

As at June 28, 2018, the Company had 36,750,330 shares issued and outstanding.

Stock Options

As at February 28, 2018, the Company has 100,000 stock options exercisable at \$0.60 per common share expiring on March 8, 2019.

VINERGY RESOURCES LTD.
Management's Discussion & Analysis
For the year ended February 28, 2018

Share Purchase Warrants

As at February 28, 2018, the Company has 5,208,500 share purchase warrants exercisable at \$0.40 per common share expiring on July 9, 2018.

Subsequent Events

On March 8, 2018, the Company entered into a share exchange agreement with a non-related party whereby it agreed to exchange 2,025,000 common shares of this company for 9,000,000 common shares of the Company. As part of this agreement, the Company has an option to purchase an additional 2,475,000 common shares of this company in exchange for 1,000,000 common shares of the Company expiring two years from the closing date.

On March 20, 2018, the Company advanced \$50,000 to a non-related party. The loan receivable is non-interest bearing, unsecured and due on demand.

On May 18, 2018, the Company advanced \$50,000 to a non-related party. The loan receivable is non-interest bearing, unsecured and due on demand.

Subsequent to February 28, 2018, the Company advanced \$30,000 towards the purchase of 1,245,300 common shares of a non-related company at a price of \$0.4015 per share pursuant to a private placement agreement.

VINERGY RESOURCES LTD.

(the "Company")

FORM 51-102F1

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2018

The following Management's Discussion and Analysis, prepared as of October 30, 2018, should be read together with the condensed interim financial statements for the six month period ended August 31, 2018 and the related notes attached thereto. These condensed interim financial statements and MD&A include the results of operations and cash flows for the six month period ended August 31, 2018 and the reader must be aware that historical results are not necessarily indicative of the future performance. The reader may also wish to refer to the Company's audited financial statements and MD&A for the year ended February 28, 2018. All amounts are reported in Canadian dollars.

The aforementioned documents and additional disclosures pertaining to the Company's press releases and other information are also available on the SEDAR website www.sedar.com.

Certain statements contained in this interim management discussion and analysis may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts but are forward-looking statements. Such forward-looking statements are subject to both known and unknown risks and uncertainties which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the receipt of required regulatory approvals, the availability of sufficient capital, the estimated cost and availability of funding for the continued exploration and development of The Company's prospects, political and economic conditions, commodity prices and other factors.

Description of Business

Vinergy Resources Ltd. (the "Company") was incorporated as Vanguard Investments Corp. on March 20, 2001 under the provisions of the Alberta Business Corporations Act. On May 10, 2011, the Company changed its name to Vinergy Resources Ltd. and continued the Company's registered jurisdiction from Alberta to British Columbia. The Company's head office is located at Suite 1008, 409 Granville Street, Vancouver, BC, V6C 1T2 and its shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "VIN".

On November 30, 2009, the Company entered into a Share Purchase Agreement (the "Agreement") with Zeus Energy Inc. ("Zeus") and its shareholders to acquire 100% of the issued and outstanding shares of Zeus. Zeus was incorporated on November 7, 2007 under the Alberta Business Corporations Act. Since the closing of the Agreement on November 30, 2009, the Company has been in the business of oil and gas acquisition, exploration and development. On May 2, 2017 Zeus Energy Inc. was discontinued.

On May 8, 2017 (as amended), the Company entered into a share exchange agreement (the "Agreement") with 1099955 B.C. Ltd. ("MJ BioPharma") a private British Columbia company. Pursuant to the terms of the Agreement, the Company will acquire 100% of the issued and outstanding securities of MJ BioPharma by issuing 4,000,000 common shares of the Company to the shareholders of MJ BioPharma. The Company will issue 400,000 common shares as a finder's fee on the closing of the transaction. The Agreement is subject to regulatory approval. The Agreement was cancelled on April 19, 2018.

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at August 31, 2018, the Company has no revenue generated from operations and has an accumulated deficit of \$2,334,839. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that with its current cash and other funds that may be obtained from external financing that it has sufficient working capital to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

VINERGY RESOURCES LTD.
Management's Discussion & Analysis
For the six month period August 31, 2018

Selected Annual Information

The following table sets forth selected audited financial information of the Company from the last three completed financial years. This information has been prepared in accordance with IFRS and is presented in Canadian Dollars which is the functional currency of the Company.

	2018 \$	2017 \$	2016 \$
Total revenue	–	–	–
Net loss for the year	(271,643)	(265,614)	(99,814)
Basic and diluted loss per share	(0.01)	(0.01)	–
Total assets	1,757,073	1,921,593	44,187

The increase in net loss from the year ended February 28, 2018 compared to the net loss for the year ended February 28, 2017 was negligible.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	August 31, 2018 \$	May 31, 2018 \$	February 28, 2018 \$	November 30, 2017 \$
Revenue	–	–	–	–
Net loss for the period	(46,587)	(14,209)	(136,775)	(25,221)
Basic and diluted loss per share	–	–	–	–

	August 31, 2017 \$	May 31, 2017 \$	February 28, 2017 \$	November 30, 2016 \$
Revenue	–	–	–	–
Net loss for the period	(86,477)	(23,170)	(195,739)	(22,598)
Basic and diluted loss per share	–	–	(0.01)	–

Results of Operations

During the six month period ended August 31, 2018, the Company incurred a net loss of \$60,796 compared to a net loss of \$109,647 for the six month period ended August 31, 2017.

Liquidity and Capital Resources

As at August 31, 2018, the Company had cash of \$6,319 and working capital of \$612,349.

The Company is actively seeking opportunities to provide shareholder value. Although historically the Company has been involved in oil and gas exploration and production, future prospects will not necessarily be restricted or limited to this sector or business. While management is confident that it will be able to raise any funds that may be required to meet the Company's needs for the next year, there can be no assurance that these funds will be available on terms acceptable to the Company in the future.

Operating activities

During the six month period ended August 31, 2018, the Company's operating activities used cash of \$120,580 while during the six month period ended August 31, 2017 operating activities used cash of \$120,428.

Investing activities

During the six month period ended August 31, 2018, the Company used cash of \$700,000 (2017 - \$401,191) for investing activities.

VINERGY RESOURCES LTD.
Management's Discussion & Analysis
For the six month period August 31, 2018

Financing activities

During the six month periods ended August 31, 2018 and 2017, the Company did not use any cash for financing activities.

Related Party Transactions

- (a) As at August 31, 2018, the amount of \$356,565 (2017 - \$381,150) is owed to the former President of the Company and companies controlled by the President of the Company which is non-interest bearing, unsecured, and due on demand.
- (b) As at August 31, 2018, the amount of \$127,400 (2017 - \$127,400) is owed to the spouse of the former President of the Company, which is non-interest bearing, unsecured, and due on demand.

Financial Instruments and Risks

- (a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at August 31, 2018 is as follows:

	Fair Value Measurements Using			Balance, February 28, 2018 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash and cash equivalents	6,319	–	–	6,319

The fair values of other financial instruments, which include amounts receivable, loans receivable, accounts payable and accrued liabilities, loans payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments. The fair value of the convertible debenture is estimated to approximate its carrying value based on borrowing rates currently available to the Company for a loan with similar terms.

- (b) Credit Risk

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

- (c) Foreign Exchange Rate Risk

The Company is not exposed to any significant foreign exchange rate risk.

- (d) Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

- (e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Financial Instruments and Risks (continued)

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities. As the Company does not have any producing assets or any current programs for exploration, management considers the Company's commodity price risk to be minimal.

Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital, share-based payment reserve, and equity component of convertible debt.

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

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remained unchanged from the year ended February 28, 2018.

Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the six month period ended August 31, 2018, and have not been applied in preparing these condensed interim financial statements.

IFRS 9, *Financial Instruments* (New)
IFRS 2, *Share-based Payment* (Amended)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the Company's condensed interim financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim financial statements.

Disclosure by Venture Issuer Without Significant Revenue

An analysis of the material components of the Company's general and administrative expenses is disclosed in the condensed interim financial statements for the six month period ended August 31, 2018 to which this MD&A relates.

Disclosure of Outstanding Share Data

Share Capital

Authorized: Unlimited common shares without par value

As at October 30, 2018, the Company had 36,750,330 shares issued and outstanding.

Share Purchase Warrants

As at October 30, 2018 and August 31, 2018, the Company has 5,208,500 share purchase warrants exercisable at \$0.40 per common share expiring on January 6, 2019.

Stock Options

As at October 30, 2018 and August 31, 2018, the Company has 100,000 stock options exercisable at \$0.60 per common share expiring on March 8, 2019.

SCHEDULE “C” – PRO-FORMA FINANCIAL STATEMENTS

[Please see attached]

Vinergy Resources LTD.
Pro Forma Consolidated Financial Statements
(Unaudited)

August 31, 2018
(Expressed in Canadian Dollars)

Vinergy Resources Ltd.
Pro Forma Consolidated Statement of Financial Position
(Unaudited)
(Expressed in Canadian Dollars)

	Vinergy Resources LTD. Aug 31, 2018	Pro Forma Adjustments	Note	Pro Forma Consolidated Aug 31, 2018
Assets				
Current				
Cash	\$ 6,319	\$ (150,000)	2(b)	\$ 856,319
		1,000,000	2(c)	
Accounts receivable	17,583	-		17,583
Prepaid expenses and deposits	36,395	-		36,395
Funds held in trust	-	-		-
Loans receivable	912,174			912,174
	972,471	850,000		1,822,471
Investment in target	700,000	1,800,000	2(a)	2,650,000
		150,000	2(b)	
	\$ 1,672,471	\$ 2,800,000		\$ 4,472,471
Liabilities and Shareholders' Equity				
Current				
Accounts payable and accrued liabilities	\$ 379,734	\$ -		\$ 379,734
Loan payable	20,000			20,000
Convertible debenture	215,000	-		215,000
Due to related parties	445,388	-		445,388
	1,060,122	-		1,060,122
Shareholders' Equity				
Share Capital	2,635,821	1,800,000	2(a)	5,435,821
		1,000,000	2(c)	-
Share - based payment reserve	171,016			171,016
Equity component of convertibl debt	140,351			140,351
Deficit	(2,334,839)			(2,334,839)
	612,349 #	2,800,000		3,412,349
	\$ 1,672,471 #	\$ 2,800,000		\$ 4,472,471

See accompanying notes to the pro forma consolidated financial statements.

Vinergy Resources Ltd.

Pro Forma Consolidated Statement of Comprehensive Loss

(Unaudited)

(Expressed in Canadian Dollars)

	Vinergy Resources LTD. Six Months Ended Aug 31, 2018	Pro Forma Adjustments	Notes	Pro Forma Consolidated Aug 31, 2018
Expenses				
General and administrative	\$ 113	\$ -		\$ 113
Professional fees	48,767	-		48,767
Transfer agent and filing fees	12,397	-		12,397
				-
Total operating expenses	61,277	-		61,277
Loss before other income (expense)	(61,277)			(61,277)
				-
Other Income (expense)				-
Interest Income	17,039	-		17,039
Foreign exchange gain (loss)	-	-		-
Finance costs	(16,558)	-		(16,558)
Total other income (expense)	481	-		481
				-
Net loss and comprehensive loss for the period	\$ (60,796)	\$ -		\$ (60,796)

See accompanying notes to the pro forma consolidated financial statements

Vinery Resources Ltd.

Notes to the Pro Forma Consolidated Financial Statements

As at August 31, 2018

(Unaudited)

(Expressed in Canadian Dollars)

1. BASIS OF PRESENTATION

The accompanying pro forma consolidated financial statements have been prepared by management of Vinery Resources Ltd. for illustrative purposes only, to show the effect of the proposed fundamental change of business to an Investment Issuer on the basis of the assumptions described in Note 2 below. All financial amounts are shown in Canadian dollars.

The pro forma consolidated financial statements have been derived from the reviewed condensed interim financial statements of Vinery as of August 31, 2018, and the signed definitive agreements the Company has entered into to complete its investment portfolio.

The pro forma consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The unaudited pro forma consolidated statement of financial position is not necessarily indicative of the financial position of Vinery on the date of completion of the proposed Transaction.

2. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS

(a) On April 19, 2018 the Company announced that it would conduct a fundamental change of business into an Investment Issuer.

(b) The adjustments required are as follows:

1. Vinery Resources Ltd. will issue to investee company Botanical Technologies Inc. 9,000,000 of its common shares at \$0.20 for a total value of \$1,800,000 for 45 percent of investee company.
2. Vinery Resources Ltd. will invest \$500,000 into Next Level Energy Inc. (dba "Eagle Energy") for 1,245,330 common shares of investee company.
3. In conjunction with approval of the fundamental change of business the Company will complete a non-brokered private placement offering of up to 5,000,000 units at a price of \$0.20 per unit for gross proceeds of up to \$1,000,000. Each unit will consist of one common share in the capital of the Company and one common share purchase warrant exercisable to acquire one additional share at a price of \$0.225 for a period of two years from the date of closing.

3. SHARE CAPITAL

Share capital as at August 31, 2018 in the unaudited pro forma consolidated statement of financial position is comprised of the followings:

	Number of Shares	Amount
Authorized		
Unlimited common shares without par value		
Issued		
Common share outstanding as at August 31, 2018	36,750,330	\$ 2,531,290
Payment shares issued to Investee upon closing of transaction	9,000,000	1,800,000
Private placement	5,000,000	1,000,000
Common shares outstanding after change of business	50,750,330	\$ 5,331,290