

PLANET 13 HOLDINGS INC.

FORM 2A

LISTING STATEMENT

in connection with the listing of Planet 13 Holdings Inc., the entity to be formed upon the reverse take-over of Carpincho Capital Corp. and the acquisition of 10653918 Canada Inc.

Dated as at May 24, 2018

Neither the Canadian Securities Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Reverse Takeover Transaction described in this Listing Statement.

This Listing Statement describes the securities of an entity that is expected to continue to derive all of its revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. Carpincho Capital Corp. (as the Issuer), to be renamed "Planet 13 Holdings Inc., will be indirectly involved (through ancillary operations in the United States) in the cannabis industry in the United States where local state laws permit such activities. Currently, MM Development Company Inc. is directly engaged in the manufacture, possession, use, sale or distribution of cannabis in the recreational and medicinal cannabis marketplace in the State of Nevada. See Section 4 – Narrative Description Of The Business in this Listing Statement.

Cautionary Note Regarding United States Federal Laws Relating to Cannabis

Almost half of the states in the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol (“**THC**”), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of adult-use recreational and medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the *Controlled Substances Act* (the “**CSA**”) in the United States and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Issuer of liability under United States federal law, nor 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.

As a result of the conflicting views between state legislatures and the federal government of the United States regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. Unless and until the United States Congress amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, which may adversely affect the current and future business and investments of the Issuer in the United States. As such, there are a number of risks associated with the Issuer’s existing and future business and investments in the United States.

For the reasons set forth above, the Issuer’s interests in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. There are a number of risks associated with the business of the Issuer. **See Section 17 – Risk Factors.**

CAUTIONARY STATEMENTS

This Listing Statement and the documents incorporated by reference herein contain or may contain certain statements or disclosures concerning the Carpincho, MMDC and the Issuer that constitute forward-looking information under applicable securities laws. All statements and disclosures, other than those of historical fact, about possible events, conditions, results of operations, activities, events, outcomes, results or developments based on assumptions about future economic conditions and courses of action that the Issuer anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words. In particular, this Listing Statement, and the documents incorporated by reference, contain or may contain forward-looking information pertaining to the following:

- the business strategy of the Issuer;
- the available funds of the Issuer and the anticipated use of such funds;
- the availability of financing opportunities, legal and regulatory risks inherent in the cannabis industry, risks associated with economic conditions, dependence on management and currency risk;
- the perceived benefits of the Business Combination which are based upon the financial and operating attributes of MMDC as at the date hereof;
- the Issuer’s strategy to develop new products and to enhance the capabilities of existing products;
- the Issuer’s plans to expand its production and customer base;
- the Issuer’s plans to market, sell and distribute its products;
- the Issuer’s plans in respect of strategic partnerships for research and development; and
- the Issuer’s plans to retain and recruit personnel.

MMDC and the Issuer rely on certain key expectations and assumptions in making the forecasts, projections, predictions or estimations set out in forward-looking information. These factors and assumptions are based on information available at the time that the forward-looking information is provided. These include, but are not limited to, expectations and assumptions concerning:

- prevailing commodity prices and exchange rates;
- the availability of capital to fund planned expenditures;
- prevailing regulatory, tax and environmental laws and regulations;
- the ability to secure necessary personnel, equipment and services; and
- the receipt of required approvals in respect of the Business Combination, including without limitation, the approval of the CSE.

Undue reliance should not be placed on forward-looking information because a number of risks and factors may cause actual results to differ materially from those set out in such forward-looking information. These include:

- volatility in market prices for cannabis;
- risks and liabilities inherent in cannabis operations;
- the ability to comply with applicable governmental regulations and standards;
- competition for, among other things, customers and market share, capital, acquisitions of lands and greenhouses and skilled personnel;
- incorrect assessments of the value of acquisitions and development programs;
- technical and processing problems;
- actions by governmental authorities, including increases in taxes;
- the availability of capital on acceptable terms;
- fluctuations in foreign exchange, currency, or interest rates and stock market volatility;
- the impact of changes in the number of marijuana users in the United States;
- failure to realize the anticipated benefits of acquisitions;
- the yield from agricultural operations producing the Issuer's products;
- the ability to obtain patent protection and protect the Issuer's intellectual property rights and not infringe on the intellectual property rights of others;
- stock market volatility;
- potential labour unrest;
- the other factors specifically identified as risk factors in this Listing Statement and the documents incorporated by reference herein.

Readers are cautioned that the foregoing list of factors should not be construed as exhaustive.

Unless otherwise indicated, information contained in this Listing Statement concerning the Issuer's industry and the markets in which the Issuer operates, including the Issuer's general expectations and market position, market opportunities and market share, is based on information from independent industry organizations, other third-party sources (including industry publications, surveys and forecasts) and management studies and estimates.

Unless otherwise indicated, the Issuer's estimates are derived from publicly available information released by independent industry analysts and third-party sources as well as data from the Issuer's internal research, and include assumptions made by the Issuer which it believes to be reasonable based on its knowledge of its industry and markets. The Issuer's internal research and assumptions have not been verified by any independent source, and the Issuer has not independently verified any third-party information. While the Issuer believes the market position, market opportunity and market share information included in this Listing

Statement is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of the Issuer's future performance and the future performance of the industry and markets in which it operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the heading "*Forward-Looking Statements*" and "*Risk Factors*".

The forward-looking statements included in this Listing Statement expressly qualified by this cautionary statement and are made as of the date of this Listing Statement. The Issuer undertakes no obligation to publicly update or revise any forward-looking statements, except as required by applicable securities laws.

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1. GLOSSARY OF TERMS

Unless otherwise indicated, the following terms used in this Listing Statement and the Schedules hereto shall have the meanings ascribed to them as set forth below:

“**Agency Agreement**” means the agency agreement dated April 26, 2018 among Finco, Carpincho, MMDC, and the Agents with respect to the Brokered Financing;

“**Agents**” means, collectively, Beacon Securities Limited, Canaccord Genuity Corp. and Haywood Securities Inc.;

“**Amalgamation**” means the amalgamation of Subco with Finco under the provisions of section 185 of the CBCA, and on the terms and conditions of the Master Agreement;

“**Acquisition**” means the acquisition of all of the common shares and restricted voting shares of MMDC by Carpincho on the terms and conditions of the Share Exchange Agreement;

“**Brokered Offering**” means the financing of Finco completed on April 26, 2018 consisting of the sale of 24,760,750 Subscription Receipts at a price of \$0.80 per Subscription Receipt for gross proceeds of \$19,808,600.

“**Business Combination**” means the Consolidation, the Amalgamation and the Acquisition, and all ancillary matters to be completed in connection with therewith.

“**CBCA**” means the *Canada Business Corporations Act* as amended, including all regulations promulgated thereunder;

“**CBD**” means cannabidiol, the principal non-psychoactive constituent of the cannabis plant;

“**CDSA**” means the *Controlled Drugs and Substances Act* (Canada), as amended, including all regulations promulgated thereunder;

“**Carpincho**” means Carpincho Capital Corp.;

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

“**Certificate of Amalgamation**” means the certificate of amalgamation for the Amalgamation issued by the Director pursuant to the CBCA;

“**Closing**” means the completion of the Business Combination;

“**Closing Date**” means the date of the Closing;

“**Compensation Options**” means the compensation options of Finco issued on closing of the Brokered Offering, with each compensation option exercisable for one (1) Finco Share or following the completion of the Business Combination, one (1) Issuer Share, at \$0.80 per share for a period of 24 months following the Escrow Release Date;

“**Consolidation**” means the consolidation of Carpincho Shares on the basis of 0.875 of a post-consolidated Carpincho Share for every one existing Carpincho Share;

“**Control Person**” means any Person or Company that holds or is one of a combination of Persons or Companies that holds a sufficient number of any of the securities of an

Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding voting securities of an Issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the Issuer;

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

“**Domestic Issuer**” has the meaning ascribed to the term “domestic issuer” in Rule 902(e) of Regulation S under the 1933 Act.

“**Effective Date**” means the effective date of the Amalgamation;

“**Escrowed Funds**” the gross proceeds from the Brokered Offering less \$171,317.99 (representing the costs and expenses of the Agents incurred prior to the closing date of the Brokered Offering) delivered to and held in escrow by the Subscription Receipt Agent and invested in an interest bearing account, short-term obligations of, or guaranteed by, the Government of Canada or any other investments that may be approved by Beacon Securities Limited;

“**Escrow Release Conditions**” means the following, collectively:

- (a) written confirmation from each of Carpincho, MMDC and Finco that all conditions of the Business Combination have been satisfied or waived, other than the release of the Escrowed Funds and the Agents’ commission, and that the Business Combination shall be completed forthwith upon release of the Escrowed Funds;
- (b) the receipt of all shareholder and regulatory approvals required for the Business Combination;
- (c) the distribution of the Issuer Shares and Issuer Warrants to be issued in exchange for the Finco Shares and Finco Warrants pursuant to the Amalgamation following the satisfaction of the Escrow Release Conditions, being exempt from applicable prospectus and registration requirements of applicable Canadian securities laws and not subject to any hold or restricted period thereunder;
- (d) the Issuer Shares and Issuer Warrant Shares being conditionally approved for listing on the CSE; and
- (e) Finco and Beacon Securities Limited, on behalf of the Agents, shall have delivered a release notice to the Subscription Receipt Agent in accordance with the terms of the Subscription Receipt Agreement;

“**Escrow Release Date**” means the date that the Escrow Release Conditions have been satisfied;

“**Escrow Release Deadline**” means July 25, 2018;

“**Finco**” means 10653918 Canada Inc.;

“**Finco Financing**” means, collectively, the Brokered Offering and the Non-Brokered Offering;

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

“Finco Warrant” means common share purchase warrants of Finco, with each whole warrant entitling the holder thereof for a period 24 months following the Escrow Release Date to acquire one Finco Share at a price of \$1.40 per Finco Share;

“IFRS” means International Financial Reporting Standards;

“Issuer” means Planet 13 Holdings Ltd. (i.e. Carpincho and its subsidiaries following the Business Combination, on a consolidated basis), and, in the case of references to matters undertaken by a predecessor in interest to the Issuer or its subsidiaries, includes each such predecessor in interest, unless the context otherwise requires after giving effect to the Business Combination;

“Issuer Board” means the board of directors of the Issuer following completion of the Business Combination;

“Issuer Class A Shares” means the convertible Class A Issuer Shares following Carpincho’s name change and the Business Combination to be issued to certain US shareholders;

“Issuer Option Plan” means the stock option plan of the Issuer to be effective on completion of the Business Combination;

“Issuer Options” means the stock options of the Issuer to be issued pursuant to the Issuer Option Plan;

“Issuer Securities” means, collectively, the Issuer Shares, Issuer Class A Shares, Compensation Options, Issuer Options and Issuer Warrants;

“Issuer Shares” means the common shares in the capital of the Issuer as constituted following the Consolidation and the Business Combination;

“Issuer Warrants” means the share purchase warrants of the Issuer to be issued pursuant to the Business Combination in replacement of the outstanding Finco Warrants;

“Listing Statement” means this Listing Statement of the Issuer including the Appendices hereto;

“Master Agreement” means the master agreement between Carpincho, Finco and Subco setting forth the terms and conditions pursuant to which Finco and Subco will amalgamate, resulting in holders of Finco Shares and Finco Warrants receiving Issuer Shares and Issuer Warrants on a 1 for 1 basis;

“Name Change” means the change of name of Carpincho to “Planet 13 Holdings Inc.” or such other similar name requested by MMDC and acceptable to regulatory authorities;

“Non-Brokered Offering” means the non-brokered private placement completed in three separate tranches on April 26, May 18 and 23, 2018 consisting of the sale of an aggregate of 6,697,550 Subscription Receipts at a price of \$0.80 per Subscription Receipt for aggregate gross proceeds of \$5,358,040;

“Person” means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;

“Personal Information” means any identifiable information about an individual;

“SEDAR” means the System for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Administrators;

“Share Exchange Agreement” means the share exchange agreement between Carpincho, MMDC and the shareholders of MMDC dated April 26, 2018, regarding the Business Combination;

“Share Unit” means share units of the Issuer issuable and governed pursuant to the Share Unit Plan;

“Share Unit Plan” means the share unit plan of the Issuer;

“Subco” means 10713791 Canada Inc., a wholly-owned subsidiary of Carpincho;

“Subscription Receipts” means the subscription receipts of Finco, each subscription receipt entitling the holder thereof to receive, upon the satisfaction or waiver of the Escrow Release Conditions at or before the Escrow Release Deadline, without payment of any additional consideration or further action on the part of the holder, one Unit, subject to adjustment, in accordance with the provisions of the Subscription Receipt Agreement;

“Subscription Receipt Agent” means Odyssey Trust Company;

“Subscription Receipt Agreement” means the subscription receipt agreement dated April 26, 2018 between among the Finco, Beacon Securities Limited, on behalf of the Agents, and the Subscription Receipt Agent;

“THC” means Tetrahydrocannabinol, the principal psychoactive constituent of the cannabis plant;

“Transfer Agent” means Odyssey Trust Company, at Stock Exchange Tower, 350 - 300 5th Avenue SW, Calgary AB T2P 3C4; and

“Unit” means a unit of Finco, each consisting of one Finco Share and one-half of one Finco Warrant.

Unless otherwise stated, all sums of money which are referred to in this Listing Statement are expressed in lawful money of Canada.

Words importing the singular number only include the plural and vice versa, and words importing any gender include all genders.

2. CORPORATE STRUCTURE

Corporate Name and Head and Registered Officer

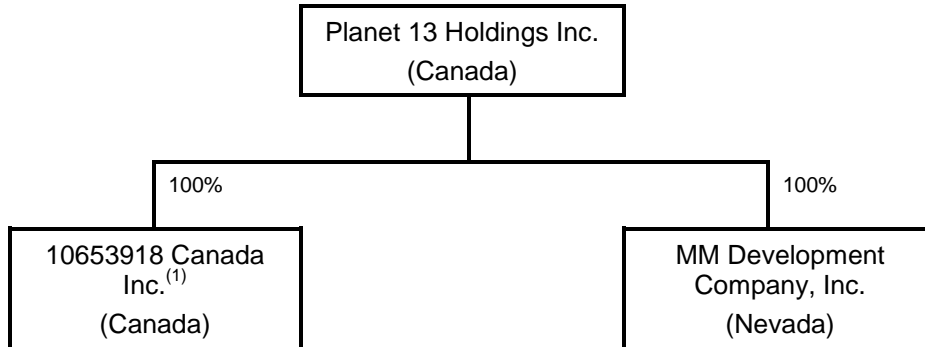
The full corporate name of the Issuer on completion of the Business Combination will be Planet 13 Holdings Inc. (formerly, Carpincho Capital Corp.). The head office and registered office of the Issuer is located at 4850 W. Sunset Road, Suite 130, Las Vegas Nevada, 89118.

Jurisdiction of Incorporation

The Issuer is incorporated under the CBCA.

Intercorporate Relationships

The following diagram presents the organizational chart of the Issuer immediately following the completion of the Business Combination:



Note:

1. It is expected that 10653918 Canada Inc. will be wound up following the closing of the Business Combination.

Requalification following a Fundamental Change

This section is not applicable to the Issuer.

Non-Corporate Issuers or Issuers Incorporated Outside of Canada

This section is not applicable to the Issuer.

3. GENERAL DEVELOPMENT OF THE BUSINESS

General Development of the Business

MMDC

MMDC, formerly MM Development Company, LLC, was founded in Las Vegas, Nevada in 2014 by Larry Scheffler (Co-founder and President), Robert Groesbeck (Co-founder and Chairman) and Chris Wren (Co-founder and Vice-President of Operations) with the mission to provide compassionate, dignified and affordable access to cannabis, cannabis concentrates and cannabis-infused products to approved customers in the State of Nevada.

On April 1, 2016, MMDC made its Medizin medical marijuana products available to all medical card holders in the State of Nevada and other approved States/Territories at its dispensary located at 4850 West Sunset Road, Suite 130, Las Vegas, Nevada.

On July 1, 2016, MMDC's Medizin-branded strains/products were released to the market, and in October 2016, MMDC sold a significant amount of built-up cannabis product inventory through its wholesale channel in order to ensure that it delivered only the freshest possible product to its customers. As patient foot traffic to the dispensary increased, MMDC has been able to sell virtually all of its product through its dispensary.

On July 1, 2017 recreational cannabis became available for any individual over 21 years of age in the State of Nevada. The legalization of recreational cannabis sales represents a material selling opportunity for MMDC.

On March 14, 2018, MMDC completed a plan of conversion from a Nevada state limited liability company to a Nevada state domestic corporation, MM Development Company, Inc., with the

approval of the Nevada State Department of Taxation which oversees licensed cannabis operations in Nevada.

Carpincho

Carpincho is an unlisted reporting issuer in the provinces of Alberta, Ontario, Quebec, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador. On October 18, 2010, Wombat Investment Trust acquired control of Carpincho through the purchase of all outstanding Class A Shares of Carpincho. At that time the board of directors of Carpincho was reconstituted and new officers appointed. Carpincho now carries on activities as a venture capital company seeking assets or businesses with good growth potential to merge with or acquire.

On January 26, 2018, Carpincho completed a non-brokered private placement of special warrants raising gross proceeds of \$300,000. Carpincho issued and sold 1,000,000 special warrants at a price of \$0.30 per special warrant, with each special warrant exercisable upon the satisfaction of certain conditions and for no additional consideration for one Carpincho Share. The proceeds from the financing were placed into escrow and may be used by Carpincho to fund bona fide merger and acquisition transaction costs. Exercise of the special warrants is conditional upon certain merger and acquisition milestones being met by prescribed deadlines. If the milestones are not achieved by the prescribed deadlines, the special warrants will automatically expire unexercised and any funds remaining in escrow will be returned to the investors on a pro rata basis. The special warrants and Carpincho Shares issuable upon exercise of the special warrants are subject to a statutory four month hold period.

Finco and the Finco Financing

Finco was formed on February 27, 2018 for the sole purpose of entering into the Master Agreement, to complete the Finco Financing, and the Business Combination to form the Issuer and effect the listing of the Issuer Shares on the CSE.

Since the date of its incorporation, Finco has not carried on any business or undertaking other than the negotiation and entry into of Master Agreement and the Agency Agreement, and negotiations in respect of the reverse takeover of Carpincho by MMDC, and all matters necessarily incidental thereto.

Finco completed the Finco Financing on April 26, May 18 and May 23, 2018 consisting of the sale of 31,448,300 Subscription Receipts at a price of \$0.80 per Subscription Receipt for aggregate gross proceeds of \$25,166,640. In addition, Finco realized \$180,668 in gains on the conversion of a portion of the proceeds of the Non-Brokered Financing converted from United States dollars into Canadian dollars. The total value of gross proceeds, including the conversion gain, was \$25,347,308. Each Subscription Receipt will entitle the holder thereof to receive, without payment of any additional consideration or further action, and subject to adjustment, one (1) Unit upon satisfaction or waiver of the Escrow Release Conditions. The proceeds from the sale of the Subscription Receipts less expenses in connection with the Finco Financing were deposited into escrow with the Subscription Receipt Agent and invested in an interest bearing account. If (i) the Escrow Release Conditions are not satisfied on or before the Escrow Release Deadline, or (ii) prior to the Escrow Release Deadline, Finco advises the Agents or announces to the public that it does not intend to satisfy the Escrow Release Conditions, the Escrowed Funds shall be returned to the holders of the Subscription Receipts on a pro rata basis and the Subscription Receipts will be cancelled without any further action on the part of the holders. To the extent that the Escrowed Funds are not sufficient to refund the aggregate offering price of the Subscription Receipts paid by the holders of the Subscription Receipts, Finco and MMDC will be liable to contribute such amounts as are necessary to satisfy any shortfall.

A cash fee payable of \$1,188,516.00 to the Agents under the Agency Agreement in consideration of the services rendered by the Agents in connection with the Brokered Offering, was placed in escrow on the closing date of the Finco Financing and will be released to the Agents upon satisfaction of the Escrow Release Conditions.

As additional consideration, the Agents were granted on the closing date of the Brokered Financing 1,485,645 Compensation Options. Each Compensation Option will be exercisable for one (1) Finco Share or, following the completion of the Business Combination, one (1) Issuer Share (subject to any necessary adjustments) at \$0.80 per share for a period of 24 months following the Escrow Release Date.

The net proceeds of the Finco Financing will be used to fund the construction of a new dispensary near the Las Vegas strip, to construct a greenhouse complex for the cultivation and production of cannabis and cannabis-related products in Beatty, Nevada and for working capital and general corporate purposes.

The Share Exchange Agreement

The Acquisition will be effected in accordance with the Share Exchange Agreement, the full text of which may be viewed under Carpincho's issuer profile on SEDAR at www.sedar.com. A summary of the material terms of the Share Exchange Agreement, is set out below in this Section under the heading "Share Exchange Agreement" in this Listing Statement and is subject to and qualified in its entirety by the full text of the Share Exchange Agreement.

The Master Agreement

The Amalgamation will be effected in accordance with the Master Agreement, the full text of which may be viewed under Carpincho's issuer profile on SEDAR at www.sedar.com. A summary of the material terms of the Master Agreement is set out below in this Section under the heading "Master Agreement" in this Listing Statement and is subject to and qualified in its entirety by the full text of the Master Agreement.

Details regarding the Business Combination including the background to, reasons for, details of, conditions to and effect of the Business Combination are set forth in this Listing Statement and the Appendices hereto. Readers are urged to carefully read the information in this Listing Statement and the Appendices hereto.

Business Combination

Upon the completion of the Business Combination in accordance with the terms of Share Exchange Agreement and the Master Agreement, the Issuer will carry on business as a producer and distributor of cannabis in the State of Nevada.

The following summary of the Share Exchange Agreement and the Master Agreement is qualified in its entirety by the full texts of the Share Exchange Agreement and the Master Agreement, respectively, copies of which have been filed by Carpincho with the Canadian securities regulatory authorities and is available on its issuer profile on SEDAR at www.sedar.com.

Share Exchange Agreement

The Business Combination will become effective on the Effective Date, subject to the satisfaction of the applicable conditions.

The principal terms of the Share Exchange Agreement may be summarized as follows:

- the Carpincho Shares will have been consolidated on the basis of 0.875 of a post-consolidated Carpincho Share for each existing Carpincho Share, with each whole post-consolidated Carpincho Share being designated an Issuer Share upon completion of the Business Combination;
- Carpincho will have acquired all of the issued and outstanding securities of MMDC;
- the Amalgamation shall have occurred;
- the CSE shall have conditionally approved the Business Combination;
- the Subscription Receipts will convert into Issuer Shares on satisfaction of the Escrow Release Conditions and the Escrowed Funds will be released to the Issuer;
- the board of directors of the Issuer will be comprised of: Robert Groesbeck, Larry Scheffler, Greg Wilson, Marc Lustig and Michael Harman. In addition, it is expected that Robert Groesbeck and Larry Scheffler will serve as co-Chief Executive Officers of the Issuer, Dennis Logan will serve as Chief Financial Officer of the Issuer, William Vargas will serve as Vice-President of Finance of the Issuer, Chris Wren will serve as Vice-President of Operations of the Issuer and Tanya Lupien will serve as Vice-President of Sales and Marketing for the Issuer.

On completion of the Business Combination, former securityholders of MMDC will own approximately 67.1% of the equity of the Issuer, while former securityholders of Carpincho will own approximately 4.7% of the equity of the Issuer.

Representations, Warranties and Covenants

The Share Exchange Agreement contains certain customary representations and warranties of each of Carpincho and MMDC relating to, among other things, their respective organization, capitalization, qualification, operations, compliance with laws and regulations and other matters, including their authority to enter into the Share Exchange Agreement and to consummate the Business Combination. Pursuant to the Share Exchange Agreement, the parties have agreed to advise each other of material changes. Further, the parties have agreed to use their commercially reasonable efforts to obtain all regulatory and other consents, waivers and approvals required for the consummation of the Business Combination.

In addition, pursuant to the Share Exchange Agreement, each of the parties has covenanted, among other things, until the completion of the Business Combination, to maintain their respective businesses and not take certain actions outside the ordinary course.

Conditions of the Transaction

The Share Exchange Agreement contains a number of conditions precedent to the obligations of the parties thereunder. Unless all such conditions are satisfied or waived by the party or parties for whose benefit such conditions exist, to the extent they may be capable of waiver, the Business Combination will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis, or at all. The conditions to the Business Combination

becoming effective are set out in the Share Exchange Agreement, and certain conditions are summarized below.

Conditions to Obligations of Carpincho

The obligations of Carpincho to complete the Business Combination are subject to the fulfillment of the following conditions at or prior to the Effective Date:

- the representations and warranties made by MMDC and shareholders of MMDC under the Share Exchange Agreement shall be true in all material respects as of the Closing (any breach of a representation or warranty shall be determined without reference to any materiality qualifier with respect thereto) and MMDC shall deliver a certificate signed by a senior officer, dated the Closing Date in the form satisfactory to counsel to Carpincho confirming this and confirming that MMDC has not received notice of any inaccuracy in any of the representations and warranties of the shareholders of MMDC contained in the Share Exchange Agreement, and confirming such other matters as may be reasonably requested by counsel to Carpincho Capital;
- no material adverse change shall have occurred in the business, results of operations, assets, financial condition or affairs of MMDC, financial or otherwise, between February 13, 2018 and the completion of the Business Combination;
- there will be no debts or amounts owing to MMDC by any of its officers, former officers, directors, former directors, shareholders, employees or former employees or any family member thereof, or any Person with whom either the MMDC does not deal at arm's length, except for any amounts advanced to such Person for expenses incurred on behalf of the MMDC, in the ordinary course;
- each of the shareholders of MMDC and MMDC shall have complied with all covenants and agreements in the Share Exchange Agreement agreed to be performed or caused to be performed by it;
- Carpincho shall have received evidence in form satisfactory to the Carpincho, acting reasonably, that all actions required to be taken by MMDC prior to Closing have been taken and all consents and approvals, including, but not limited to, any consent, approval or waiver required pursuant to the terms of any material contract to which MMDC is a party for the valid execution, delivery and performance of its obligations under this Agreement or the completion of the Business Combination, orders and authorizations required to be obtained by MMDC for the Closing have been obtained;
- no action, suit or proceeding shall have been instituted and be continuing by any Person to restrain, modify or prevent the consummation of the Business Combination as contemplated by the Share Exchange Agreement, or to seek damages against the shareholders of MMDC in connection with the Business Combination, or that has been or is reasonably likely to have a material adverse effect on the ability of any Party hereto to fully consummate the Business Combination as contemplated by the Share Exchange Agreement;
- no change, fact or circumstance shall have occurred in the affairs, operations, business or financial condition of MMDC that the directors of Carpincho determine, in their sole discretion, to have a Material Adverse Effect on such Party in proceeding with the Transaction and except as is disclosed in the Share Exchange Agreement; and

- the shareholders of MMDC shall have delivered to Carpincho all common shares and restricted shares of MMDC free and clear of any encumbrances, in accordance with the provisions of the Share Exchange Agreement.

Conditions to Obligations of MMDC and the Shareholders of MMDC

The obligations of MMDC and the shareholders of MMDC to complete the Business Combination Transaction are subject to the fulfillment of the following conditions at or prior to the Effective Date:

- the shareholders of Carpincho shall have approved the Business Combination, if required by the CSE;
- there will be no debts or amounts owing to the Carpincho by any of its officers, former officers, directors, former directors, shareholders, employees or former employees or any family member thereof, or any Person with whom either Carpincho does not deal at arm's length, except for any amounts advanced to such Person for expenses incurred on behalf of Carpincho, in the ordinary course;
- the representations and warranties made by Carpincho under the Share Exchange Agreement shall be true in all material respects as of the Time of Closing (any breach of a representation or warranty shall be determined without reference to any materiality qualifier with respect thereto) and Carpincho shall deliver to MMDC a certificate signed by a senior officer, dated the Closing Date in the form satisfactory to counsel to MMDC confirming this and such other matters as may reasonably requested by counsel to MMDC;
- no material adverse change shall have occurred in the business, results of operations assets, liabilities, financial condition or affairs of Carpincho, financial or otherwise, between February 13, 2018 and the completion of the Business Combination;
- all liabilities of Carpincho showing on its unaudited December 31, 2017 balance sheet or incurred since that date shall have been eliminated, other than liabilities incurred in connection with any transaction contemplated by the Share Exchange Agreement or incurred following the date thereof to maintain Carpincho's status as a reporting issuer not in default under applicable Canadian provincial Securities Laws applicable in the Provinces of Alberta, Ontario, Quebec, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador;
- Carpincho shall have complied with all covenants and agreements herein agreed to be performed or caused to be performed by it;
- receipt by MMDC of a written resignation from each of the officers and directors of Carpincho, such resignations to be effective at the Time of Closing;
- the CSE shall not have objected to the appointment of the MMDC nominees to the Issuer Board, or of the MMDC management nominees to serve as officers of the Issuer, each upon closing of the Business Combination;
- no action, suit or proceeding shall have been instituted and be continuing by any Person to restrain, modify or prevent the consummation of the Business Combination as

contemplated by the Share Exchange Agreement, or to seek damages against Carpincho in connection with the Business Combination, or that has been or is reasonably likely to have a Material Adverse Effect on such Party to fully consummate the Business Combination as contemplated by the Share Exchange Agreement;

- Carpincho shall pay and satisfy the Acquisition Price (as defined in the Share Exchange Agreement) and shall deliver to the shareholders of MMDC and/or an escrow agent, as applicable, certificates, in form reasonably satisfactory to counsel to the shareholders of MMDC, representing the Issuer Shares and Issuer Class A Shares to be issued in accordance with the Share Exchange Agreement to the shareholders of MMDC; and
- all convertible securities of Carpincho outstanding prior to the Time of Closing shall have been converted and Carpincho shall not have outstanding (following such conversion and the completion of the Consolidation), not more than 5,250,000 Carpincho Shares.

Termination of Share Exchange Agreement

The Share Exchange Agreement may be terminated at any time prior to the Effective Date by:

- mutual agreement of Carpincho and MMDC;
- either Carpincho or MMDC upon notice to the other in the event that any condition set forth in the Share Exchange Agreement for their benefit is not satisfied to the satisfaction of such Party prior to the Closing Date or becomes incapable of being satisfied and such Party does not waive such condition;
- either Carpincho or MMDC, if there shall be any Applicable Law that makes consummation of the Business Combination illegal or otherwise prohibited, any applicable regulatory authority having notified in writing either Carpincho or MMDC that it will not permit the Business Combination to proceed, or if any judgment, injunction, order or decree of a competent governmental entity enjoining Carpincho or MMDC from consummating the Business Combination shall be entered and such judgment, injunction, order or decree shall have become final and non-appealable;
- either Carpincho or MMDC upon notice to the other in the event that the Transaction is not completed before June 30, 2018, or such other date as Carpincho or MMDC may agree in writing;
- MMDC if:
 - Carpincho has breached any of its representations, warranties or covenants in the Share Exchange Agreement in any material respect and such breach is not curable or if curable, is not cured within five business days after notice thereof has been received by the Party alleged to be in breach; or
 - there shall occur after the date hereof, any change, effect, event, circumstance or fact that constitutes a Material Adverse Effect in respect of Carpincho;

- Carpincho if:
 - MMDC has breached any of its representations, warranties or covenants in the Share Exchange Agreement in any material respect and such breach is not curable or if curable, is not cured within five business days after notice thereof has been received by MMDC; or
 - there shall occur after the date hereof, any change, effect, event, circumstance or fact that constitutes a Material Adverse Effect in respect of MMDC.

Master Agreement

The Amalgamation will become effective on the Effective Date, subject to the satisfaction of the applicable conditions.

The principal terms of the Master Agreement may be summarized as follows:

- the Carpincho Shares will have been consolidated on the basis of 0.875 of post-consolidated Carpincho Share for each existing Carpincho Share, with each whole post-consolidated Carpincho Share being designated an Issuer Share upon completion of the Business Combination;
- Finco and Subco will amalgamate and continue as one corporation under the provisions of the CBCA and, as a result, the property and liabilities of Finco and Subco will become the property and liabilities of the amalgamated company ("**Amalco**");
- all securities of Finco shall be cancelled and the former holder thereof shall receive that number of securities of the Issuer as is equal to the number of securities held by such shareholder of Finco;
- each share of Subco outstanding immediately prior to the Effective Time shall be converted into common share of Amalco; and
- as consideration for the issuance of shares of the Issuer in connection with the Business Combination, Amalco shall issue to the Issuer one common share of Amalco for each share of Finco outstanding immediately prior to the Effective Time.

On completion of the Business Combination and the Amalgamation, former securityholders of Carpincho will own approximately 4.7% of the equity of the Issuer, while former securityholders of Finco (including holders of Subscription Receipts) will own approximately 28% of the equity of the Issuer.

Representations, Warranties and Covenants

The Master Agreement contains certain customary representations and warranties of each of Carpincho, Subco and Finco relating to, among other things, their respective organization, capitalization, qualification, operations, compliance with laws and regulations and other matters, including their authority to enter into the Master Agreement and to consummate the Business Combination. Pursuant to the Master Agreement, the parties have agreed to advise each other of material changes. Further, the parties have agreed to use their commercially reasonable

efforts to obtain all regulatory and other consents, waivers and approvals required for the consummation of the Business Combination.

In addition, pursuant to the Master Agreement, each of the parties has covenanted, among other things, until the completion of the Business Combination, to maintain their respective businesses and not take certain actions outside the ordinary course.

Mutual Conditions

In order for the Amalgamation contemplated by the Master Agreement to be completed, certain conditions must have been satisfied (or in certain cases waived) on or before the Effective Date including the conditions summarized below:

- (a) the Finco Financing shall have been completed and the Escrowed Funds shall be deposited with the Subscription Receipt Agent pursuant to the terms of the Subscription Receipt Agreement, and shall be held in escrow pending release pursuant to the Business Combination;
- (b) the Subscription Receipts will have converted into Units immediately prior to the Effective Time;
- (c) the Amalgamation shall have been approved by Carpincho as the sole shareholder of Subco by way of written resolution executed by such sole shareholder, all in accordance with the applicable provisions of the CBCA;
- (d) the Amalgamation shall have been approved by the shareholders of Finco, all in accordance with the applicable provisions of the CBCA;
- (e) Carpincho shall have obtained the conditional approval for the listing of the Issuer Shares from the CSE, subject only to customary listing conditions of the CSE;
- (f) all conditions precedent to the closing of the Business Combination shall have been met or waived, provided that any waivers shall require the prior written consent of each of Carpincho and Finco, such consent not to be unreasonably withheld or delayed;
- (g) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by the Master Agreement, including, without limitation, the Amalgamation;
- (h) all other necessary third party, regulatory and governmental approvals, waivers and consents in respect of the transactions contemplated by the Master Agreement shall have been obtained on terms and conditions satisfactory to Carpincho and Finco, each acting reasonably;
- (i) no material action or proceeding shall be pending or threatened by any person, company, firm, governmental authority, regulatory body or agency and there shall be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body,

government or governmental authority or similar agency, domestic or foreign, that:

- (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Amalgamation or any other transactions contemplated in the Master Agreement; or
 - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated in the Master Agreement;
- (j) this Master Agreement shall not have been terminated;
 - (k) the Share Exchange Agreement shall not have been terminated; and
 - (l) the Effective Date shall have occurred on or prior to July 25, 2018.

Additional Conditions in Favour of Carpincho and Subco:

- (a) each of the covenants, acts and undertakings of Finco to be performed on or before the Effective Date pursuant to the terms of the Master Agreement shall have been duly performed by it and there shall have been no Material Adverse Effect from and after the date of the Master Agreement to the Effective Date; and
- (b) each of the acts of Finco to be performed on or before the Effective Date shall have been performed, and all representations, warranties, covenants and agreements of Finco contained in the Master Agreement shall be true and correct as of the Effective Date (without giving effect to any materiality qualifiers), except where the failure of such representations and warranties to be true and complete, individually or in the aggregate, would not result or would not reasonably be expected to result in a Material Adverse Effect.

Additional Conditions in Favour of Finco

- (a) each of the covenants, acts and undertakings of Carpincho and Subco to be performed on or before the Effective Date pursuant to the terms of the Master Agreement shall have been duly performed by them and there shall have been no Material Adverse Effect from and after the date hereof to the Effective Date;
- (b) each of the acts of Carpincho and Subco to be performed on or before the Effective Date shall have been performed, and all representations, warranties, covenants and agreements of Carpincho and Subco contained in the Master Agreement shall be true and correct as of the Effective Date (without giving effect to any materiality qualifiers), except where the failure of such representations and warranties to be true and complete, individually or in the aggregate, would not result or would not reasonably be expected to result in a Material Adverse Effect; and
- (c) the Consolidation shall have been completed.

Termination

The Master Agreement may be terminated at any time prior to the Effective Date, in the circumstances specified in the Master Agreement, including: (a) by mutual agreement in writing by Carpincho and Finco; (b) at any time prior to June 30, 2018 by either Carpincho or Finco, if the Share Exchange Agreement is terminated; or (c) at any time, by either Carpincho or Finco by notice in writing, after June 30, 2018.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

General Business of the Issuer

The Issuer is a vertically integrated cultivator and provider of cannabis and cannabis-infused products in the State of Nevada, with two current licenses for cultivation, two licenses for production, and two dispensary licenses (one medical license and one recreational license). The Issuer currently sells over 60 different strains of cannabis (18 of which are grown in house) and has a database of over 14,000 customers. The description of MMDC set forth below will become the Issuer's business following the completion of the Business Combination.

Overview of the Issuer's Cannabis Business

Introduction

The Issuer plans to open a new dispensary centrally-located and within close proximity of the Las Vegas strip corridor, less than 500 feet from the Trump Tower and less than 2,500 feet from the Wynn hotel. MMDC has entered into a letter of intent to lease approximately 25,000 square feet and it is expected that the Issuer will be leasing up to 36,000 square feet of retail space to house its dispensary "superstore". The lease is expected have a seven year term with two seven-year renewal options. Management of the Issuer expects that the dispensary will be open by the fourth quarter 2018. Prior to the opening of the new dispensary, the Issuer will continue to sell both medical and recreational products from its existing facilities. See "Leases" in this Section 4 of the Listing Statement.

The Issuer also plans to build a 100,000 square foot greenhouse for cultivation and an approximately 43,000 square foot processing/production facility located in Beatty, Nevada, approximately 120 miles north-west of Las Vegas, that will comprise up to 3 million square feet of greenhouse space for the cultivation of cannabis. It is expected that the expansion will enable the Issuer to better meet demand given the commencement of the sale of recreational cannabis in Nevada. Construction on the Beatty facility is expected to commence in the second quarter of 2018, with an estimated budget for construction of US\$12 million.

Cultivation

MMDC cultivates its cannabis products at: (i) a 15,000 square foot facility with a perpetual harvest cycle located in Las Vegas (Clark County); and (ii) a 500 square foot facility in Nye County where the Issuer conducts product research and development and genetics testing. The Issuer plans a 100,000 square foot expansion of the Nye County facility (the Beatty Phase I expansion) which is anticipated to be completed by before the end of the second quarter of 2019.

Production

MMDC produces its cannabis products at a 2,300 square foot facility in Las Vegas (Clark County) as well as a facility in Nye County. The Issuer plans a 43,000 square foot expansion of

the Nye County facility (the Beatty Phase I expansion) which is anticipated to be completed before the end of the second quarter of 2019.

Dispensing

MMDC's products are currently dispensed at its dispensary located at 4850 West Sunset Road, Suite 130, Las Vegas, Nevada. The Issuer plans to open its Planet 13 Superstore by the fourth quarter of 2018 at which point it will dispense all of its products from that location. To the extent that the Issuer is able to obtain additional dispensary licenses with regulatory approval, the Issuer plans to dispense products from additional licensed locations.

Objectives

MMDC's objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the marijuana industry in the United States. The Issuer's vision is to establish a leading foothold in several distinct parts of the value chain of the North American medical marijuana and recreational marijuana industries, beginning in the State of Nevada, and then replicating its model in other jurisdictions where permitted by law or regulation.

MMDC considers itself to be well positioned to take advantage of growth in the marijuana industry in the United States with its multi-faceted strategy and entrepreneurial management team. MMDC is aware that the legal marijuana industry is in its infancy and is rapidly evolving which presents risks in addition to opportunities. There is no certainty that the Issuer will not be adversely affected by changes in government regulation and other factors in the future. MMDC aims to mitigate these risks by closely monitoring regulatory changes with the assistance of legal counsel and by maintaining high standards with respect to legal, accounting and security controls, as well as proactively taking a leadership role in working with regulatory bodies and other stakeholders to build the necessary institutional infrastructure typically available to other types of businesses.

Over time, MMDC's business model may differ depending on the various legal requirements affecting the use of medical and/or recreational marijuana. All U.S. States that have legalized marijuana for medical or recreational use require licensed operators to hold a license issued by the applicable state authorities. In some states, for a licensed operator to be eligible to be granted a license, the owners of the licensed operator must be residents of such U.S. State. As such, listed companies or other widely held enterprises may be ineligible to obtain a license in those states where a licensed operator must be a U.S. State resident. The Issuer will not operate in jurisdictions which have not legalized marijuana, and does not intend on operating in jurisdictions which have legalized marijuana but have not developed and imposed a licensing regime for licensed operators.

Uses of Marijuana

Marijuana can be vaporized, smoked or ingested to alleviate pain and other ailments. Since 2014, MMDC has been cultivating and selling marijuana within the price range from US\$7.50 to US\$14.50 per gram, depending on the strain. Typically, growth time and strain yield will determine whether a strain is low or high priced. Very particular strains may be priced higher than the given range, but this would be the exception.

MMDC offers customers a diverse range of products, including cannabis flowers, cannabis concentrates and cannabis-infused products. In total, MMDC currently offers over 60 cannabis strains at its dispensary, including 18 proprietary strains grown in-house, covering the entire

cannabis spectrum. MMDC believes that carrying a popular variety of strains of medical and recreational marijuana is essential to long-term success. Each strain of medical marijuana is unique. Some of the factors that impact whether a particular strain may be right for a customer include:

The levels of THC and CBD: THC and CBD are the two major medicinal components in marijuana, and must be clearly and accurately labelled. Generally speaking, THC provides psychoactive effects while CBD provides non-psychoactive medicinal effects.

Whether the plant is a Sativa, Indica or Hybrid breed: Sativa and Indica are the two main types of cannabis plants, though there are also Sativa-Indica Hybrids. Generally speaking, Indica is perceived to provide a heavier, evening type of high. Sativa, on the other hand, is generally viewed as providing a daytime, energetic high.

MMDC believes that it will gain a significant competitive advantage by growing high yielding strains which are good extractors and which mature in a short growing cycle while still providing medicinal benefits that are appropriate for customer's specific ailments or desired effects. Further, finding the right product for a customer's condition or needs may require sampling a variety of strains, as every person is unique.

MMDC's current cultivation, production, distribution and marketing business is currently focused on the medical and recreational segments, with product offerings sold through its own licensed retail dispensaries.

Financings

Prior to 2018, MMDC was completely financed by the founders Robert Groesbeck and Larry Scheffler, and companies controlled by them by a combination of cash contributions classified as debt with accrued interest exceeding US \$6,600,000 and reinvestment of operating proceeds.

On January 1, 2018, Roberts Groesbeck and Larry Scheffler converted US\$3,334,304 of their controlled entity debts to equity in MMDC and Chris Wren, Vice President of Operations of MMDC, contributed valuable intellectual property, including genetic strains, cultivation processes, and manufacturing processes, to MMDC in return for a 6% interest in MMDC.

On April 26, May 18 and May 23, 2018, Finco completed the Finco Financings raising gross proceeds of \$25,166,640 (\$25,347,308 including the conversion gain) in connection with the Business Combination. It is intended that the net proceeds from the Finco Financing will be used to fund the construction of the Issuer's Planet 13 Superstore, expansion of its cultivation and production facility (the Beatty Phase I expansion), and for general working capital purposes. Cost estimates are not available at this time, but a full production capability potentially includes market analysis, product development and planning costs, manufacturing equipment and space, packaging, and additional marketing. See: Section 3 - General Development of the Business – Finco and the Finco Financing in this Listing Statement.

Expected Changes in the Business of the Issuer

MMDC's current cultivation operations are located in Las Vegas (Clark County) with a 15,000 square foot facility operating a perpetual harvest cycle that has a current production capacity of approximately 2,100 of dry cannabis flower pounds per year.

In the second quarter of 2018, MMDC plans to commence construction of its Beatty (Nye County) Phase I planned expansion which will result in an approximately 100,000 square foot greenhouse for cultivation and an approximately 43,000 square foot processing/production facility. MMDC anticipates that it will ramp up cultivation activities at its Beatty (Nye County) facility, and will produce approximately 3,000 pounds of dry cannabis flower per month at full capacity, using a combination of advanced growing techniques, robotics, and a plant light-diet augmented with sun energy.

MMDC also plans to launch Las Vegas' first cannabis entertainment complex, its Planet 13 Superstore in the fourth quarter of 2018. Located just off the Las Vegas strip, the Planet 13 Superstore is expected to be the world's largest cannabis entertainment complex. The complex will be open 24 hours a day, 7 days a week and the Issuer anticipates receiving approximately 2,000 customer visits daily. It is expected that MMDC's medical and recreational cannabis dispensary licenses will be transferred from its existing dispensary to its Planet 13 Superstore during the fourth quarter of 2018.

On March 1, 2017, MMDC hired Stephen Markle as Director of Infused Products to spearhead the development, and expansion of, its cannabis-infused product lines. Mr. Markle possesses more than six years of experience in creating recipes for an array of topicals such as lotions and oils. The Issuer intends to develop an array of cannabis-infused products such as oils (including cartridges for vape pens) and topicals such as lotions and creams. In 2018, MMDC launched its own vape pen product line, and is planning to launch additional products including edibles and other infused edible varieties.

MMDC also intends to seek out potentially beneficial acquisitions and partnerships, and pursue M&A opportunities where considered accretive to accelerate its business expansion plans and drive incremental value by acquiring cultivation, production or dispensary facilities and management and other personnel in line with its stated growth and capital strategies. See "*Business Objectives*" below.

U.S. Expansion

In the future, MMDC may pursue other opportunities in the United States (outside the State of Nevada) where medical and recreational cannabis are presently legal.

The Issuer will only conduct business in jurisdictions outside of Nevada where such operations remain compliant with the Issuer's regulatory obligations.

Business Objectives

The Issuer's short-term business objectives are to:

- Begin construction of Phase 1 of the Nye, County (Beatty, Nevada) Greenhouse and Production Facility (management of MMDC currently anticipates this will occur in the second quarter of 2018 with operations expected to commence before the end of the second quarter of 2019);
- Completion of construction of the Planet 13 Superstore Dispensary (Las Vegas, Nevada) (management of MMDC currently anticipates this will occur in fourth quarter of 2018);
- Begin hiring management and cultivation teams with the required skills and backgrounds to differentiate the Issuer in the marketplace; and

- Identify potentially beneficial acquisitions and partnerships, and pursue M&A opportunities where considered accretive to accelerate its business expansion plans and drive incremental value by acquiring cultivation, production or dispensary facilities and management and other personnel in line with its stated growth and capital strategies.

In order to achieve the above business objectives, the Issuer plans to complete the following operational milestones:

Milestone	Target Date
Planet 13 Superstore Facility (Las Vegas, Nevada) construction and store opening	Before the end of 2018
Nye County (Beatty, Nevada) Facility construction – Phase I Expansion	Before the end of the second quarter of 2019
Nye County (Beatty, Nevada) Facility construction – Phase II Expansion	Before the end of 2021

While the Issuer intends to pursue these milestone events, there may be circumstances where, for valid business reasons, a re-allocation of efforts may be necessary or advisable.

Available Funds

Based on the information available as at the date of this Listing Statement (assuming the completion of the Business Combination), the Issuer is expected to have approximately \$27,154,403 in working capital on completion of the Business Combination. The table below shows the breakdown of the estimated funds available:

Source of Funds	Amount
Estimated Carpincho working capital as at December 31, 2017	\$Nil
Estimated MMDC working capital as at December 31, 2017	\$1,502,593
Gross Proceeds of Finco Financing (including conversion gain)	\$25,347,308
Estimated funds available to the Issuer upon completion of the Business Combination	\$26,849,901

The Issuer has in place planning and budgeting processes to help determine the funds required to support normal operating requirements on an ongoing basis as well as its planned development and capital expenditures.

The following table sets out information respecting the Issuer's intended uses of available funds on completion of the Business Combination over the next 12 months. The amounts shown in the table below are estimates only and are based in Canadian dollars and on the information available to the Issuer as of the date of this Listing Statement.

Use of Available Funds	Amount
Nye County (Beatty, Nevada) Facility construction – Phase I Expansion	\$15,300,000
Planet 13 Superstore Facility (Las Vegas, Nevada) construction	\$7,670,000
Estimated Business Combination Costs	\$400,000
Agents' Fees and Expenses related to the Finco Financing	\$1,359,834
General and Administrative Expenses	\$750,000
Unallocated Funds	\$1,370,067

Total	\$26,849,901
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As of the date of this Listing Statement, the Issuer intends to spend the funds available to it upon completion of the Business Combination to further the Issuer's stated business objectives. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Issuer to achieve its objectives. The Issuer (or its subsidiaries) may require additional funds in order to fulfill all of its expenditure requirements to meet its business objectives and may either issue additional securities or incur debt. There can be no assurance that additional funding required by the Issuer will be available, if required or on terms which are acceptable.

Principal Products and Services

MMDC operates a 2,300 square foot cannabis dispensary located near the Las Vegas Strip from which: (i) it dispenses medical (Medizin) and recreational (Planet 13) product lines; and (ii) provides the consultation, education and convenience services described below. MMDC's principal products are cannabis and cannabis-infused items sold to consumers in the medical and recreational cannabis markets in the State of Nevada, as further described in this Listing Statement. MMDC sells over 60 strains of cannabis, 18 of which are grown in-house by MMDC.

Services

In addition to its product offerings, MMDC offers a number of services described below, designed to educate, spread awareness of the benefits of medical cannabis and increase customer convenience. MMDC also provides a range of complimentary services that are designed to assist patients to become educated about medical cannabis and maintaining a healthy lifestyle. These services include the following:

1. Cardholder Process Navigation

MMDC's dispensary staff assist new patients through the medical cannabis cardholder application process. MMDC also works with a referral network of doctors to which they can send potential new patients in order to commence the process.

2. Individual Consultations

MMDC offers one-on-one consultations for first time patients/customers who might be apprehensive about the use of cannabis as a medicine or as a recreational product. MMDC's trained patient care specialists and in-house subject matter experts are able to provide information regarding the benefits and effects of various cannabis products and provide dosage advice as well as recommendations regarding the proper method of medicating and/or recreating.

3. Compassionate Care Program

MMDC offers a compassion program for eligible, cardholding veterans, offers veterans access to MMDC's alternative healing services, regardless of financial status. Veteran patients are asked to have a one-on-one consultation with the dispensary manager or executive management staff to assess to what extent the veteran requires assistance and determine what options may be available to help them.

4. Patient Education

MMDC plans to implement patient education services with a goal of providing patient education in the context of every service the company offers. MMDC plans to offer a library that will include information on general holistic healing, medical cannabis use, and research.

5. Express Service

MMDC offers customers the option to place orders in advance of arriving at the dispensary similar to pick up orders at a restaurant.

6. Home Delivery

MMDC offers its customers a convenient home delivery program which was launched in October 2017. In the initial phase, MMDC delivered its products to locations within unincorporated Clark County and the City of Henderson which comprise 60% and 20% of Clark County, respectively. MMDC plans to later expand its home delivery service to include Northern Las Vegas and Las Vegas once it acquires the appropriate permits from those jurisdictions. Currently home delivery is offered through a distribution licensed vendor in Nevada, however, the Issuer expects to integrate those services into its business plan at a future date. Distribution licenses were limited to licensed liquor distributors, but that limitation is set to expire in November 2018. The application window for distribution licenses is currently unknown, however, Nevada State is anticipated to begin accepting distribution license application in Q3 or Q4 2018.

Provision of Services

MMDC's services (described above) are currently provided at its dispensary located at 4850 West Sunset Road, Suite 130, Las Vegas, Nevada. The Issuer plans to open its Planet 13 Superstore by the fourth quarter of 2018 at which point it will provide its services from that location.

Leases

MMDC currently maintains the following leases:

Lease 1: 5 year, triple-net lease for the 4,750 square foot Clark County dispensary location starting on July 22, 2015 and ending July 21, 2020, at a rate of US \$1.75 per square foot, per month, with the right to extend for two additional terms of five years each.

Lease 2: Landlord is an entity owned by Larry Scheffler, for the Clark County cultivation and production location starting on August 30, 2014 and ending to December 31, 2034, with a monthly rent of US \$9,667.67, with the right to extend for two additional terms of five years each.

Lease 3: MMDC has signed lease dated April 23, 2018 in place for the Planet 13 Store location for approximately 112,663 square feet office and warehouse located at 2548 West Desert Inn Road, Las Vegas, Nevada, on a 9.14 acre parcel for a term of seven years, starting at a base rent of US\$0.20 and rising to US\$0.824 by the end of the seven year term. MMDC has the right to extend for two additional terms of seven years each.

Specialized Skill and Knowledge Requirements

Knowledge of aquaculture and hydroponic greenhouse cannabis grows are integral to the Issuer's operations since the Issuer intends to leverage aquaculture and hydroponics to produce its products. MMDC currently employs several key personnel with knowledge of aquaculture and hydroponic greenhouse cannabis grows. In particular, MMDC's proprietary cultivation and production processes are overseen by MMDC's Vice-President of Operations, Chris Wren who possesses more than 15 years of cannabis industry experience. Mr. Wren is an internationally recognized cannabis horticulturist and has won several awards for his cultivation efforts, including 1st place in the 2015 International Cannagraphic Growers Cup.

In order to properly provide dispensing services, MMDC also employs trained patient care specialists and in-house subject matter experts who are able to provide information regarding the benefits and effects of various cannabis products and provide dosage advice as well as recommendations regarding the proper method of medicating and/or recreating.

Components

The main raw materials and components used in the production of MMDC's products are cannabis seeds and clones, water, plant nutrients, and electricity.

Water for MMDC's Clark County operations is obtained from the municipal water system in Las Vegas, Nevada. The price of water is determined by the City of Las Vegas. MMDC's Nye county operations are similarly part of the municipal water and waste disposal system.

Raw materials include soil, nutrients, organic integrated pest and disease management, environmental supplementation, disposable supplies, and other miscellaneous inputs, all of which are readily available from multiple sources at wholesale or lower prices.

MMDC has applied for trademarks, some of which are currently pending for Medizin and Planet 13. These trademarks were applied for and are designed for use on clothing, wearables, and other non-cannabis products with the intent of creating a valuable brand.

Although there have been potential seasonal fluctuations observed in the first year of operations, including an increase in sales at calendar year end, MMDC does not know if these are the result of seasonal or market trends, as this is an emerging industry.

MMDC is unaware of any aspect of its business that may be materially affected in the 12 months following the date of this Listing Statement by renegotiation or termination of contracts or sub-contracts.

Environmental

The Issuer does not anticipate that environmental protection requirements will have a material financial or operational effect on the Issuer's capital expenditures, earnings, and competitive position in the current financial year or in future years.

Employees

As of the date of this Listing Statement, MMDC has 70 employees, 50 of whom are employed at MMDC's dispensary.

Contracts

As at the date hereof, MMDC has employment agreements in place with Tanya Lupien, Vice President of Sales and Marketing, and Chris Wren, Vice President of Operations. Tanya Lupien is compensated at US\$120,000 annually, with a commission based bonus structure of up to US\$160,000 bonus per year, and Chris Wren is compensated at US\$200,000 annually.

Market Information, Trends, Commitments, Events and Uncertainties

The most significant trends and uncertainties which management expects could impact its business and financial condition are: (i) the changing legal and regulatory regime which regulates the production and sale of cannabis and cannabis related products; (ii) the ability of companies who may receive funds from the sale of cannabis and cannabis related products to adequately track and legally transfer such funds; and (iii) the ability of companies to raise adequate capital to carry out their business objectives. See Section 17 - Risk Factors.

Legal and Regulatory Trends

The Issuer's business and investments are located in the State of Nevada and currently management expects the legal and regulatory regimes in the United States (on a federal level), the State of Nevada, and Canada to be the most relevant to its business.

United States

In the United States, twenty-nine states and Washington D.C. have legalized medical marijuana, while eight states and Washington, D.C. have also legalized recreational marijuana. Although cannabis currently remains a Schedule I drug and controlled substance under federal law, the U.S. Department of Justice issued a memorandum, known as the "Cole Memorandum", on August 29, 2013 to the U.S. Attorneys' offices (federal prosecutors) directing that individuals and businesses that rigorously comply with state regulatory provisions in states that have strictly-regulated legalized medical or recreational cannabis programs should not be a prosecutorial priority for violations of federal law. This federal policy was reinforced by passage of a 2015 federal budget bill amendment (passed in 2014) known as the Rohrabacher-Farr Amendment that prohibits the use of federal funds to interfere in the implementation of state medical marijuana laws. This bill targets Department of Justice funding, which encompasses the Drug Enforcement Agency and Offices of the United States Attorneys. This bill shows the development of bipartisan support in the U.S. Congress for legalizing the use of cannabis. It is anticipated that the federal government will eventually repeal the federal prohibition on cannabis and thereby leave the states to decide for themselves whether to permit regulated cannabis cultivation and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco. On January 4, 2018, the U.S. Department of Justice rescinded the Cole Memorandum. Given that the Cole Memorandum was never legally binding, the U.S. Department of Justice continues to have discretion to enforce federal drug laws.

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 the sale of 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. Treasury Department issued a memorandum in February of 2014 outlining

the pathways for financial institutions to bank marijuana businesses in compliance with federal law. 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. In the U.S., a bill has been tabled in Congress to grant banks and other financial institutions immunity from federal criminal prosecution for servicing marijuana-related businesses if the underlying marijuana business follows state law. This bill has not been passed and there can be no assurance with that it will be passed in its current form or at all. In both Canada and the United States, transactions involving banks and other financial institutions are both difficult and unpredictable under the current legal and regulatory landscape.

Political and regulatory risks also exist due to the presidential administration of Donald Trump and his appointment of Sen. Jeff Sessions to the post of Attorney General. President Trump’s positions regarding marijuana are difficult to discern; however, AG Sessions has been a consistent opponent of marijuana legalization efforts throughout his political career. It remains unclear what stance the U.S. Department of Justice under the new administration might take toward legalization efforts in U.S. states, but federal enforcement of the CSA and other applicable laws is possible. In July of 2017, AG Sessions sent letters to the Governors of Colorado, Washington, Alaska, and Oregon responding to their April 2017 request to retain the Cole Memorandum and engage with the Governors before embarking on any changes to regulatory and enforcement systems. In these response letters, Attorney General Sessions noted that the Cole Memorandum does not prevent federal investigations or prosecutions of cannabis businesses acting in compliance with state law and cited law enforcement data sources to cast doubt on the effectiveness of state regulation to prevent unauthorized sales, black market activity, and negative public health outcomes.

On January 4, 2018, the U.S. Department of Justice rescinded the Cole Memorandum. Immediately thereafter, a bipartisan collection of members of the United States Congress and state officials pushed back on AG Sessions’ plan to rescind Obama-era guidance that has generally allowed states to implement their own marijuana laws without federal interference, including the Governor and Attorney General of Nevada, and members of Congress from the State of Nevada.

Despite the legal, regulatory, and political obstacles the marijuana industry currently faces, the industry has continued to grow.

Nevada

On October 16, 2017, the Canadian Securities Administrators published Staff Notice 51-352 – *Issuers with U.S. Marijuana-Related Activities*, as revised on February 8, 2018 (“**Staff Notice 51-352**”) which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the United States as permitted within a particular state’s regulatory framework. All issuers with United States cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents.

As a result of the Issuer’s operations and activities in the State of Nevada (as described herein), the Issuer is subject to Staff Notice 51-352 and accordingly provides the following disclosure:

State	Company	Type of Investment	Investment Amount	Permitted Number of Facilities
Nevada	MM Development Company, Inc.	100% Equity Ownership	N/A	Two ⁽¹⁾

Note:

1. On completion of the Business Combination, MMDC will be a wholly-owned subsidiary of the Issuer. MMDC holds assets, leases, real estate holdings, and serves its customers and patients from its cannabis facility located in Las Vegas. MMDC's dispensary is approximately 5,000 square feet and is in full compliance with LCB File No. R004-14A, which outlines the State of Nevada's rules and regulations for establishing managing a medical cannabis dispensary. MMDC currently produces the majority of its cannabis product and its primary cultivation facility in Las Vegas which is approximately 16,000 square feet of total tenant occupied space (with 9,200 square feet utilized specifically for cultivation activities). The foregoing assets are held by MMDC and MMDC is directly involved in the cultivation and distribution of medical and recreational cannabis for the purposes of Staff Notice 51-352. As of July 1, 2017, the NDOT (as defined below) is responsible for licensing and regulating, and retail marijuana businesses in Nevada and for Nevada's state medical marijuana program.

Summary of Nevada Regulation

Nevada has a medical marijuana program and passed an adult-use legalization through the ballot box in November 2016. In 2000, Nevada voters passed a medical marijuana initiative allowing physicians to recommend cannabis for an inclusive set of qualifying conditions including chronic pain and created a limited non-commercial medical marijuana patient/caregiver system. Senate Bill 374, which passed the legislature and was signed by the Governor in 2013, expanded this program and established a for-profit regulated medical marijuana industry.

The Nevada Division of Public and Behavioral Health (the "**Division**") licensed medical marijuana establishments up until July 1, 2017 when the state's medical marijuana program merged with adult-use marijuana enforcement under the Nevada Department of Taxation ("**NDOT**"). In 2014, Nevada accepted medical marijuana business applications and a few months later the Division approved 182 cultivation licenses, 118 licenses for the production of edibles and infused products, 17 independent testing laboratories, and 55 medical marijuana dispensary licenses. The number of dispensary licenses was then increased to 66 by legislative action in 2015. The application process was merit-based, competitive, and is currently closed.

Residency is not required to own or invest in a Nevada medical cannabis business. In addition, vertical integration is neither required nor prohibited. Nevada's medical law includes patient reciprocity, which permits medical patients from other states to purchase marijuana from Nevada dispensaries. Nevada also allows for dispensaries to deliver medical marijuana to patients.

Under Nevada's adult-use marijuana law, the NDOT licenses marijuana cultivation facilities, product manufacturing facilities, distributors, retail stores and testing facilities. After merging medical and adult use marijuana regulation and enforcement, the single regulatory agency is now known as the "Marijuana Enforcement Division of the Department of Taxation." For the first 18 months after legalization, applications to the Department for adult-use establishment licenses can only be accepted from existing medical marijuana establishments and existing liquor distributors for the adult-use distribution license.

The issuance of retail marijuana distribution licenses has been subject to an ongoing legal battle after the NDOT opened distribution licenses to existing medical marijuana establishments based on the premise that there was an insufficient number of applications from existing liquor

distributors to service the new adult use cannabis market. There are currently 24 licensed distributors that are medical marijuana establishments and six licensed distributors that are liquor distributors.

In February 2017, the NDOT announced plans to issue "early start" recreational marijuana establishment licenses in the summer of 2017. These licenses expire at the end of the year and, beginning on July 1, 2017, allowed marijuana establishments holding both a retail marijuana store and dispensary license to sell their existing medical marijuana inventory as either medical or adult-use marijuana. All cannabis cultivated and infused products produced under the adult-use program that were not existing inventory at a medical marijuana dispensary must be transported to retail marijuana stores utilizing a licensed retail marijuana distributor. Starting on July 1, 2017, medical and adult-use marijuana became subject to a 15% excise tax on the first wholesale sale (calculated on the fair market value) and adult-use cannabis is subject to an additional 10% special retail marijuana sales tax in addition to any general state and local sales and use taxes.

The NDOT is responsible for licensing and regulating retail marijuana businesses and medical marijuana program in Nevada. There are five types of retail marijuana establishment licenses:

- *Cultivation Facility* – Licenses to cultivate (grow), process, and package marijuana; to have marijuana tested by a testing facility; and to sell marijuana to retail marijuana stores, to marijuana product manufacturing facilities, and to other cultivation facilities, but not to consumers.
- *Distributor* – Licenses to transport marijuana from a marijuana establishment to another marijuana establishment.
- *Product Manufacturing Facility* – Licenses to purchase marijuana; manufacture, process, and package marijuana and marijuana products; and sell marijuana and marijuana products to other product manufacturing facilities and to retail marijuana stores, but not to consumers.
- *Testing Facility* – Licenses to test marijuana and marijuana products, including for potency and contaminants.
- *Retail Store* – Licenses to purchase marijuana from cultivation facilities, marijuana and marijuana products from product manufacturing facilities, and marijuana from other retail stores; can sell marijuana and marijuana products to consumers.

The regular retail marijuana program began in early 2018. The Regulation and Taxation of Marijuana Act specifies that, for the first 18 months of the program, only existing medical marijuana establishment certificate holders can apply for a retail marijuana establishment license. Beginning in November 2018, the NDOT will open up the application process to those not holding a medical marijuana establishment certificate. The regular program will be governed by permanent regulations, drafted by the NDOT and approved by the NDOT Commission in January 2018.

MMDC is in compliance with U.S. state law and the related licensing framework. MMDC uses reasonable commercial efforts to confirm, through the advice of its U.S. counsel, through the monitoring and review of its business practices, and through regular monitoring of changes to U.S. Federal enforcement priorities, that its businesses are in compliance with applicable

licensing requirements and the regulatory frameworks enacted by Nevada. MMDC is not aware of the receipt of noncompliance orders, citations or notices of violation, that may have an impact on its licences, business activities or operations.

On-going Compliance Procedures

The Issuer's United States legal counsel reviews, and will continue to review, from time to time, documents referenced above in order to confirm such information and identify any deficiencies. MMDC's licenses are in good standing to cultivate, possess and/or wholesale marijuana in the State of Nevada and is in compliance with Nevada's marijuana regulatory program. To the knowledge of MMDC and the Issuer, MMDC has not experienced any material non-compliance that would endanger the status of its license.

Cole Memorandum and Continued Review of Changes in Law

Aside from complying with applicable state law of the United States, MMDC takes the following steps to ensure its marijuana operations are conducted in a manner consistent with the United States federal enforcement priorities articulated in the memorandum dated August 29, 2013 addressed to "All United States Attorneys" from James M. Cole, Deputy Attorney General of the United States, and having the subject line "Guidance Regarding Marijuana Enforcement" (the "**Cole Memorandum**").

Pursuant to the Cole Memorandum, such enforcement priorities are to: (i) prevent the distribution of marijuana to minors by using scanners to confirm each customer's legal age and the validity of each customer's driver's license; (ii) prevent revenue from marijuana from going to criminal enterprises, gangs, and cartels by conducting background checks on each owner of an licensee, employee, and/or prospective employee and by ensuring that all marijuana inventory and proceeds from the sale of such marijuana are properly accounted for and tracked; (iii) prevent the diversion of marijuana from states where it is legal under state law in some form to other states by only dispensing marijuana through licensed dispensaries located in states where marijuana is legal under state law in some form and not dispensing any quantity of marijuana to a customer in excess of the legal limits under applicable state law (e.g., 2 ounces); (iv) prevent state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity by prohibiting the sale of any inventory other than marijuana inventory and accessories; (v) prevent violence and the use of firearms in the cultivation and distribution of marijuana by ensuring that each room that marijuana inventory and/or proceeds from the sale of such inventory enter is monitored by video surveillance, prohibiting employees from bringing firearms on the premises, and ensuring that safes are used to store large amounts of proceeds from the sale of marijuana inventory; (vi) prevent drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use by prohibiting the consumption of marijuana on the premises, prohibiting the usage of harmful pesticides on marijuana inventory and testing marijuana inventory to confirm a lack of harmful pesticides and ideal cannabinoid levels; (vii) prevent the growing of marijuana on federal lands and the attendant public safety and environmental dangers posed by unregulated marijuana production on federal lands by only cultivating, possessing, or dispensing marijuana on private property with all requisite licenses and permits to cultivate, possess, and/or distribute marijuana on such private property; and (viii) prevent marijuana possession or use on federal property by only cultivating, possessing, and dispensing marijuana on private property with all requisite licenses and permits to cultivate, possess and/or distribute marijuana on such private property.

On January 4, 2018, the U.S. Department of Justice rescinded the Cole Memorandum.

MMDC's United States legal counsel reviews, and will continue to review, from time to time, its procedures with respect to the Cole Memorandum in order to confirm if its operations are conducted in a manner consistent with the guidelines noted in the Cole Memorandum. Despite the rescission of the Cole Memorandum, the U.S. Department of Justice continues to have discretion to enforce federal drug laws, which discretion remained when the Cole Memorandum was originally issued in 2013.

In addition, the Issuer, along with its United States legal counsel and other professional advisors, regularly monitor the activities of the Trump Administration for evidence and/or indications of current or anticipated cannabis policy and guidance, and the Issuer governs its actions accordingly.

Ability to Access Public and Private Capital

MMDC has historically, and the Issuer is expected to continue to have, robust access to equity and debt financing from the public and prospectus exempt (private placement) markets in Canada. Specifically, on April 26, May 18 and May 23, 2018, Finco, in connection with the completion of the Business Combination, completed the Finco Financing raising aggregate gross proceeds of \$25,166,640.

If such equity and/or debt financing was no longer available in the public markets in Canada due to changes in applicable law, then the Issuer expects that it would have access to raise equity and/or debt financing privately.

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. 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 its growth and may have a material adverse effect upon future profitability. See Section 17 – Risk Factors hereto.

Canada

On August 24, 2016, the ACMPR Access to Cannabis for Medical Purposes Regulations ("**ACMPR**") came into force to allow for reasonable access to cannabis for medical purposes for Canadians who have been authorized to use cannabis by their health care practitioner. The ACMPR replaced the Marihuana for Medical Purposes Regulations ("**MMPR**"), introduced in June 2013, which replaced the Marihuana Medical Access Regulations ("**MMAR**") which was implemented in 2001. MMPR and MMAR were both legislative schemes that were important early steps in the Canadian government's legislative path towards legalizing and regulating medical marijuana.

The ACMPR regulates the production and distribution of medical cannabis, demonstrating Health Canada's commitment to improving the regulatory landscape surrounding medical marijuana use, in addition to ensuring that production occurs under secure and regulated commercial production facilities. Under the ACMPR, Canadians who have been authorized by their health care practitioner will continue to have the option of purchasing safe, quality-controlled cannabis from one of the 80 producers licensed by Health Canada as of December

13, 2017, and now will also be able to produce a limited amount of cannabis for their own medical purposes, or designate someone to produce it for them.

On April 13, 2017, the Canadian Government introduced the Cannabis Act to legalize and regulate the use of cannabis for recreational purposes. The Cannabis Act received its first reading on April 13, 2017 and on November 27, 2017, it was announced that the House of Commons passed the Cannabis Act and Senate approved the Cannabis Act on second reading. Under the legislation, the production, sale and possession of certain amounts of cannabis will be legal federally, though provinces will ultimately decide how cannabis will be distributed and sold within their boundaries, subject to federal requirements. The Cannabis Act will create a highly regulated landscape for businesses looking to produce, distribute or deal in cannabis products. However, the Cannabis Act does not address in detail a number of key issues, including relating to labelling, marketing, transition, licensing requirements and taxes. These will need to be addressed by the Canadian Government in regulations and rules over the next year or more, and the Canadian Government will also need to work out issues with the provinces and municipalities. Until the Cannabis Act is declared in force, however, existing laws (including criminal sanctions) will continue to apply.

As the cannabis industry expands in Canada, cannabis-related businesses will increasingly seek banking and financial services from Canadian financial institutions. However, cannabis-related businesses would likely be considered high-risk clients under the Canadian anti-money laundering regime. Accordingly, opening and maintaining accounts for cannabis-related businesses will require substantial resources and diligence on the part of financial institutions, especially in light of the obligation imposed on financial institutions under anti-money laundering legislation to engage in ongoing monitoring of clients and their activities.

Despite the heightened risk of banking cannabis-related businesses, the current legal landscape for medicinal cannabis, and the expected regulatory framework for legalized recreational cannabis provide financial institutions with various controls to monitor and legitimately bank cannabis-related clients. For instance, the current licensing regime for medicinal cannabis producers is comprehensive and requires that the Canadian Government complete extensive reviews and background checks on each licensed producer. A similarly comprehensive licensing regime is expected under the new legislation to legalize recreational cannabis. Financial institutions could rely on the government's stringent vetting process to confirm the legitimacy of a cannabis producer when on-boarding a client. The decision to open, close or refuse any particular cannabis-related account will ultimately be made by each financial institution based on a number of factors specific to that institution. However, the regulatory regime for medicinal cannabis and the expected framework for legalized recreational cannabis in Canada can provide financial institutions with the means to legitimately bank cannabis-related clients in a lawful way, meeting the growing financial needs of the cannabis industry in Canada.

Health Canada data shows that 201,398 patients in Canada were registered to use medical marijuana by the end of the period April 1, 2017 to June 30, 2017, establishing a market worth in excess of \$150 million. By 2024, Health Canada estimates that the number of patients using medical marijuana will grow to 450,000, creating a market worth an estimated \$1.3 billion.

At this time, management of the Issuer has no intention of expanding operations into Canada.

Financial Transactions

Certain financial institutions in Canada and the U.S. will not allow companies who generate funds from the sale of cannabis and cannabis related products to open bank accounts or process the transfer of funds from the sale of cannabis. Specifically, the federal illegality of

marijuana in the U.S. means that financial transactions involving proceeds generated by marijuana-related conduct can form the basis for prosecution under the money laundering statutes (18 U.S.C. § 1956 and 1957), the unlicensed money transmitter statute (18 U.S.C. § 1960), and the Bank Secrecy Act (the “**BSA**”). Consequently, businesses involved in the marijuana industry often have difficulty finding a bank willing to accept their business. Banks who do accept deposits from marijuana-related businesses in the U.S. must do so in compliance with the “Cole Financial Crime Memo” and the “FinCEN Memo,” each dated February 14, 2014. The Cole Financial Crime Memo states that prosecutors should 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 FinCen Memo provides guidelines to banks on how to accept deposits from marijuana-related businesses while remaining compliant with the BSA. The Financial Crime Enforcement Network has not rescinded the FinCEN Memo following the U.S. Department of Justice’s January 4, 2018 announcement rescinding the Cole Memorandum.

Currently, management expects to be able to transfer any funds owed to the Issuer by MMDC into bank accounts held by the Issuer outside of the United States. However, given the regulatory uncertainty with respect to banking and cannabis in the United States, such ability to transfer may be eliminated and/or hampered at any time. The Issuer expects to fund its operations through MMDC’s cash flow from operations. The Issuer may also consider future debt or equity financings.

Competitive Conditions and Environment

Financing for companies in the cannabis sector is more difficult than other sectors, particularly in the United States, due to the fact that cannabis is still classified as a Schedule I drug and illegal at a Federal level. The changing regulatory environment at a state level further complicates financing for companies in this sector.

The fast growing market for legalized cannabis in both Canada and the U.S. has created a competitive environment for cannabis producers as well as other types of companies who provide goods and services to the cannabis industry. However, there remains a significant lack of traditional sources of bank lending and equity capital available to fund the operations of companies in the cannabis sector. Management believes that the Issuer can continue to expand its cannabis-related holdings by providing tailored, state law compliant, and financially attractive sources of funding and/or equity investment to cannabis and cannabis-connected companies. Because of the rapid growth of the cannabis industry, the Issuer faces competition from other companies in the sector who are accessing the equity capital markets.

Promissory Notes

Messrs. Groesbeck and Scheffler, through companies controlled by each of them, loaned money to MMDC from its inception through to December 27, 2016 for licensing and capital development. On January 1, 2018, each of Messrs. Groesbeck and Scheffler converted US\$1.667 million of debt into equity of MMDC. Following this conversion event, and up until the date hereof, each of Messrs. Groesbeck and Scheffler have remaining outstanding notes due from MMDC of \$1.667 million each, or a total of US\$3.334 million.

The promissory notes’ bear interest at an effective rate of 15% per annum, and the aggregate unpaid principal amounts of the loans, all accrued and unpaid interest thereon, and all other amounts payable under the loans, are due and payable on demand at any time after December 31, 2019. The promissory notes provide that the holders have the option to convert the notes into MMDC Shares (or Issuer Shares after closing).

Each of Messrs. Groesbeck and Scheffler may convert their notes into either shares of MMDC or the Issuer, at a conversion price based on the fair market value of either the MMDC Shares or the Issuer Shares at the time, subject to the policies of the CSE, if applicable.

Outstanding Asset-based Securities

This information is not applicable to the Issuer.

Mineral Projects

This information is not applicable to the Issuer.

Oil and Gas Operations

This information is not applicable to the Issuer.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

As the Issuer will be formed as a result of the Business Combination it does not have historical financial statements presented on a consolidated basis. The following table provides a brief summary of available pro-forma financial information of the Issuer as of December 31, 2017 and should be read in conjunction with the Issuer Pro-Forma Financial Statements attached hereto as Schedule E:

	Issuer Pro Forma (unaudited) as at December 31, 2017
Total Revenues	US\$9,003,980
Total Assets	US\$27,579,019
Total Long-Term Liabilities	\$4,686,648
Cash Dividends Declared Per Share	Nil

In addition, the following table summarizes selected pro-forma consolidated financial information for the Issuer as at December 31, 2017 and should be read in conjunction with the Carpincho Financial Statements, the MMDC Financial Statements, the Finco Financial Statements, and the Issuer Pro-Forma Financial Statements attached hereto as Schedules B, C, D, and E, respectively.

	Carpincho (unaudited) as at December 31, 2017 (\$)	MMDC (audited) as at December 31, 2017 (US\$)	Finco (audited) as at February 28, 2018 (\$)	Pro Forma Adjustments (US\$)	Issuer Pro Forma (unaudited) as at December 31, 2017 (US\$)
Current Assets	1,984	4,216,955	1	19,020,149	23,237,104
Total Assets	1,984	8,558,870	1	19,020,149	27,579,019

Current Liabilities	132,973	3,019,192	Nil	Nil	3,125,189
Long-Term Liabilities	Nil	8,020,952	Nil	(3,334,304)	4,686,648
Shareholders' equity (deficit)	(130,989)	(2,481,274)	1	22,248,456	19,767,182

A large majority of the Issuer's balance sheet and operating statements are exposed to U.S. cannabis-related activities.

Dividends

The Issuer does not intend, and is not required, to pay any dividends on the Issuer Shares. Any decision to pay dividends will be made on the basis of the Issuer's earnings, financial requirements and other conditions existing at the time. The Issuer's ability to pay dividends may be affected by U.S. state and federal regulations. See Section 17 – Risk Factors.

Foreign GAAP

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

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

Carpincho's annual Management's Discussion and Analysis (MD&A) for its most recent fiscal year ended June 30, 2017 has been posted and is accessible at www.sedar.com and is attached to this Listing Statement as Schedule F. Each of Carpincho's interim MD&A for the first quarter ended September 30, 2017 and the second quarter ended December 31, 2017 has been posted and is accessible at www.sedar.com. Each MD&A for the said fiscal periods is specifically incorporated into and forms an integral part of this Listing Statement, and should be read in conjunction with the Carpincho Financial Statements and the notes thereto for the corresponding time periods.

The MD&A for the most recent fiscal periods ended for each of MMDC and Finco is attached to this Listing Statement as Schedules G and H, respectively, and should be read in conjunction with the MMDC Financial Statements and the Finco Financial, and the notes thereto for the corresponding time periods, respectively.

7. MARKET FOR SECURITIES

The Issuer Shares are not listed on any exchange or market. The CSE has conditionally approved the listing of the Issuer Shares subject to the Issuer satisfying all conditions for listing.

8. CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of the Issuer after giving effect to the Business Combination:

Designation of Security	Authorized	Outstanding as at the date hereof (after giving effect to the Business Combination)
Issuer Shares	Unlimited	62,008,400

Designation of Security	Authorized	Outstanding as at the date hereof (after giving effect to the Business Combination)
Issuer Class A Shares	Unlimited	49,700,000
Issuer Warrants ⁽¹⁾	N/A	15,729,150
Compensation Options ⁽²⁾	N/A	1,485,645
Notes: As set out in "General Development of the Business – Business Combination", under the Business Combination, (1) Issued in connection with the Finco Financing. Each Issuer Warrant may be exercised for one Issuer Share at an exercise price of \$1.40 for 24 months from satisfaction of the Escrow Release Conditions. (2) Issued in connection with the Finco Financing. Each Compensation Option may be exercised for one Issuer Share at an exercise price of \$0.80 for 24 months from satisfaction of the Escrow Release Conditions.		

9. OPTIONS TO PURCHASE SECURITIES

In connection with the Business Combination, the Issuer adopted the Issuer Option Plan, on the terms set out below. The Issuer Option Plan was approved by shareholders of Carpincho on May 22, 2018.

A brief summary of the Issuer Option Plan is set out under Section 15 – Executive Compensation.

The Issuer Option Plan provides that other terms and conditions may be attached to a particular Issuer Option at the discretion of the Issuer.

It is expected that, immediately following the completion of the Business Combination, the following options will be issued and outstanding under the Issuer Option Plan:

Category	Number of Issuer Options Option	Exercise Price per Issuer Share (\$)	Expiry Date
All executive officers and directors of the Issuer	Nil	N/A	N/A
All other employees of the Issuer	625,000	0.80	Five Years From Grant Date
All consultants of the Issuer	Nil	N/A	N/A
Any other person	Nil	N/A	N/A
Total	625,000		

Issuer Compensation Options

The following table summarizes the Compensation Options issued and outstanding following completion of the Business Combination.

Compensation Option Holder	Number of Compensation Options	Exercise Price	Expiry
Beacon Securities Limited ⁽¹⁾	544,608	\$0.80	24 Months from the Escrow Release Date
Canaccord Genuity Corp. ⁽¹⁾	544,608	\$0.80	24 Months from the Escrow Release Date

Haywood Securities Inc. ⁽¹⁾	272,304	\$0.80	24 Months from the Escrow Release Date
BMO Nesbitt Burns Inc. ⁽¹⁾	124,125	\$0.80	24 Months from the Escrow Release Date
Note: (1) Compensation Options issued under the Finco Financing			

10. DESCRIPTION OF SECURITIES

Issuer Shares

Upon Completion of the Business Combination, the post-Consolidation Carpincho Shares will be the Issuer Shares. The authorized capital of the Issuer shall consist of an unlimited number of Issuer Shares. Holders of Issuer Shares are entitled to dividends, if, as and when declared by the Issuer Board, to one vote per share at meetings of shareholders of the Issuer and, upon dissolution, to share equally in such assets of the Issuer as are distributable to the holders of Issuer Shares. There are currently no Options or Share Units issued and outstanding. After giving effect to the Business Combination, there will be 61,995,900 Issuer Shares issued and outstanding.

Issuer Class A Shares

As a condition to the completion of the Business Combination, the Issuer will issue Issuer Class A Shares to former shareholders of MMDC.

The restrictions on conversion of the Issuer Class A Shares are designed to prevent the Issuer from becoming a Domestic Issuer on completion of the Business Combination. Generally, the issuer will be a Domestic Issuer if: (A) 50% or more of the holders of Issuer Shares are U.S. Persons; and either B (i) the majority of the executive officers or directors of the Issuer are United States citizens or residents; (ii) the Issuer has 50% or more of its assets located in the United States; or (iii) the business of the Issuer is principally administered in the United States. As there are no restrictions on issue or transfer of Issuer Shares, there is no guarantee that the Issuer will not become a Domestic Issuer in the future. Unlike the Issuer Shares, the Issuer Class A Shares will not entitle the holder to exercise voting rights, in respect of the election or removal of directors of the Issuer. Issuer Class A Shares will initially be issued to all shareholders of MMDC who are resident in the United States. If the Business Combination were completed without issuing Issuer Class A Shares, these U.S. Persons would hold an aggregate of approximately 67% of the issued and outstanding Issuer Shares post-closing. Issuing Issuer Class A Shares to these U.S. Persons reduces the likelihood that the Issuer will become a Domestic Issuer on completion of the Business Combination.

Additional details of the Issuer Class A Shares are described below:

Description of Issuer Class A Shares

The holders of Issuer Class A Shares:

- (a) have equal rateable rights among themselves and the holders of Issuer Shares to dividends from funds legally available therefor, when, as, and if declared by the Issuer Board;

- (b) be entitled to share rateably with the holders of Issuer Shares in all of the Issuer's assets that are available for distribution upon liquidation, dissolution, or winding up of the Issuer's affairs, subject to any liquidation preferences in favour of other issued and outstanding classes of shares;
- (c) not have pre-emptive or subscription rights, and there are no redemption or sinking-fund provisions applicable thereto;
- (d) be entitled to receive notice of and to attend any meeting of Shareholders and to exercise one vote for each Issuer Class A Shares held at all meetings of the shareholders of the Issuer, other than with respect to the vote for the election or removal of directors of the Issuer and at meetings at which only the holders or another class or series of shares are entitled to vote separately as a class or series;
- (e) be able to convert each issued and outstanding Issuer Class A Share into one Issuer Share (subject to customary adjustments) provided that the Issuer is not a Domestic Issuer or the conversion would not cause the Issuer to become a Domestic Issuer;
- (f) the Issuer Class A Shares will be convertible by the Issuer, at the option of the holder thereof and under certain circumstances; and
- (g) no Issuer Class A Share shall be transferred by any holder thereof pursuant to an Exclusionary Offer (defined below) unless concurrently with such an offer, an offer to acquire Issuer Shares is made that is identical to the Exclusionary Offer in terms of price per share, percentage of outstanding shares to be taken up (excluding those held by the offeror) and in all other material respects. For these purposes, an "Exclusionary Offer" means an offer to purchase Issuer Class A Shares which must be made by reason of applicable securities legislation or the rules and regulations, by-laws or policies of a stock exchange of which the Issuer Shares are listed to all or substantially all of the holders of the Issuer Class A Shares.

Miscellaneous Securities Provisions

None of the matters set out in sections 10.2 to 10.6 of CSE Form 2A are applicable to the share structure of the Issuer.

Prior Sales

In the 12 months preceding the date of this Listing Statement, MMDC did not sell or distribute any securities.

The following table summarizes the issuances of securities of Carpincho and Finco in the 12 months preceding the date of this Listing Statement.

Issuer	Date of Issuance	Number and Type of Securities	Issuance Price Per Security (CAD\$)	Details of the Issue
Carpincho	January 26, 2018	1,000,000 Special Warrants	\$0.30	Private Placement
Finco	April 26, 2018	28,219,500 Subscription Receipts	\$0.80	Private Placement
Finco	May 18, 2018	3,226,300 Subscription Receipts	\$0.80	Private Placement
Finco	May 23, 2018	12,500 Subscription Receipts	\$0.80	Private Placement

Stock Exchange Price

The Carpincho Shares are not publicly listed for trading on any stock exchange or market.

11. ESCROWED SECURITIES

As required under the policies of the CSE, principals of the Issuer will, in connection with the completion of the Business Combination, enter into an escrow agreement (the “**Escrow Agreement**”) as if it was subject to the requirements of National Policy 46-201 – *Escrow for Initial Public Offerings* (“**NP 46-201**”). The escrow agent is Odyssey. Escrow releases will be scheduled at periods specified in NP 46-201 for emerging issuers.

The form of the Escrow Agreement must be as provided in NP 46-201, subject to the aforementioned modifications. The following securities of the Issuer will be held in escrow on completion of the Business Combination:

Principal	Number of Securities Held in Escrow ⁽¹⁾⁽²⁾	Percentage of Class of Shares ⁽³⁾
Robert Groesbeck <i>Co-Chief Executive Officer</i>	11,891,000 Issuer Shares	19.1%
	23,359,000 Issuer Class A Shares	47%
Larry Scheffler <i>Co-Chief Executive Officer</i>	11,891,000 Issuer Shares	19.1%
	23,359,000 Issuer Class A Shares	47%
Chris Wren <i>Vice-President of Operations</i>	1,518,000 Issuer Shares	2.4%
	2,982,000 Issuer Class A Shares	6%
Total:	25,300,000 Issuer Shares	40.8%
	49,700,000 Issuer Class A Shares	100%

(1) An aggregate of 25,300,000 Issuer Shares and 49,700,000 Issuer Class A Shares are to be held in escrow which comprise all shares of the Issuer to “Principals” of the Issuer prior to the Business Combination, “Principals” being (i) directors and senior officers of the Issuer or any material operating subsidiary owning shares of the Issuer carrying 1% or more of the voting rights upon completion of the Business Combination, (ii) promoters of the Issuer during the two years preceding the Business Combination owning shares of the Issuer carrying 1% or more of the voting rights upon completion of the Business Combination, (iii) holders of more than 10% of the outstanding shares of the Issuer immediately before the Closing Date who also have a right to elect or appoint a director or senior officer of the Issuer or a material operating subsidiary, (iv) holders of more than 20% of the outstanding shares of the Issuer immediately before the Closing Date, (v) companies, trusts, partnerships or other entities held more than 50% by one or more of the foregoing, and (vi) spouses or other relatives that live at the same address as any of the foregoing.

(2) Odyssey acts as escrow agent.

(3) Based on 62,008,400 Issuer Shares and 49,700,000 Issuer Class A Shares outstanding on a non-diluted basis on completion of the Business Combination.

All of the foregoing Issuer Shares and Issuer Class A Shares (collectively, the “**Escrowed Shares**”) are to be released from escrow based on the following schedule:

Proportion to be Released	Release Date
1/10 of the Escrowed Shares	Closing Date
1/6 of the Remaining Escrowed Shares	6 months from the Closing Date
1/5 of the Remaining Escrowed Shares	12 months from the Closing Date
1/4 of the Remaining Escrowed Shares	18 months from the Closing Date
1/3 of the Remaining Escrowed Shares	24 months from the Closing Date
1/2 of the Remaining Escrowed Shares	30 months from the Closing Date
The Remaining Escrowed Shares	36 months from the Closing Date

12. PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of MMDC and Carpincho, as of the Closing of the Business Combination, only the following shareholders will beneficially own or exercise control or direction over Issuer Shares carrying more than 10% of the votes attached to such Issuer Shares:

Name	Number of Issuer Shares	Number of Issuer Class A Shares	Percentage of Equity of the Issuer After Giving Effect to the Business Combination (Undiluted)⁽¹⁾	Percentage of Equity of the Issuer After Giving Effect to the Business Combination (Fully Diluted)⁽²⁾	Type of Ownership
Robert Groesbeck Henderson, Nevada	11,891,000	23,359,000	31%	19%	Indirect
Larry Scheffler Henderson, Nevada	11,891,000	23,359,000	31%	19%	Indirect
Notes:					
(1) Based on 62,008,400 Issuer Shares and 49,700,000 Issuer Class A Shares outstanding on a non-diluted basis on completion of the Business Combination.					
(2) Based on 135,091,553 Issuer Shares and 49,700,000 Issuer Class A Shares outstanding on a fully-diluted basis on completion of the Business Combination.					

13. DIRECTORS AND OFFICERS

Directors, Officers and Management of the Issuer

The following table lists the names and municipalities of residence of the proposed, officers, and promoters of the Issuer upon completion of the Business Combination, their current and anticipated positions and offices with the Issuer, respectively, their principal occupations during the last five years and the number and percentage of Issuer Shares and Issuer Class A Shares anticipated to be owned, directly or indirectly, or over which control or discretion is exercised by each.

Name and Municipality of Residence	Proposed Office with Issuer	Principal Occupation and Positions Held During the Last 5 Years	Number and Percentage of Issuer Shares Owned, Beneficially Held or Controlled upon Completion of the Business Combination
Robert Groesbeck <i>Henderson, Nevada</i>	Co-Chief Executive Officer and a Director	Co-Chief Executive Officer of MMDC (2014 - Present); and General Counsel, Advisor to C&S Waste Solutions (2013 - Present)	11,891,000 Issuer Shares (19.2%) 23,359,000 Issuer Class A Shares (47%)
Larry Scheffler <i>Henderson, Nevada</i>	Co-Chief Executive Officer and a Director	Co-Chief Executive Officer of MMDC (2014 - Present); and Chairman and Founder of Las Vegas Color Graphics, Inc. (1978 - Current)	11,891,000 Issuer Shares (19.2%) 23,359,000 Issuer Class A Shares (47%)
Dennis Logan <i>Toronto, Ontario</i>	Chief Financial Officer	Chief Financial Officer, Latin American Minerals (2017 - Present); Chief Financial Officer of BTU Metals Corp. (2017 - Present); and Former Chief Financing Officer, Almonty Industries Inc. (2011 to 2017)	250,100 Issuer Shares (less than 1%)
William Vargas <i>Las Vegas, Nevada</i>	Vice-President of Finance	Vice-President of Finance of MMDC (2018 - Present); Chief Financial Officer and Senior Vice-President of Las Vegas Color Graphics, Inc. (2000 - Present)	37,500 Issuer Shares (less than 1%)
Chris Wren <i>North Las Vegas, Nevada</i>	Vice-President of Operations	Vice-President of Operations of MMDC (2014 - Present)	1,518,000 Issuer Shares (2.4%) 2,982,000 Issuer Class A Shares (6%)
Tanya Lupien <i>Henderson, Nevada</i>	Vice-President of Sales and Marketing	Vice-President of Sales and Marketing of MMDC (2016 - Present); District Sales Manager at Farmers Insurance Group of Companies (2014 - 2016); and District Sales Manager - Health and Benefits Division at Paychex, Inc. (2013 - 2014).	Nil
Greg Wilson <i>Ottawa, Ontario</i>	Independent Director	Former Chief Operating Officer of CannaRoyalty Corp. (2016 - 2018); Founder of EMT Capital Corp. (1997 - Present); Chief Executive Officer of Vida Cannabis Corp.	125,000 Issuer Shares (less than 1%)
Marc Lustig <i>Vancouver, British Columbia</i>	Independent Director	Chief Executive Officer of CannaRoyalty Corp. (2015 - Present); Principal at KES 7 Capital (2013 - Present)	250,000 Issuer Shares (less than 1%)

Michael Harman <i>Syosset, New York</i>	Independent Director	Managing Partner, HRP CPAs and Consultants (2016 – Present)	Nil
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Each of the proposed directors of the Issuer will hold office until the next annual meeting of the shareholders or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with the Issuer's articles or by-laws.

Committees of the Board of Directors

Directors will be appointed to the Compensation Committee and the Corporate Governance and Nominating Committee following Completion of the Business Combination in accordance with regulatory guidelines. The composition and mandate of such committees will be determined by the Issuer Board.

It is anticipated that the Audit Committee will be comprised of three directors as follows: Michael Harman (Chair), Greg Wilson and Marc Lustig. Messrs. Harman, Wilson and Lustig are all "independent", as such term is defined within the meaning of National Instrument 52-110. Each proposed member of the Audit Committee is also "financially literate", as such term is defined within the meaning of National Instrument 52-110, and possesses education or experience that is relevant for the performance of their responsibilities as Audit Committee members.

Penalties and Sanctions

No proposed director, officer, promoter of the Issuer, or a security holder anticipated to hold sufficient securities of the Issuer to affect materially the control of the Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body including a self-regulatory body that would be likely to be considered important to a reasonable security holder making a decision about the Business Combination.

Corporate Cease Trade Orders or Bankruptcies

No proposed director, officer, promoter of the Issuer, or a security holder anticipated to hold sufficient securities of the Issuer to affect materially the control of the Issuer, within 10 years before the date of this Listing Statement, has been, a director, officer or promoter of any Person or Company that, while that Person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days, or 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.

Personal Bankruptcies

No director, officer or 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 person has, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

Conflicts of Interest

There are potential conflicts of interest to which the directors, officers and promoters of the Issuer will be subject with respect to the operations of the Issuer. Certain of the directors, and/or officers serve as directors and/or officers of other companies or have significant shareholdings in other companies. Situations may arise where the directors, officers and promoters of the Issuer will be engaged in direct competition with the Issuer. Any conflicts of interest will be subject to and governed by the law applicable to directors and officers conflicts of interest, including the procedures prescribed by the CBCA. The CBCA requires that directors and officers of the Issuer, who are also directors or officers of a party which enters into a material contract with the Issuer or otherwise have a material interest in a material contract entered into by the Issuer, must disclose their interest and, in certain instances, refrain from voting on any resolution of the Issuer's directors to approve the contract.

The following biographies provide certain selected information in respect of the persons who will be serving as officers and/or management of the Issuer:

Robert Groesbeck (Co-Chief Executive Officer and a Director)

Mr. Groesbeck has been in the Las Vegas area for the majority of his life. He has been a long-time entrepreneur, starting and/or assisting in the creation of a number of businesses. Mr. Groesbeck was designated as one of the top forty Southern Nevada Business Executives under the age of forty, on the basis of his professional achievement and community service by the Las Vegas Business Press. Mr. Groesbeck has extensive experience in the legal field. He has practiced law for over 25 years, and has knowledge about multiple aspects of the law. He also served as the Mayor of the City of Henderson from 1993 to 1997. Mr. Groesbeck earned his B.S. in Criminal Justice from the University of Nevada, an M.B.A. from National University and a J.D. from Western Michigan University.

Larry Scheffler (Co-Chief Executive Officer and a Director)

Mr. Scheffler has been a resident of Nevada for 48 years. He founded Las Vegas Color Graphics, Inc. 40 years ago in 1978 and grew it into the largest privately-owned commercial printing company in Nevada. Las Vegas Color has a staff of more than 200 people. He has also served as a councilman for the city of Henderson, Nevada from 1990 to 1995. Mr. Scheffler has also served as a commissioner on 6 major commissions in Southern Nevada government. He has an extensive background in real estate. He has founded and is managing director of entities controlling over 1,000 acres in 3 states that are under some form of development.

Dennis Logan (Chief Financial Officer)

Mr. Logan has over 25 years of financial advisory and senior financial management and accounting experience, having spent 17 years in Investment Banking prior to transitioning into Public Company CFO roles. Mr. Logan currently serves as the Chair of the Audit Committee of Eurocontrol Technics Group Ltd. (TSX-V: EUO) and Magna Terra Minerals Inc. (TSX-V: MTT) and serves as the part-time CFO for Latin American Minerals Inc. (TSX-V: LAT) and BTU Metals Corp (TSX-V: BTU). Previously, Mr. Logan served as the CFO, Director and Corporate Secretary of Almonty Industries Inc., a publicly traded tungsten mining and processing company (TSX-V: All). Mr. Logan is a CPA, CA and started his career in finance and accounting with Ernst & Young LLP.

William Vargas (Vice-President of Finance)

Bill Vargas has over 25 years of senior financial management and accounting experience. Bill currently serves as CFO/Senior VP of Las Vegas Color Graphics, Inc., a \$30 million commercial printer. Previously, Bill served as VP Finance, CFO and Corporate Secretary of LEC Technologies, Inc., a publicly traded computer leasing company. Bill started his career in finance and accounting as audit manager with Arthur Andersen & Co.

Chris Wren (Vice-President of Operations)

Mr. Wren joined MMDC in March 2014 and is responsible for the oversight of all production and cultivation operations. Mr. Wren also designed and managed the construction of MMDC's dispensary, the Clark County cultivation facility and the Beatty complex. Mr. Wren has won several awards for his cultivation efforts, including 1st place in the 2015 International Cannagraphic Growers Cup. A veteran of the cannabis industry, Mr. Wren possesses more than 15 years of cannabis industry experience.

Tanya Lupien (Vice-President of Sales and Marketing)

Ms. Lupien joined MMDC in October 2016 and is responsible for developing and executing MMDC's sales and marketing strategies. Ms. Lupien also oversees all dispensary operations and staff. Prior to joining Planet 13, Ms. Lupien served as District Manager at Farmers Insurance Group of Companies. Ms. Lupien earned a B.A. in Communications – Public Relations from the University of North Dakota.

Greg Wilson (Independent Director)

Mr. Wilson is an entrepreneur and corporate finance strategist with more than 20 years of experience advising and structuring capital market financings for start-up and emerging growth enterprises. In 2005, Mr. Wilson co-founded Paramount Gold & Silver Corp., a precious metals exploration company that was sold to Coeur Mining for over \$200 million in late 2014. Mr. Wilson also sits on the Board of Directors of BlackShire Capital, and was a founding Director of CannaRoyalty Corp.

Marc Lustig (Independent Director)

Mr. Lustig holds MSc and MBA degrees from McGill University. He began his professional career in the pharmaceutical industry. For the next 15 years Mr. Lustig worked in senior roles at GMP Securities L.P. and as Head of Capital Markets at Dundee Capital Markets before becoming a Principal at KES 7 Capital. In early 2015, Mr. Lustig founded Cannabis Royalties & Holdings Corp., which is now CannaRoyalty Corp. where he is currently CEO and Director.

Michael Harman (Independent Director)

Mr. Harman, CPA has been in the accounting field for over 20 years and is the Managing Partner and senior audit partner with HRP CPAs, a Certified Public Accounting and Consulting firm based in Las Vegas. His primary focus is business consulting including performing outsourced CFO services and various other engagements such as consulting on M&A, systems implementation and conversions and business turnarounds. In his consulting role, he holds the title of CFO with various companies primarily in Las Vegas. He holds FINRA series 27 and 63 licenses, serves as Financial Operations Principal for a Broker Dealer in Las Vegas, is a member of the American Institute of Certified Public Accountants, the Turnaround Management Association and the Nevada Society of Certified Public Accountants and is a Certified Public Accountant licensed in the State of Nevada.

14. CAPITALIZATION

Please see Schedule A for the capitalization information required in section 14 of CSE Form 2A.

15. EXECUTIVE COMPENSATION

The statement of executive compensation contained in this section relates only to the proposed executive compensation of the Issuer assuming completion of the Business Combination, and should be read and interpreted as though the Business Combination has been completed.

General

Executive compensation is required to be disclosed for (i) each Chief Executive Officer (or individual who served in a similar capacity during the most recently completed financial year), (ii) each Chief Financial Officer (or individual who served in a similar capacity during the most recently completed financial year), (iii) each of the three most highly compensated executive officers (other than the Chief Executive Officer and the Chief Financial Officer) who were serving as executive officers at the end of the most recently completed fiscal year (or three most highly compensated individuals) and whose total compensation was, individually, more than \$150,000; and (iv) each individual who would meet the definition set forth in (iii) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year (the "NEOs").

Upon completion of the Business Combination, the Issuer will still be in its early stages of development. It is expected that the Issuer will form a compensation committee after completion of the Business Combination. Initially the compensation program for the Issuer will only provide for a base amount of cash compensation, with no formal long-term equity plan or bonus program in place.

Other than as described above, the Issuer does not intend to provide the NEOs with any additional personal benefits, nor does the Issuer intend to provide any additional compensation to its NEOs for serving as directors of the Issuer.

The Issuer Board as a whole determines the level of compensation in respect of the Issuer's senior executives. There were no long-term incentive awards. There are no pension plan benefits in place for the named executives and none of the NEOs, senior officers or directors of the Issuer is indebted to the Issuer. In addition, there are no plans in place with respect to the NEOs for termination of employment or change in responsibilities.

Base Salaries

To set base compensation levels, the Issuer will give consideration to objective factors such as level of responsibility, experience and expertise and subjective factors such as leadership, commitment and attitude.

Stock and Option-Based Awards

Following completion of the Business Combination, the Issuer intends to grant Issuer Options to purchase an aggregate of up to 625,000 Issuer Shares to the Issuer's non-executive directors and to certain officers and employees at an exercise price equal to the issue price of the Subscription Receipts, representing less than one percent of the equity of the Issuer on a post-Business Combination basis.

It is expected that stock and options awards held by management will be taken into consideration by the Compensation Committee at the time of any subsequent grants under the Compensation Plan in determining the quantum or terms of any such subsequent award grants. Issuer Options (and other awards) may be granted to directors, management, employees and certain service providers as long-term incentives to align the individual's interests with those of the Issuer. The size of the award grants is anticipated to be in proportion to the deemed ability of the individual to make an impact on the Issuer's success, as determined by the Issuer Board.

A material summary of the terms of the Issuer Option Plan is set below:

Purpose

The purpose of the Issuer Option Plan is to advance the interests of the Issuer by:

- (a) providing eligible persons, being directors, employees, officers or eligible contractors of the Issuer or its affiliates (collectively, the "**Eligible Persons**"), with additional incentives through equity ownership;
- (b) increasing the proprietary interest of Eligible Persons in the success of the Issuer;
- (c) encouraging Eligible Persons to remain with the Issuer or its affiliates; and
- (d) attracting new directors, employees, officers and service providers.

Eligible Participants

Issuer Options may be granted to Eligible Persons. Subject to the provisions of the Issuer Option Plan, the Issuer Board has the authority to determine the terms, limitations, restrictions and conditions applicable to the vesting or to the exercise of an Issuer Option, including, without limitation, the nature and duration of the restrictions, if any, to be imposed on the sale or other disposition of Issuer Shares acquired on exercise of an Issuer Option.

Vesting

The Issuer Board will establish vesting and other terms and conditions for an Issuer Option at the time each Issuer Option is granted.

Securities Issuable under the Issuer Option Plan

The aggregate number of Issuer Shares reserved for issuance for all Issuer Options granted under the Issuer Option Plan and for all other security-based compensation arrangements of the Issuer, including the Share Unit Plan, must not exceed 10% of the Issuer Shares issued and outstanding (on a non-diluted basis) at the time of granting the Issuer Option.

The maximum number of Issuer Shares issuable to any one person under the Issuer Option Plan is 5% of the Issuer Shares issued and outstanding (on a non-diluted basis) at the time of the grant less the aggregate number of Issuer Shares reserved for issuance to such person under any other security-based compensation arrangements of the Issuer.

The maximum number of Issuer Shares issuable to insiders under the Issuer Option Plan and any other security-based compensation arrangements of Issuer is 10% of the Issuer Shares issued and outstanding (on a non-diluted basis) at the time of the grant. The maximum number of Issuer Shares which may be issued to insiders under the Issuer Option Plan and any other security-based compensation arrangements of the Issuer within a 12-month period is 10% of the

Issuer Shares issued and outstanding (on a non-diluted basis) at the time of the issuance. In addition, grants of Issuer Options to non-employee directors cannot exceed the lesser of (i) 1% of the total number of Issuer Shares issued and outstanding (on a non-diluted basis) at the time of issuance and (ii) an annual equity value of \$100,000 to each director.

Exercise Price and Term

Each Issuer Option is confirmed by an option agreement or option grant letter or other form of confirmation (electronic or otherwise) as prescribed by the Issuer Board from time to time. The Issuer Board shall establish the exercise price of an Issuer Option at the time the Issuer Option is granted. The exercise price may not be less than the Market Price (as defined in the Issuer Option Plan) on the date of grant, being the greater of the closing Market Price of the Issuer Shares on the CSE on: (a) the trading day prior to the date of grant of the Issuer Options; and (b) the date of grant of the Issuer Options. In the event that the Issuer Shares are not then listed and posted for trading on the CSE or such other stock exchange or quotation system on which the Issuer Shares are listed or quoted from time to time, the Market Price shall be the fair market value of such Issuer Shares as determined by the Issuer Board in its sole discretion.

In the event that any Issuer Option expires during, or within 48 hours after, an Issuer-imposed blackout period on the trading of securities of the Issuer, such expiry becomes the tenth day after the end of the blackout period.

Cessation or Termination of Options

Subject to specific exceptions and restrictions outlined in the Issuer Option Plan, Issuer Options are not assignable and will terminate as follows:

- (1) if a participant ceases to be an Eligible Person for any reason other than death or termination for cause, their Issuer Options will be cancelled:
 - (a) 90 days after the participant ceases to be an Eligible Person or otherwise in accordance with the terms of the participant's employment agreement;
 - (b) such longer period as may be determined by the Issuer Board, but not exceeding the original expiry date of the Option; or
 - (c) immediately if the Issuer Options are unvested at the date the participant ceases to be an Eligible Person unless the Issuer Board determines otherwise;
- (2) if a participant ceases to be an Eligible Person because their relationship with the Issuer or an affiliate is terminated for cause by the Issuer or an affiliate, their Issuer Options will be cancelled immediately after the participant ceases to be an Eligible Person; or
- (3) if a participant ceases to be an Eligible Person as a result of their death, all Issuer Options unvested at the date of the participant's death will vest immediately and their Issuer Options will be cancelled:
 - (a) 180 days after their death; or
 - (b) such longer period as may be determined by the Issuer Board, but not exceeding the original expiry date of the Issuer Option to a maximum of 12 months.

Assignability

Issuer Options are non-assignable and non-transferable by a participant otherwise than by will or the laws of descent and distribution and are exercisable only by the participant during the lifetime of the participant and only by the participant's legal representative after death of the participant (in accordance with the Issuer Option Plan). However, Issuer Options granted to a participant may be assigned to a Permitted Assign (as such term is defined in the Issuer Option Plan) of such participant, following which such Issuer Options will be non-assignable and non-transferable by such permitted assign, except to another permitted assign, otherwise than by will or the laws of descent and distribution, and will be exercisable only by such permitted assign during the lifetime of such permitted assign and only by such permitted assign's legal representative after death of such permitted assign.

Amendment Provisions

Subject to any applicable regulatory or stock exchange requirements or restrictions in the Issuer Option Plan, the Issuer Board may at any time and without shareholder approval, terminate the Issuer Option Plan or amend the provisions of the Issuer Option Plan or any Issuer Options granted under it, including without limitation amendments:

- (1) related to the exercise of Issuer Options, including the inclusion of a cashless exercise feature where payment is in cash or common shares or otherwise;
- (2) deemed by the Issuer Board to be necessary or advisable because of any change in applicable securities laws or other laws;
- (3) to the definitions;
- (4) to the change of control provisions;
- (5) relating to the administration of the Issuer Option Plan;
- (6) to the vesting provisions of any outstanding Issuer Option;
- (7) to postpone or adjust any exercise of an Option or the issuance of any common shares pursuant to the Issuer Option Plan in order to permit the Issuer to effect or maintain registration of the Issuer Option Plan or the common shares issuable pursuant to the Issuer Option Plan under the securities laws of any applicable jurisdiction, or to determine that the common shares and the Issuer Option Plan are exempt from such registration; or
- (8) fundamental or otherwise, not requiring shareholder approval under applicable law or the rules of an exchange on which the common shares are listed, including amendments of a "clerical" or "housekeeping" nature and amendments to ensure that the Options granted under the Stock Option Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which an Eligible Person may from time to time be resident or a citizen.

The Board may not make any of the following amendments to the Issuer Option Plan without first having obtained the approval of a majority of shareholders voting at a shareholders meeting:

- (1) an increase in the maximum number of common shares which may be issued under the Issuer Option Plan;
- (2) an increase in the ability of the Issuer Board to amend the Issuer Option Plan without shareholder approval;
- (3) amendments to the definitions of “Eligible Person” and “Permitted Assigns”;
- (4) amendments to the exercise price of any Issuer Option issued under the Issuer Option Plan where such amendment reduces the exercise price of such Issuer Option;
- (5) amendments to the term of any Issuer Option issued under the Issuer Option Plan; or
- (6) amendments to the transfer provisions of the Issuer Option Plan.

In addition, the Board may not amend the Issuer Option Plan to increase insider participation limits without first having obtained the approval of a majority of shareholders excluding shares voted by insiders who are Eligible Persons.

Restricted Share Units

Following the completion of the Business Combination, the Issuer intends to adopt the Share Unit Plan. Share Units may be granted at the discretion of the Issuer Board as a bonus to executives taking into account a number of factors, including the amount and term of Share Units previously granted, base salary and bonuses and competitive market factors. Granted Share Units are notional shares that have the same value as Issuer Shares and earn dividend equivalents as additional units, at the same rate as dividends paid on the Issuer Shares. No dividend equivalents will vest unless the associated Share Units also vest.

A material summary of the terms of the Share Unit Plan is set below:

Purpose

The purpose of the Share Unit Plan is to provide for the award of Share Units and the settlement of such Share Units through the issuance of Issuer Shares from treasury (subject to vesting and performance conditions or measures, if any, and subject to the requisite shareholder approval) for services rendered, in order to advance the interests of the Issuer, its affiliates and its shareholders through the motivation, attraction and retention of employees, officers and eligible contractors and the alignment of their interests with the interests of the Issuer’s shareholders.

Eligible Participants

Share Units may be granted to directors, employees, officers or eligible contractors of the Issuer or its affiliates. Subject to the provisions of the Share Unit Plan, the Issuer Board will have the authority to determine the terms, limitations, restrictions and conditions applicable to the grant or vesting of an Share Unit. Share Units may not be granted to directors unless the director is an employee, officer or eligible contractor of the Issuer or one of its affiliates.

Grant, Vesting and Term

The Issuer Board shall determine when any Share Unit will vest which may be as early as the award date of the Share Unit, or in installments, or pursuant to a vesting schedule, in

accordance with the provisions of the Share Unit Plan and rules of the CSE, and specified in an Share Unit award agreement.

The number of Share Units awarded to a participant will be credited to the participant's account, effective as of the award date. For the avoidance of doubt, a participant will have no right or entitlement whatsoever to receive any Issuer Shares until the Share Unit has vested.

Each participant shall have the right to redeem a vested Share Unit at any time prior to the settlement date of such Share Unit, by providing a notice of redemption to the Issuer. Upon receipt of a notice of redemption, the Issuer shall deliver, or cause to be delivered, certificates representing the Issuer underlying such Share Unit to the participant in accordance with the participant's instructions.

A vested Share Unit will entitle the participant, subject to the satisfaction of any conditions, measures, restrictions or limitations imposed under the Share Unit Plan or the applicable Share Unit award agreement, to receive one Issuer Share no later than the participant's settlement date. Notwithstanding the foregoing, unless the Issuer Board determines otherwise, a participant's settlement date shall be accelerated as follows:

- (1) in the event of the death of the participant, the participant's settlement date shall be the date of death; and
- (2) in the event of the total disability of the participant, the participant's settlement date shall be the date which is 60 days following the date on which the participant becomes totally disabled.

In the event of the termination with or without cause (or retirement) of a participant, all unvested Share Units credited to the participant shall become void and the participant shall have no entitlement and will forfeit any rights to receive Issuer Shares under the Share Unit Plan, except as may otherwise be determined by the Issuer Board in its sole and absolute discretion.

Securities Issuable Under the Share Unit Plan

The maximum number of Issuer Shares made available for the Share Unit Plan shall be determined from time to time by the Issuer Board, but in any case, shall not exceed, when combined with all other share compensation arrangements (including the Issuer Option Plan), 10% of the Issuer Shares issued and outstanding from time to time, subject to adjustment. The Share Unit Plan is a "rolling plan" and therefore when Share Units are settled, cancelled or terminated, Issuer Shares shall automatically be available for the award of new Share Unit under the Share Unit Plan.

Adjustments

Subject to the absolute discretion of the Issuer Board, the Issuer Board may elect to credit each participant with additional Share Units as a bonus in the event any dividend is paid on the Issuer Shares. In such case, the number of additional Share Units will be equal to the aggregate amount of dividends that would have been paid to the participant if the Share Units (vested and unvested) in the participant's account had been Issuer Shares divided by the Market Price (as defined in the Share Unit Plan) of an Issuer Share on the date on which dividends were paid by the Issuer. The additional Share Units will vest and be subject to the same terms in proportion to the initial Share Units.

Amendment Provisions

The Issuer Board may from time to time in its discretion (without shareholder approval) amend, modify and change the provisions of the Share Unit Plan (including any Share Unit award agreements), including, without limitation:

- (1) amendments of a house keeping nature; and
- (2) changes to the settlement date of any Share Units.

However, other than as set out above, any amendment, modification or change to the provisions of the Share Unit Plan which would:

- (1) materially increase the benefits to the holder of the Share Units who is an insider to the material detriment of the Issuer and its shareholders;
- (2) increase the number of Issuer Shares or maximum percentage of Issuer Shares which may be issued pursuant to the Issuer Plan other than in the event of a change in the Issuer Shares, whether by reason of a stock dividend, consolidation, subdivision or reclassification;
- (3) reduce the range of amendments requiring shareholder approval;
- (4) permit Share Units to be transferred other than for normal estate settlement purposes;
- (5) change insider participation limits which would result in shareholder approval being required on a disinterested basis;
- (6) materially modify the eligibility requirements for participation in the Share Unit Plan,

shall only be effective on such amendment, modification or change being approved by the shareholders of the Issuer.

In addition, any such amendment, modification or change of any provision of the Share Unit Plan shall be subject to the approval, if required, by any stock exchange having jurisdiction over the securities of the Issuer.

Summary Compensation Table

The following table sets out all anticipated annual compensation to be paid by the Issuer during the twelve-month period following the closing of the Business Combination.

Name and Principal Position	Year	Salary (US\$)	Share-base awards (\$)	Option-based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other Compensation (\$) ⁽³⁾	Total Compensation (\$) ⁽⁴⁾
					Annual incentive plans	Long-term incentive plans ⁽²⁾			
Robert Groesbeck <i>Co-Chief Executive</i>	2018	\$240,000	Nil	Nil	N/A	N/A	N/A	Nil	\$240,000

<i>Officer</i>									
Larry Scheffler <i>Co-Chief Executive Officer</i>	2018	\$240,000	Nil	Nil	N/A	N/A	N/A	Nil	\$240,000
Dennis Logan <i>Chief Financial Officer</i>	2018	\$92,300	Nil	Nil	N/A	N/A	N/A	Nil	\$92,300
Chris Wren <i>Vice-President, Operations</i>	2018	\$200,000	Nil	Nil	N/A	N/A	N/A	Nil	\$200,000
<p>(1) Option based grants may be awarded to NEOs in fiscal 2018.</p> <p>(2) On completion of the Business Combination, it is expected that Messrs. Groesbeck and Scheffler will be awarded 1,000,000 Share Units, Mr. Logan will be awarded 371,000 Share Units and Mr. Wren will be awarded 556,500.</p> <p>(3) It is expected that NEOs will be able to fully participate in employee benefits of the Issuer, and reasonable business expenses, including travel and lodging, will be reimbursed to NEOs.</p> <p>(4) This figure does not include the potential value of securities or benefits proposed to be issued, paid or reimbursed in footnotes (1), (2) and (3) above.</p>									

Equity-based awards, if any, for fiscal 2018 will be determined by the Issuer Board or a committee thereof. See "*Executive Compensation – Compensation Plan*".

Any additional compensation to be paid to the NEOs for fiscal 2018 will be determined by the Board of Directors of the Issuer or a committee thereof. As of the date hereof, the Board of Directors of the Issuer does not intend to pay any NEO perquisites in aggregate worth \$50,000 or more, or worth 10% or more of such NEO's total salary, for fiscal 2018.

Incentive Plan Awards

Immediately prior to the closing of the Business Combination, there will not be any share-based or option-based awards outstanding.

Options to Purchase Securities

It is expected that the Issuer will grant 625,000 Issuer Options and 5,543,358 Share Units upon completion of Business Combination. The Issuer Board may also decide to grant new Issuer Options and Share Units in the future.

Pension Plan Benefits

The Issuer does not intend to implement any pension or retirement plan which is applicable to the NEOs. MMDC has not provided compensation, monetary or otherwise, during the most recently completed financial year, to any person who has acted or will act as an NEO of the Issuer, in connection with or related to the retirement, termination or resignation of such person.

Defined Benefits Plans

On completion of the Business Combination, the Issuer will not have a defined benefits pension plan.

Defined Contribution Plans

On Completion of the Business Combination, the Issuer will not have a defined contribution plan.

Deferred Compensation Plans

On completion of the Business Combination, the Issuer will not have a deferred compensation plan.

Termination and Change of Control Benefits

Other than as disclosed herein, the Issuer will not have any contracts, agreements, plans or arrangements that provide for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Issuer or a change in an NEO's responsibilities.

It is contemplated that on completion of the Business Combination, the Issuer will enter into employment agreements with each of Messrs. Groesbeck and Scheffler that will provide for a payout of salary and bonuses in the amount of the lesser of: (i) the number of months of service provided to the Issuer; and (ii) 24 months; and termination without cause that will result in executive secretarial support provided by the Issuer for six months upon early termination.

Director Compensation

Directors of the Issuer will not receive any compensation, except for Issuer Options under the Issuer Option Plan or Share Units. The Issuer does not intend to implement any pension plan or other arrangement for non-cash compensation for its directors who are not NEOs. In the 12 months following the completion of the Business Combination, the Issuer may issue stock options to directors, officers, employees and other service providers from time to time.

Other than as set forth in the foregoing, no director of the Issuer who is not an NEO has received compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or
- (c) any arrangement for the compensation of directors for services as consultants or experts.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No existing or proposed director, executive officer or senior officer of the Issuer is currently indebted to the Issuer.

17. RISK FACTORS

The following specific factors could materially adversely affect the Issuer and should be considered when deciding whether to make an investment in the Issuer and the Issuer Shares. Some of the following factors are interrelated and, consequently, investors should treat such risk factors as a whole. These risks and uncertainties are not the only ones that could affect the Issuer or the Issuer Shares and additional risks and uncertainties not currently known to the Issuer, or that it currently deems to be immaterial, may also impair the business, financial

condition and results of operations of the Issuer and/or the value of the Issuer Shares. If any of the following risks or other risks occur, they could have a material adverse effect on the Issuer's business, financial condition and results of operations and/or the value of the Issuer Shares. There is no assurance that any risk management steps taken by the Issuer will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

Risks generally related to the Issuer

The Issuer is a development stage company with limited operating history.

As the Issuer has only recently begun to generate revenue, it is extremely difficult to make accurate predictions and forecasts of its finances. This is compounded by the fact the Issuer intends to operate in the cannabis industry, which is rapidly transforming. There is no guarantee that the Issuer's products or services will be attractive to potential consumers.

Uncertainty about the Issuer's ability to continue as a going concern.

The Issuer's ability to continue as a going concern will be dependent upon its ability in the future to grow its revenue and achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Issuer; however, there can be no certainty that such funds will be available at terms acceptable to the Issuer. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Issuer's ability to continue as a going concern.

The Issuer's actual financial position and results of operations may differ materially from the expectations of the Issuer's management.

The Issuer's actual financial position and results of operations may differ materially from management's expectations. As a result, the Issuer's revenue, net income and cash flow may differ materially from the Issuer's projected revenue, net income and cash flow. The process for estimating the Issuer's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Issuer's financial condition or results of operations.

Nature of the business model.

The primary businesses of the Issuer (through one or more operating companies owned by the Issuer) are intended to be a leading cultivator and dispensary of cannabis and cannabis-infused products in the State of Nevada. Because the production and sale of recreational cannabis remain illegal under federal law, it is possible that the Issuer's future suppliers (and other third-party service providers) and customers may be forced to cease activities. The U.S. federal government, through both the Drug Enforcement Agency ("DEA") and Internal Revenue Service ("IRS"), has the right to actively investigate, audit and shut-down marijuana growing facilities and retailers. The U.S. federal government may also attempt to seize the Issuer's property. Any action taken by the DEA and/or the IRS to interfere with, seize, or shut down the Issuer's operations will have an adverse effect on the Issuer's business, operating results and financial condition

Probable lack of business diversification.

Because the Issuer will be initially focused solely on developing its cannabis business, the prospects for the Issuer's success will be dependent upon the future performance and market acceptance of the Issuer's intended facilities, products, processes, and services. Unlike certain entities that have the resources to develop and explore numerous product lines, operating in multiple industries or multiple areas of a single industry, the Issuer does not anticipate the ability to immediately diversify or benefit from the possible spreading of risks or offsetting of losses. Again, the prospects for the Issuer's success may become dependent upon the development or market acceptance of a very limited number of facilities, products, processes or services.

The Issuer faces competition from other companies where it will conduct business that may have higher capitalization, more experienced management or may be more mature as a business.

Many other businesses in the State of Nevada engage in similar activities to the Issuer. An increase in the companies competing in this industry could limit the ability of the Issuer to expand its operations. Current and new competitors may have better capitalization, a longer operating history, more expertise and able to develop higher quality equipment or products, at the same or a lower cost. The Issuer cannot provide assurances that it will be able to compete successfully against current and future competitors. Competitive pressures faced by the Issuer could have a material adverse effect on its business, operating results and financial condition.

Unfavourable publicity or consumer perception.

The Issuer believes the medical and recreational cannabis industries are highly dependent upon consumer perception regarding the safety, efficacy and quality of cannabis distributed to such consumers. Consumer perception of the Issuer's products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis or derivative 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 medical or recreational cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for 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 Issuer's business, results of operations, financial condition and cash flows. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or the Issuer's products specifically, or associating the consumption of cannabis 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.

The Issuer expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations.

The Issuer expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Issuer's results of operations, financial condition and cash flows. In addition,

future 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 Issuer's efforts to grow its business may be costlier than the Issuer expects, and the Issuer may not be able to increase its revenue enough to offset its higher operating expenses. The Issuer may incur significant losses in the future for a number of reasons, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Issuer is unable to achieve and sustain profitability, the market price of the Issuer Shares may significantly decrease.

Reliance on a single jurisdiction.

To date, the Issuer's activities and resources have been primarily focused within the state of Nevada. The Issuer expects to continue the focus on this state as it continues to review further expansion opportunities into other jurisdictions in the United States. Adverse changes or developments within Nevada could have a material and adverse effect on the Issuer's ability to continue producing cannabis, its business, financial condition and prospects.

Development of the business of the Company.

The development of the business of the Issuer and its ability to execute on its expansion opportunities described herein will depend, in part, upon the amount of additional financing available. Failure to obtain sufficient financing may result in delaying, scaling back, eliminating or indefinitely postponing expansion opportunities and the business of the Issuer's current or future operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable. In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders.

The Issuer believes the successful completion of the Beatty facility will result in long-term strategic benefits for the Issuer. However, there is a risk that some or all of the anticipated strategic and financial benefits of the planned build may fail to materialize, may not continue on their existing terms, or may not occur within the time period anticipated by the Issuer. Although the Issuer has conducted due diligence with respect to the recent foundational investments, there is no certainty that the Issuer's due diligence procedures will reveal all of the risks and liabilities associated with its current plans. Although the Company is not aware of any specific liabilities, such liabilities may be unknown and accordingly the potential monetary cost of such liability is also unknown.

There is no assurance that the Issuer will remain profitable or pay dividends.

There is no assurance as to whether the Issuer will remain profitable or pay dividends. The Issuer has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business. The payment and amount of any future dividends will depend upon, among other things, the Issuer's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends. In the event that any of the Issuer's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or

otherwise jeopardize the ability of the Issuer to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

The Issuer may not be able to effectively manage its growth and operations, which could materially and adversely affect its business.

If the Issuer implements its business plan as intended, it may in the future experience rapid growth and development in a relatively short period of time. The management of this growth will require, among other things, continued development of the Issuer's financial and management controls and management information systems, stringent control of costs, the ability to attract and retain qualified management personnel and the training of new personnel. The Issuer intends to utilize outsourced resources, and hire additional personnel, to manage its expected growth and expansion. Failure to successfully manage its possible growth and development could have a material adverse effect on the Issuer's business and the value of the Issuer Shares.

Risks inherent in an agricultural business.

The Issuer's business involves the growing of cannabis, an agricultural product. As such, there are many similar risks as with any agricultural commodity, such as fluctuations in pricing. The Issuer will be subject to other risks inherent in the agricultural business, such as insects, plant diseases and similar cultivation risks. Although the Issuer expects that any such growing will be completed under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Energy costs.

The Issuer's growing operations will consume considerable energy, which make the Issuer vulnerable to the state of Nevada's energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Issuer and its ability to operate profitably.

Breaches of security at its facilities, or in respect of electronic documents and data storage and may face risks related to breaches of applicable privacy laws.

Given the nature of the Issuer's product, despite meeting or exceeding all legislative security requirements, there remains a risk of shrinkage, as well as theft. A security breach at one of the Issuer's facilities could expose the Issuer to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential consumers from choosing the Issuer's products. In addition, the Issuer collects and stores personal information about its consumers and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly consumer lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on the Issuer's business, financial condition and results of operations.

Dependence on suppliers.

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 equipment, parts and components. No assurances can be given that the Issuer will be successful in maintaining its required supply of equipment, parts and components. This could have an adverse effect on the financial results of the Issuer.

Control of the Issuer.

Messrs. Robert Groesbeck and Larry Scheffler, the proposed Co- Chief Executive Officers and directors of the Issuer, will be the principal shareholders of the Issuer.

Mr. Groesbeck will own, directly or indirectly, approximately 11,891,000 Issuer Shares and 23,359,000 Issuer Class A Shares, and Messrs. Scheffler will own, directly or indirectly, approximately 11,891,000 Issuer Shares and 23,359,000 Issuer Class A Shares, representing, in the aggregate, approximately 63% of the equity of the Issuer (on a non-diluted basis). By virtue of their status as principal shareholders of the Issuer, and by each being a director and/or executive officer of the Issuer, each of Messrs. Groesbeck and Scheffler will have the power to exercise significant influence over all matters requiring shareholder approval, including the election of directors (holders of Issuer Class A Shares shall be entitled to receive notice of and to attend any meeting of shareholders of Issuer and to exercise one vote for each Issuer Class A Share held at all meetings of shareholders, other than with respect to the vote for the election or removal of directors of the Issuer), amendments to the Issuer's articles and by-laws, mergers, business combinations and the sale of substantially all of the Issuer's assets. As a result, the Issuer could be prevented from entering into transactions that could be beneficial to the Issuer or its other shareholders. Also, third parties could be discouraged from making a take-over bid. As well, sales by either Messrs. Groesbeck and Scheffler of a substantial number of Issuer Shares could cause the market price of the Issuer Shares to decline.

Third party service providers to the Issuer may withdraw or suspend their service under threat of prosecution.

Since under U.S. federal law the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law, companies that provide goods and/or services to companies engaged in cannabis-related activities may, under threat of federal civil and/or criminal prosecution, suspend or withdraw their services. Any suspension of service and inability to procure goods or services from an alternative source, even on a temporary basis, that causes interruptions in the Issuer's operations could have a material and adverse effect on the Issuer's business, financial condition and results of operations.

The Issuer may be unable to adequately protect its proprietary and intellectual property rights, particularly in the U.S.

The Issuer's ability to compete may depend on the superiority, uniqueness and value of any intellectual property and technology that it may develop. To the extent the Issuer is able to do so, to protect any proprietary rights of the Issuer, the Issuer intends to rely on a combination of patent, trademark, copyright and trade secret laws, confidentiality agreements with its employees and third parties, and protective contractual provisions. Despite these efforts, any of the following occurrences may reduce the value of any of the Issuer's intellectual property:

1. the market for the Issuer's products and services may depend to a significant extent upon the goodwill associated with its trademarks and trade names, and its ability to register certain of its intellectual property under U.S. federal and state law is impaired by the illegality of cannabis under U.S. federal law;
2. patents in the cannabis industry involve complex legal and scientific questions and patent protection may not be available for some or any products; the Issuer's applications for trademarks and copyrights relating to its business may not be granted and, if granted, may be challenged or invalidated;

3. issued patents, trademarks and registered copyrights may not provide the Issuer with competitive advantages; the Issuer's efforts to protect its intellectual property rights may not be effective in preventing misappropriation of any its products or intellectual property;
4. the Issuer's efforts may not prevent the development and design by others of products or marketing strategies similar to or competitive with, or superior to those the Issuer develops;
5. another party may assert a blocking patent and the Issuer would need to either obtain a license or design around the patent in order to continue to offer the contested feature or service in its products; or
6. the expiration of patent or other intellectual property protections for any assets owned by the Issuer could result in significant competition, potentially at any time and without notice, resulting in a significant reduction in sales. The effect of the loss of these protections on the Issuer and its financial results will depend, among other things, upon the nature of the market and the position of the Issuer's products in the market from time to time, the growth of the market, the complexities and economics of manufacturing a competitive product and regulatory approval requirements but the impact could be material and adverse.

The Issuer may be forced to litigate to defend its intellectual property rights, or to defend against claims by third parties against the Issuer relating to intellectual property rights.

The Issuer may be forced to litigate to enforce or defend its intellectual property rights, to protect its trade secrets or to determine the validity and scope of other parties' proprietary rights. Any such litigation could be very costly and could distract its management from focusing on operating the Issuer's business. The existence and/or outcome of any such litigation could harm the Issuer's business. Further, because the content of much of the Issuer's intellectual property concerns cannabis and other activities that are not legal in some state jurisdictions or under federal law, the Issuer may face additional difficulties in defending its intellectual property rights.

Negative results from clinical trials.

From time to time, studies or clinical trials on cannabis products may be conducted by academics or others, including government agencies. The publication of negative results of studies or clinical trials related to the Issuer's proposed products or the therapeutic areas in which the Issuer's proposed products will compete could have a material adverse effect on the Issuer's sales.

Insurance coverage.

The Issuer's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes, product liability and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. Although the Issuer maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance does not cover all the potential risks associated with its operations. The Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Issuer is not generally available on acceptable terms. The Issuer might also become subject to liability for

pollution or other hazards which may not be insured against or which the Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

The Issuer may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on the Issuer's reputation, business, results from operations, and financial condition.

The Issuer may be named as a defendant in a lawsuit or regulatory action. The Issuer may also incur uninsured losses for liabilities which arise in the ordinary course of business, or which are unforeseen, including, but not limited to, employment liability and business loss claims. Any such losses could have a material adverse effect on the Issuer's business, results of operations, sales, cash flow or financial condition.

Product recalls.

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Issuer's 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 has detailed procedures in place for testing its 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 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 Issuer's results of operations and financial condition. 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.

The Issuer faces competition from other companies where it will conduct business that may have higher capitalization, more experienced management or may be more mature as a business.

An increase in the companies competing in this industry could limit the ability of the Issuer to expand its operations. Current and new competitors may have better capitalization, a longer operating history, more expertise and able to develop higher quality equipment or products, at the same or a lower cost. The Issuer cannot provide assurances that it will be able to compete successfully against current and future competitors. Competitive pressures faced by the Issuer could have a material adverse effect on its business, operating results and financial condition.

If the Issuer is unable to attract and retain key personnel, it may not be able to compete effectively in the cannabis market.

The Issuer's success has depended and continues to depend upon its ability to attract and retain key management, including the Issuer's Co-Chief Executive Officers, Vice-President of Financing, Vice-President of Operations, Vice-President of Sales and Marketing, and technical experts. The Issuer will attempt to enhance its management and technical expertise by

continuing to recruit 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 or engineering and technical support resources could have a material adverse effect on the Issuer's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Issuer, results of operations of the business and could limit the Issuer's ability to develop and market its cannabis-related products. The loss of any of the Issuer's senior management or key employees could materially adversely affect the Issuer's ability to execute the Issuer's business plan and strategy, and the Issuer may not be able to find adequate replacements on a timely basis, or at all. The Issuer does not maintain key person life insurance policies on any of the Issuer's employees.

There is no assurance that the Issuer will obtain and retain any relevant licenses.

If obtained, any state licenses in the U.S. are expected to be subject to ongoing compliance and reporting requirements. Failure by the Issuer to comply with the requirements of licenses or any failure to maintain licenses would have a material adverse impact on the business, financial condition and operating results of the Issuer. Should any state in which the Issuer considers a license important not grant, extend or renew such license or should it renew such license on different terms, or should it decide to grant more than the anticipated number of licenses, the business, financial condition and results of the operation of the Issuer could be materially adversely affected.

Failure to successfully integrate acquired businesses, its products and other assets into the Issuer, or if integrated, failure to further the Issuer's business strategy, may result in the Issuer's inability to realize any benefit from such acquisition.

The Issuer may grow by acquiring other businesses. The consummation and integration of any acquired business, product or other assets into the Issuer may be complex and time consuming and, if such businesses and assets are not successfully integrated, the Issuer may not achieve the anticipated benefits, cost-savings or growth opportunities. Furthermore, these acquisitions and other arrangements, even if successfully integrated, may fail to further the Issuer's business strategy as anticipated, expose the Issuer to increased competition or other challenges with respect to the Issuer's products or geographic markets, and expose the Issuer to additional liabilities associated with an acquired business, technology or other asset or arrangement.

When the Issuer acquires cannabis businesses, it may obtain the rights to applications for licenses as well as licenses; however, the procurement of such applications for licenses and licenses generally will be subject to governmental and regulatory approval. There are no guarantees that the Issuer will successfully consummate such acquisitions, and even if the Issuer consummates such acquisitions, the procurement of applications for licenses may never result in the grant of a license by any state or local governmental or regulatory agency and the transfer of any rights to licenses may never be approved by the applicable state and/or local governmental or regulatory agency.

The size of the Issuer's target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data.

Because the cannabis industry is in an early stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Issuer and, few, if any, established companies whose business model the Issuer can follow or upon whose success the Issuer can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Issuer. There

can be no assurance that the Issuer's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results. The Issuer regularly purchases and follows market research.

The Issuer's industry is experiencing rapid growth and consolidation that may cause the Issuer to lose key relationships and intensify competition.

The cannabis industry and businesses ancillary to and directly involved with cannabis businesses are undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Issuer in a number of ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing the Issuer to expend greater resources to meet new or additional competitive threats, all of which could harm the Issuer's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Issuer's industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability. The Issuer may continue to sell shares for cash to fund operations, capital expansion, and mergers and acquisitions that will dilute the current shareholders.

There is no guarantee that the Issuer will be able to achieve its business objectives. The continued development of the Issuer will require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Issuer going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Issuer.

If additional funds are raised through 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 Issuer Shares. The Issuer's articles permit the issuance of an unlimited number of Issuer Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Issuer have discretion to determine the price and the terms of issue of further issuances. Moreover, additional Issuer Shares will be issued by the Issuer on the exercise of options under the Issuer Option Plan and upon the exercise of outstanding Issuer Warrants. In addition, from time to time, the Issuer may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Issuer's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Issuer may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Issuer's ability to pursue its business objectives.

If an investor purchases Issuer Shares in an offering, you will experience substantial and immediate dilution, because the price that you pay will be substantially greater than the net tangible book value per share of the Issuer Shares that you acquire. This dilution is due in large part to the fact that the Issuer's earlier investors will have paid substantially less than a public offering price when they purchased their shares of the Issuer's capital stock.

The Issuer could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Issuer.

The Issuer is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Issuer that violate government regulations. It is not always possible for the Issuer to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Issuer to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Issuer from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Issuer, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Issuer's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Issuer's operations, any of which could have a material adverse effect on the Issuer's business, financial condition and results of operations.

The Issuer will be reliant on information technology systems and may be subject to damaging cyberattacks.

The Issuer has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("IT") services in connection with its operations. The Issuer's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Issuer's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Issuer's reputation and results of operations.

The Issuer has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Issuer will not incur such losses in the future. The Issuer's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Issuer may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

The Issuer's officers and directors may be engaged in a range of business activities resulting in conflicts of interest.

Although certain officers and board members of the Issuer are expected to be bound by anti-circumvention agreements limiting their ability to enter into competing and/or conflicting ventures or businesses, the Issuer may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Issuer's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Issuer. In some cases, the Issuer's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time

to the Issuer's business and affairs and that could adversely affect the Issuer's operations. These business interests could require significant time and attention of the Issuer's executive officers and directors.

In addition, the Issuer may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or companies with which the Issuer may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Issuer. In addition, from time to time, these persons may be competing with the Issuer for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Issuer's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Issuer are required to act honestly, in good faith and in the best interests of the Issuer.

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.

Risk Factors Specifically Related to the United States Regulatory System

Some of the Issuer's planned business activities, while believed to be compliant with applicable U.S. state and local law, are illegal under federal law.

Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under any and all circumstances under the CSA. An investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment.

Since the possession and use of cannabis and certain drug paraphernalia is illegal under U.S. federal law, the Issuer may be deemed to be aiding and abetting illegal activities through the contracts it has entered into and the products that it intends to provide. As a result, U.S. law enforcement authorities, in their attempt to regulate the illegal use of cannabis and any related drug paraphernalia, may seek to bring an action or actions against the Issuer, including, but not limited to, aiding and abetting another's criminal activities. The Federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." As a result of such an action, the Issuer may be forced to cease operations and be restricted from

operating in the U.S. and its investors could lose their entire investment. Such an action would have a material negative effect on our business and operations.

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

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis business in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in August 2013 when then Deputy Attorney General, James Cole, authored the Cole Memorandum (the “**Memorandum**”). The Memorandum was addressed to all United States district attorneys acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several US states have enacted laws relating to cannabis for medical purposes. The Memorandum outlined certain priorities for the Department of Justice (“**DOJ**”) relating to the prosecution of cannabis offenses. In particular, the Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the DOJ has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Memorandum standard.

In light of limited investigative and prosecutorial resources, the Memorandum concluded that the DOJ should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority. On January 4, 2018, US Attorney General Jeff Sessions issued a memorandum to US district attorneys which rescinded the Memorandum. With the Memorandum rescinded, US federal prosecutors can exercise their discretion in determining whether to prosecute compliant state law cannabis-related operations as violations of U.S. federal law throughout the United States. The potential impact of the decision to rescind the Memorandum is unknown and may have a material adverse effect on the Issuer’s business and results of operations.

The Issuer’s business interests in the United States include the cultivation and provision of cannabis and cannabis-infused products. The Issuer is not aware of any non-compliance with the applicable licensing requirements or regulatory framework enacted by the states in which any of the Issuer customers or partners are operating.

In February 2017, the Task Force on Crime Reduction and Public Safety was established through an executive order by the President of the United States. Names of those serving on the task force have not been published, and the group was supposed to deliver its recommendations by July 27, 2017. The recommendations of the group were not made public on that date, but the Attorney General issued a public statement which said he had received recommendations “on a rolling basis” and he had already “been acting on the task force’s recommendations to set the policy of the department.” Based on previous public statements made by the Attorney General, there had been some expectation that the task force may make some recommendations with respect to laws relating to cannabis. However, to date there has been no public announcement in this regard from the Attorney General.

The Issuer is operating at a regulatory frontier.

The cannabis industry is a new industry that may not succeed. Should the federal government in the U.S. change course and decide to prosecute those dealing in medical or other cannabis

under applicable law, there may not be any market for the Issuer's products and services in the U.S. Cannabis is a new industry subject to extensive regulation, and there can be no assurance that it will grow, flourish or continue to the extent necessary to permit the Issuer to succeed. The Issuer is treating the cannabis industry as a deregulating industry with significant unsatisfied demand for its proposed products and will adjust its future operations, product mix and market strategy as the industry develops and matures.

The Issuer's operations the United States cannabis market may become the subject of heightened scrutiny.

The Issuer's operations in the United States cannabis market 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 and/or operate in the United States or any other jurisdiction.

Regulatory scrutiny of the Issuer's industry may negatively impact its ability to raise additional capital.

The Issuer's business activities rely on newly established and developing laws and regulations in State of Nevada. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes, including changes in the interpretation and/or administration of applicable regulatory requirements may adversely affect the Issuer's profitability or cause it to cease operations entirely. Any determination that the Issuer's business fails to comply with Nevada's cannabis regulations would require the Issuer either to significantly change or terminate its business activities, which would have a material adverse effect on the Issuer's business.

The cannabis industry may come under the scrutiny or further scrutiny by the U.S. Food and Drug Administration, Securities and Exchange Commission, the DOJ, the Financial Industry Regulatory Advisory or other federal, the State of Nevada or other applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the Issuer's industry may adversely affect the business and operations of the Issuer, including without limitation, the costs to remain compliant with applicable laws and the impairment of its ability to raise additional capital, which could reduce, delay or eliminate any return on investment in the Issuer.

The Issuer, and/or contract counterparties with respect to the Issuer which are directly engaged in the trafficking of cannabis, may incur significant tax liabilities due to limitations on tax deductions and credits under section 280E of the Internal Revenue Code of 1986, as amended (the "Tax Code").

Section 280E of the Tax Code prohibits businesses from taking deductions or credits in carrying on any trade or business consisting of trafficking in controlled substances which are prohibited by federal law. The IRS has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are authorized under state laws, seeking substantial sums in tax liabilities, interest and penalties resulting from underpayment of taxes due to the application of Section 280E. Under a number of cases, the United States Supreme Court has held that income means gross income (not gross receipts). Under this reasoning, the cost of goods sold

("COGS") is permitted as a reduction in determining gross income, notwithstanding Section 280E. Although proper reductions for COGS are generally allowed to determine gross income, the scope of such items has been the subject of debate, and deductions for significant costs may not be permitted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favourable to cannabis businesses. Thus, the Issuer, to the extent of its "trafficking" activities (if applicable), and/or key contract counterparties directly engaged in trafficking in cannabis, may be subject to United States federal tax, without the benefit of deductions or credits. To the extent such tax limitations create a financial burden on contract counterparties, such burdens may impact the ability of such counterparties to make full or timely payment to the Issuer, which would have a material adverse effect on the Issuer's business.

State and local laws and regulations may heavily regulate brands and forms of cannabis products and there is no guarantee that the Issuer's proposed products and brands will be approved for sale and distribution in any state.

States generally only allow the manufacture, sale and distribution of cannabis products that are grown in that state and may require advance approval of such products. Certain states and local jurisdictions have promulgated certain requirements for approved cannabis products based on the form of the product and the concentration of the various cannabinoids in the product. While the Issuer intends to follow the guidelines and regulations of each applicable state and local jurisdiction in preparing products for sale and distribution, there is no guarantee that such products will be approved to the extent necessary. If the products are approved, there is a risk that any state or local jurisdiction may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise. In the event the Issuer expands into other U.S. jurisdictions, it plans to undertake no cross-border commerce between states until the federal regulatory environment permits such commerce to occur.

The Issuer may have difficulty accessing the service of banks and processing credit card payments in the future, which may make it difficult for the Issuer to operate.

In February 2014, the Financial Crimes Enforcement Network ("FinCEN") bureau of the U.S. Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Issuer may have limited or no access to banking or other financial services in the United States, and may have to operate the Issuer's business on an all-cash basis. The inability or limitation in the Issuer's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Issuer to operate and conduct its business as planned.

Due to the classification of cannabis as a Schedule I controlled substance under the CSA, banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes.

Because the manufacture, distribution, and dispensation of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-remitter statute (18 U.S.C. § 1960) and the U.S. Bank Secrecy Act. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a “specified unlawful activity” such as distributing controlled substances which are illegal under federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA. The Issuer may also be exposed to the foregoing risks. In the event that any of the Issuer’s investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize 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 in the foreseeable future, in the event that a determination was made that any such investments in the United States could reasonably be shown to constitute proceeds of crime, the Issuer may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

U.S. federal trademark and patent protection may not be available for the intellectual property of the Issuer due to the current classification of cannabis as a Schedule I controlled substance.

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark regarding the intellectual property of a business, may not be available to the Issuer. As a result, the Issuer’s intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Issuer can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

The Issuer’s contracts may not be legally enforceable in the U.S.

Because the Issuer’s contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Issuer may face difficulties in enforcing its contracts in U.S. federal and certain state courts.

Risks Related to the Issuer’s securities

The Issuer cannot assure you that a market will continue to develop or exist for the Issuer Shares or what the market price of the Issuer Shares will be.

Prior to the Issuer’s proposed listing on the CSE, neither the shares of MMDC or Carpincho were listed or posted on any trading exchange, and the Issuer cannot assure that a market will develop or be sustained. If a market does not continue to develop or is not sustained, it may be difficult for investors to sell Issuer Shares at an attractive price or at all. The Issuer cannot predict the prices at which the Issuer Shares will trade.

The Issuer may be subject to additional regulatory burden resulting from its public listing on the CSE.

Prior to the Business Combination, MMDC was not subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the CSE. The Issuer is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to the Issuer's financial management control systems to manage its obligations as a public company listed on the CSE. These areas include corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. The Issuer has made, and will continue to make, changes in these and other areas, including the Issuer's internal controls over financial reporting. However, the Issuer cannot assure holders of Issuer Shares that these and other measures that the Issuer might take will be sufficient to allow us to satisfy the Issuer's obligations as a public company listed on the CSE on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies listed on the CSE will create additional costs for the Issuer and will require the time and attention of management. The Issuer cannot predict the amount of the additional costs that the Issuer might incur, the timing of such costs or the impact that management's attention to these matters will have on the Issuer's business.

It may be difficult, if not impossible, for U.S. holders of the Issuer Shares to resell them over the CSE.

It has recently come to management's attention that all major securities clearing firms in the U.S. have ceased participating in transactions related to securities of Canadian public companies involved in the medical marijuana industry. This appears to be due to the fact that marijuana continues to be listed as a controlled substance under U.S. federal law, with the result that marijuana-related practices or activities, including the cultivation, possession or distribution of marijuana, are illegal under U.S. federal law. However, management understands that the action by U.S. securities clearing firms also extends to securities of companies that carry on business operations entirely outside the U.S. Accordingly, U.S. residents who acquire Issuer Shares as "restricted securities" (including any Issuer Shares pursuant to the exercise of Issuer Warrants) may find it difficult – if not impossible – to resell such shares over the facilities of any Canadian stock exchange on which the shares may then be listed. It remains unclear what impact, if any, this and any future actions among market participants in the U.S. will have on the ability of U.S. residents to resell any common shares of the Issuer that they may acquire in open market transactions.

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

The market price for Issuer 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: (i) actual or anticipated fluctuations in the Issuer's quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of companies in the industry in which the Issuer operates; (iv) addition or departure of the Issuer's executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Issuer Shares; (vi) sales or perceived sales of additional Issuer Shares; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or the Issuer's competitors; (viii) fluctuations to the costs of vital production materials and services; (ix) changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility; (x) operating and share price

performance of other companies that investors deem comparable to the Issuer or from a lack of market comparable companies; (xi) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Issuer's industry or target markets; and (xii) regulatory changes in the industry.

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. Accordingly, the market price of the Issuer 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 deemed to be other than temporary, which might result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Issuer's operations could be adversely affected and the trading price of the Issuer Shares might be materially adversely affected.

The Issuer is subject to uncertainty regarding legal and regulatory status and changes.

Achievement of the Issuer's business objectives is also contingent, in part, upon compliance with other regulatory requirements enacted by governmental authorities and obtaining other required regulatory approvals. The regulatory regime applicable to the cannabis business in Canada and the US is currently undergoing significant proposed changes and the Issuer cannot predict the impact of the regime on its business once the structure of the regime is finalized. Similarly, the Issuer cannot predict the timeline required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failing to obtain, required 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. 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 on 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 Issuer does not anticipate paying cash dividends.

The Issuer's current policy is to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in the Issuer. Therefore, the Issuer does not anticipate paying cash dividends on the Issuer Shares in the foreseeable future. The Issuer's dividend policy will be reviewed from time to time by the Issuer's board in the context of its earnings, financial condition and other relevant factors. Until the time that the Issuer pays dividends, which the Issuer might never do, Issuer Shareholders will not be able to receive a return on their Issuer Shares unless they sell them.

Future sales of Issuer Shares by existing shareholders could reduce the market price of the Issuer shares.

Sales of a substantial number of Issuer Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Issuer Shares intend to sell Issuer Shares, could reduce the market price of the Issuer Shares. Additional Issuer Shares may be available for sale into the public market, subject to applicable securities

laws, which could reduce the market price for Issuer Shares. Holders of Issuer Options will have an immediate income inclusion for tax purposes when they exercise their Issuer Options (that is, tax is not deferred until they sell the underlying Issuer Shares). As a result, these holders may need to sell Issuer Shares purchased on the exercise of Issuer Options in the same year that they exercise their options. This might result in a greater number of Issuer Shares being sold in the public market, and fewer long-term holds of Issuer Shares by the Issuer's management and employees.

No guarantee on the use of available funds by the Issuer.

The Issuer cannot specify with certainty the particular uses of its available funds. Management has broad discretion in the application of its available funds. Accordingly, shareholders of Issuer Shares will have to rely upon the judgment of management with respect to the use of available funds, with only limited information concerning management's specific intentions. The Issuer's management may spend a portion or all of the available funds in ways that the Issuer's shareholders might not desire, that might not yield a favourable return and that might not increase the value of a shareholder's investment. The failure by management to apply these funds effectively could harm the Issuer's business. Pending use of such funds, the Issuer might invest available funds in a manner that does not produce income or that loses value.

Currency Fluctuations.

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

18. PROMOTERS

This section is not applicable to the Issuer.

19. LEGAL PROCEEDINGS

There are no actual or pending material legal proceedings to which the Carpincho, MMDC, or Finco is a party or of which any of their assets is subject. Management of the Carpincho, MMDC and Finco are not aware of any such material legal proceedings contemplated against either Carpincho, MMDC or Finco.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere in this Listing Statement, no director or executive officer of the Issuer or any person or company that is the direct or indirect beneficial owners of, or who exercises control or direction over, more than 10% of any class of the Issuer's outstanding voting securities, or an associate or affiliate of any persons or companies referred to in this paragraph, has any material interest, direct or indirect, in any transaction within the three years before the date of this Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer.

21. AUDITORS, TRANSFER AGENT AND REGISTRAR

Auditors

I&A Professional Corporation, located at 21 Roysun Road, Unit 17, Woodbridge, Ontario L4L 8R3 are the auditors for Caprincho and it is anticipated that MNP LLP will be appointed as the Issuer's auditors after the closing of the Business Combination.

Transfer Agent and Registrar

The transfer agent and registrar for the Issuer, after giving effect to the Business Combination, will be Odyssey Trust Company, located at Stock Exchange Tower, 350 - 300 5th Avenue SW, Calgary, Alberta T2P 3C4.

22. MATERIAL CONTRACTS

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

- (a) the Agency Agreement;
- (b) the Master Agreement;
- (c) the Share Exchange Agreement; and
- (d) the Subscription Receipt Agreement.

23. INTEREST OF EXPERTS

I&A Professional Corporation, auditors of Carpincho, which prepared the auditor's report for the audited financial statements of Carpincho at and for the fiscal years ended June 30, 2016 and 2017. They are independent as determined by the Institute of Chartered Accountants of Ontario.

Macias, Gini & O'Connell, LLP, auditors of MMDC, which prepared the auditor's report for the audited financial statements of MMDC as at and for the fiscal years ended December 31, 2016 and 2017. They are independent of the Issuer under applicable standards.

MNP LLP, auditors of Finco, which prepared the auditor's report for the audited financial statements of Finco as at and for the period from the date of incorporation (February 28, 2018) to March 31, 2018. They are independent as determined by the Institute of Chartered Accountants of Ontario.

No other person or company who is named as having prepared or certified a part of this Listing Statement or prepared or certified a report or valuation described or included in this Listing Statement has, or will have immediately following completion of the Business Combination, any direct or indirect interest in the Issuer or MMDC.

24. OTHER MATERIAL FACTS

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

25. FINANCIAL STATEMENTS

See Schedules B, C, and D.

CERTIFICATE

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

Dated at Las Vegas, Nevada, this 24th day of May, 2018.

"Robert Groesbeck" (signed)

Robert Groesbeck
Co-Chief Executive Officer and Director

"Larry Scheffler" (signed)

Larry Scheffler
Co-Chief Executive Officer and
Director

Schedule A

POST-CLOSING CAPITALIZATION OF THE ISSUER

The following table sets forth the pro forma consolidated capitalization of the Issuer on completion of the proposed Business Combination:

	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)	111,708,400⁽¹⁾	135,091,553	100%⁽²⁾	100%⁽³⁾
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)	75,537,600 ⁽⁴⁾	80,699,708 ⁽⁵⁾	67.62%	59.74%
Total Public Float (A-B)	36,170,800	54,391,845	32.37%	40.25%
<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)	75,000,000 ⁽⁶⁾	75,000,000 ⁽⁶⁾	67.13%	55.51%
Total Tradeable Float (A-C)	36,708,400	60,091,553	32.86%	44.48%

Note:

1. The total number of (non-diluted) securities is comprised of 62,008,400 Issuer Shares and 49,700,000 Issuer Class A Shares.
2. On a non-diluted basis, 55.5% of the issued capital is comprised of Issuer Shares and 44.5% of the issued capital is comprised of Issuer Class A Shares.
3. On a fully-diluted basis, 63.2% of the issued capital is comprised of Issuer Shares and 36.8% of the issued capital is comprised of Issuer Class A Shares.
4. The total number of Issuer Shares held by such persons is 25,837,600 and the total number of Issuer Class A Shares held by such persons is 49,700,000.
5. Includes 4,893,358 Share Units that are expected to be awarded to Related Persons or employees of the Issuer and 258,750 Issuer Warrants to be held by certain Related Persons on completion of the Business Combination.
6. See Section 11 – Escrowed Securities.

Public Securityholders (Registered)

For the purposes of the following table report, “Public Securityholders (Registered)” are persons other than persons enumerated in section (B) of the above “Post-Closing Capitalization of the Issuer” table.

Class of Security: Issuer Shares

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	2	3,450
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	215	11,656,600
Total	217	11,660,050

Public Securityholders (Beneficial)

For the purposes of the following table, “Public Securityholders (Beneficial)” includes: (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary; but does not include “non-public securityholders” being those persons enumerated in section (B) of the above “Post-Closing Capitalization of the Issuer” table.

Class of Security: Issuer Shares

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	6	3,000
1,000 – 1,999 securities	9	10,500
2,000 – 2,999 securities	2	5,000
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	124	24,492,250
Total	141	24,510,750

For the purposes of this table, “Non-Public Securityholders (Registered)” are persons enumerated in section (B) of the above “Post-Closing Capitalization of the Issuer” table.

Class of Security: Issuer Shares

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	7	75,537,600

Total

7

75,537,600

Provide the following details for any securities convertible or exchangeable into any class of listed securities:

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
Issuer Class A Shares ⁽¹⁾ / N/A / N/A	49,700,000	49,700,000
Issuer Options ⁽²⁾	625,000	625,000
Share Units ⁽²⁾	5,543,358	5,543,358
Issuer Warrants / 24 Months / \$1.40	15,729,150	15,729,150
Compensation Options / 24 Months / \$0.80	1,485,645	1,485,645

Notes:

(1) Convertible to Issuer Shares on a 1:1 basis, without payment of additional consideration, at the option of the holder or the Issuer, if such conversion would not cause the Issuer to become a Domestic Issuer (as defined in Rule 902(e) of Regulation S of the U.S. Securities Act.

(2) See the "Options to Purchase Securities" section in the Listing Statement for a description of the proposed exercise terms and exercise price.

Schedule B
FINANCIAL STATEMENTS OF CARPINCHO

See attached.

Carpincho Capital Corp.

Condensed Interim Financial Statements

(Expressed in Canadian Dollars)

(unaudited)

For the Three and Six Months Ended December 31, 2017

Management's Responsibility for Interim Financial Statements

The accompanying unaudited condensed interim financial statements of Carpincho Capital Corp. (the "Company" or "Carpincho") are the responsibility of management.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim financial statements.

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

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

Carpincho Capital Corp.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
As at
(unaudited)

	December 31, 2017	June 30, 2017
Assets		
Current		
Cash and cash equivalents	\$ 1,984	\$ 2,042
Sales taxes recoverable	-	-
	\$ 1,984	\$ 2,042
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	100,473	90,961
Shareholder loan (Note 8)	32,500	32,500
	132,973	123,461
Shareholders' Equity		
Capital stock (Note 3)	1,000	1,000
Retained earnings (deficit)	(131,989)	(122,419)
	(130,989)	(121,419)
	\$ 1,984	\$ 2,042

Nature of Operations and Gong Concern (Note 1)

Carpincho Capital Corp.
Condensed Interim Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
For the Three and Six Months Ending December 31
(unaudited)

	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Six Months Ended December 31, 2017	Six Months Ended December 31, 2016
Expenses				
General and administrative	49	49	58	58
Audit fees	-	-	-	-
Regulatory filing fees	3,343	3,239	3,343	3,239
Legal fees	5,426	4,950	6,169	4,950
	8,818	8,238	9,570	8,247
Net loss and comprehensive loss for the period	(8,818)	(8,238)	(9,570)	(8,247)
Deficit, beginning of period	(123,171)	(103,182)	(122,419)	(103,173)
Loss and deficit, end of period	(131,989)	(111,420)	(131,989)	(111,420)
Basic and diluted earnings (loss) per share	(0.002)	(0.002)	(0.002)	(0.002)
Weighted average number of Common Shares outstanding (Note 3)	5,000,000	5,000,000	5,000,000	5,000,000

See accompanying notes which are an integral part of these statements

Carpincho Capital Corp.
Condensed Interim Statement of Changes in Equity
(Expressed in Canadian Dollars)
(unaudited)

	Share Capital				
	Shares	Amount	Contributed Surplus	Deficit	Total
Balance, July 1, 2016	5,000,000	\$1,000	-	\$(103,173)	\$(102,173)
Net loss and comprehensive loss for the period				(8,247)	(8,247)
Balance, Dec. 31, 2016	5,000,000	\$1,000	-	\$(111,420)	\$(110,420)
Balance, July 1, 2017	5,000,000	\$1,000	-	\$(122,419)	\$(121,419)
Net loss and comprehensive loss for the period				(9,570)	(9,570)
Balance, Dec. 31, 2017	5,000,000	\$1,000	-	\$(131,989)	\$(130,989)

See accompanying notes which are an integral part of these statements

Carpincho Capital Corp.
Condensed Interim Statement of Cash Flows
(Expressed in Canadian Dollars)
For the Three and Six Months Ending December 31
(unaudited)

	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Six Months Ended December 31, 2017	Six Months Ended December 31, 2016
Cash provided by (used in)				
Operations				
Net loss	\$ (8,818)	\$ (8,238)	\$ (9,570)	\$ (8,247)
Net changes in non-cash working capital				
Sales taxes recoverable	-	-	-	-
Accounts payable and accrued liabilities	8,769	8,189	9,512	8,189
Financing				
Shareholder loan	-	-	-	-
Net change in cash	(49)	(49)	(58)	(58)
Cash, beginning of period	2,033	2,109	2,042	2,118
Cash, end of period	\$ 1,984	\$ 2,060	\$ 1,984	\$ 2,060

See accompanying notes which are an integral part of these statements

1. NATURE OF OPERATIONS

The Company was incorporated under the Canada Business Corporations Act on April 26, 2002 and is engaged in venture capital activities. The Company intends to identify and evaluate opportunities for the acquisition of an interest in properties, assets or businesses, and once identified and evaluated, to negotiate an acquisition thereof, merger with or participation therein.

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation or once identified, conclude a merger or acquisition transaction. Furthermore, the Company has limited working capital to pursue such opportunities. The ability of the Company to continue as a going concern is dependant upon, among other things, being able to obtain adequate financing, and maintaining positive operating cash flows. Additionally, if the Company requires additional cash resources to fund current operations, there is no assurance that it will be able to obtain these required cash resources. However, management has assessed the Company's ability to continue as a going concern and determined that the Company will continue for the foreseeable future subject to the material uncertainties listed above. Therefore, the financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classifications of liabilities that may result from the possible inability of the Company to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB and interpretations of the IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as of February 23, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended June 30, 2017. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending June 30, 2018 could result in restatement of these unaudited condensed interim financial statements.

New standards not yet adopted and interpretations issued but not yet effective

There are no relevant changes in accounting standards applicable to current and future periods other than as disclosed in the most recent annual statements as at and for the year ended June 30, 2017.

Carpincho Capital Corp.
Notes to Financial Statements
December 31, 2017 (unaudited)

3. CAPITAL STOCK

	December 31, 2016	June 30, 2016
Authorized unlimited common shares		
Issued 5,000,000 common shares ⁽¹⁾	\$ 1,000	\$ 1,000
	\$ 1,000	\$ 1,000

(1) On January 20, 2011 the articles of the Company were amended to: (i) change the name of the Company to "Carpincho Capital Corp."; (ii) eliminate all classes of share capital of the Company and replace it with one class of common shares; and (iii) to reclassify each issued and outstanding Class A Share as 5,000 common shares. All share figures in these financial statements have been adjusted for the share reclassification.

4. LOSS PER SHARE

Loss per share for the three and six months ended December 31, 2017 has been calculated based on the weighted average number of shares outstanding of 5,000,000.

5. CAPITAL RISK MANAGEMENT

The Company includes equity, comprised of issued share capital and deficit, in the definition of capital, amounting to a deficiency of \$130,989. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its activities relating to identifying and evaluating assets or businesses to merge with or acquire. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or debt.

There has been no change with respect to the overall capital risk management strategy during the three months ended December 31, 2017.

6. RELATED PARTY TRANSACTION

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and approved by the related parties. Related party transactions have been listed below, unless they have been disclosed elsewhere in the financial statements.

During the six months ended December 31, 2017 the Company incurred legal fees from a law firm in which a director and officer of the Company is a director, officer and shareholder in the amount of \$6,169 (2016 – \$4,950). An amount of \$98,036 (excluding applicable taxes) is included in accounts payable and accrued liabilities for amounts incurred with this law firm.

7. FINANCIAL RISK MANAGEMENT

The Company's financial instruments, consisting of cash, accounts payable and accrued liabilities, and demand shareholder loan, approximate fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Company received loans from its shareholder aggregating \$32,500. These loans are non-interest bearing and repayable on demand. The fair value of the loan from the shareholder approximates its carrying amount. As at December 31, 2017, the Company has negative working capital of \$130,989 (December 31, 2016 - \$110,420). The Company will require additional financing to meet its ongoing obligations and its business objectives.

8. SHAREHOLDER LOAN

The loan is unsecured, non-interest bearing and repayable on demand.

9. SUBSEQUENT EVENTS

On January 26, 2018 the Company completed a non-brokered private placement of special warrants raising gross proceeds of \$300,000. The Company issued and sold 1,000,000 special warrants at a price of \$0.30 per special warrant, with each special warrant exercisable upon the satisfaction of certain conditions and for no additional consideration for one common share of the Company. The proceeds from the financing were placed into escrow and may be used by the Company to fund *bona fide* merger and acquisition transaction costs. Exercise of the special warrants is conditional upon certain merger and acquisition milestones being met by prescribed deadlines. If the milestones are not achieved by the prescribed deadlines, the special warrants will automatically expire unexercised and any funds remaining in escrow will be returned to the investors on a *pro rata* basis. The special warrants and common shares issuable upon exercise of the special warrants are subject to a 4-month hold period.

On February 13, 2018, the Company entered into a binding letter agreement with privately held MM Development Company, LLC (doing business as Planet 13 and Medizin) ("MM Development"), which contemplates a business combination of the two companies through a merger, amalgamation, arrangement, share exchange or similar transaction. MM Development is a vertically integrated cannabis company operating in the State of Nevada, USA. The proposed transaction, if completed, would constitute a reverse takeover of the Company. The letter agreement contemplates that each outstanding share of MM Development (or a successor company) would be exchanged for one share of the Company following a consolidation of the shares of the Company on a basis of 5.5 new shares for every 6 existing shares. Completion of the proposed transaction is conditional upon, among other things, the entry into of a definitive agreement, receipt of all required shareholder, regulatory and third party consents and approvals and the completion of a brokered private placement of subscription receipts to raise up to \$25,000,000. There can be no assurance that the transaction will proceed as proposed, or at all.

Carpincho Capital Corp.

**Financial Statements
(Expressed in Canadian Dollars)**

For the Years Ended June 30, 2017 and 2016

Independent Auditor's Report

To the Shareholders of Carpincho Capital Corp.

We have audited the accompanying financial statements of Carpincho Capital Corp. which comprise the statements of financial position as at June 30, 2017 and June 30, 2016 and the statements of loss 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 Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Carpincho Capital Corp., as at June 30, 2017 and 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 in the financial statements which indicates that the Company's current liabilities exceeded its current assets by \$121,419, the Company has accumulated deficit of \$122,419 and expects to incur further losses. These conditions, along with other matters set out in note 1, indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Toronto, Canada
October 27, 2017

"Abraham Chan LLP"

Abraham Chan LLP
Chartered Professional Accountants
Licensed Public Accountants

Carpincho Capital Corp.

Statements of Financial Position (Expressed in Canadian Dollars)

As at	June 30, 2017	June 30, 2016
Assets		
Current assets		
Cash	\$ 2,042	\$ 2,118
Total Assets	\$ 2,042	\$ 2,118
Liabilities		
Current liabilities		
Accrued liabilities (Note 5)	\$ 90,961	\$ 71,791
Shareholder loan (Note 5)	32,500	32,500
Total Liabilities	123,461	104,291
Equity (Deficiency)		
Share capital (Note 7)	1,000	1,000
Deficit	(122,419)	(103,173)
Total Deficiency	(121,419)	(102,173)
Total Liabilities and Deficiency	\$ 2,042	\$ 2,118

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

Nature of Operations and Going Concern (Note 1)

Approved by the Board "Lonnie Kirsh" "Robyn Levine"
Director Director

Carpincho Capital Corp.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

Years Ended June 30,	2017	2016
Expenses		
General and administrative	\$ 76	\$ 77
Audit fees	2,546	2,546
Shareholder reporting fees (Note 5)	3,259	3,253
Legal fees (Note 5)	13,365	7,673
	19,246	13,549
Net loss and comprehensive loss	\$ (19,246)	\$ (13,549)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding – Basic and diluted (Note 7)	5,000,000	5,000,000

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

Carpincho Capital Corp.
Statements of Changes in Equity
(Expressed in Canadian Dollars)

		Share Capital		Deficit		Total
Balance at June 30, 2016	\$	1,000	\$	(103,173)	\$	(102,173)
Net loss for the year		-		(19,246)		(19,246)
Balance at June 30, 2017	\$	1,000	\$	(122,419)	\$	(121,419)

		Share Capital		Deficit		Total
Balance at June 30, 2015	\$	1,000	\$	(89,624)	\$	(88,624)
Net loss for the year		-		(13,549)		(13,549)
Balance at June 30, 2016	\$	1,000	\$	(103,173)	\$	(102,173)

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

Carpincho Capital Corp.
Statements of Cash Flows
(Expressed in Canadian Dollars)

Years Ended June 30,	2017	2016
Cash provided by (used in)		
Operations		
Net loss	\$ (19,246)	\$ (13,549)
Net changes in non-cash working capital		
Sale taxes recoverable	-	331
Accrued liabilities	19,170	13,473
Net change in cash	(76)	255
Cash, beginning of year	2,118	1,863
Cash, end of year	\$ 2,042	\$ 2,118

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Carpincho Capital Corp. (the "Company") was incorporated under the Canada Business Corporations Act on April 26, 2002 and is engaged in venture capital activities. The Company intends to identify and evaluate opportunities for the acquisition of an interest in properties, assets or businesses, and once identified and evaluated, to negotiate an acquisition thereof, merger with or participation therein.

While these financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business, there are material uncertainties related to adverse conditions and events that cast significant doubt on the Company's ability to continue as a going concern.

During the year ended June 30, 2017, the Company incurred a loss of \$19,246 (2016 - \$13,549) and, as of that date, the Company had an accumulated deficit of \$122,419 (2016 - \$103,173), a working capital deficiency of \$121,419 (2016 - \$102,173) and cash flows from operations of (\$76) (2016 - \$255). These factors create material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation or once identified, conclude a merger or acquisition transaction. Furthermore, the Company has limited working capital to pursue such opportunities. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain adequate financing, and maintaining positive operating cash flows. Additionally, if the Company requires additional cash resources to fund current operations, there is no assurance that it will be able to obtain these required cash resources. However, management has assessed the Company's ability to continue as a going concern and determined that the Company will continue for the foreseeable future subject to the material uncertainties listed above.

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments would be material.

The registered office of the Company is located at 181 University Avenue, Suite 800, Toronto, Ontario, M5H 2X7.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements of the Company were approved by the Board of Directors on October 27, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Presentation

These financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

Functional and Presentation Currency

These financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding, if any, that may add to the total number of common shares.

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not record that excess.

Under the provisions of the Income Tax Act, the Company is required to pay certain income taxes with respect to its investment income and taxable dividends received which are potentially refundable. These refundable taxes are charged to retained earnings as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments

Financial assets classified as fair value through profit or loss ("FVTPL") are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as available-for-sale are measured at fair value with any resultant gain or loss being recognized directly under other comprehensive income. When available-for-sale financial assets are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as other financial liabilities, and are subsequently measured at amortized cost using effective interest rate method.

The Company's financial assets include cash and sale taxes recoverable while the Company's financial liabilities include accrued liabilities and shareholder loan. Classification of these financial instruments is as follows:

<u>Financial Instrument</u>	<u>Classification</u>	<u>Measurement</u>
Cash	FVTPL	Fair value
Sale taxes recoverable	Loans and receivables	Amortized cost
Accrued liabilities	Other financial liabilities	Amortized cost
Shareholder loan	Other financial liabilities	Amortized cost

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. There are three levels of the fair value hierarchy as follows:

- Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The Company's financial instruments measured at fair value on the statement of financial position consist of cash. Cash is measured at level 1 of the fair value hierarchy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Significant Accounting Judgments and Estimates

The preparation of these financial statements using accounting policies consistent with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Information regarding significant areas of estimation, uncertainty and critical judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements relate to accrued liabilities and the recognition of deferred income taxes.

Change in accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods starting on or after July 1, 2016. The following new standards have been adopted:

- (i) IFRS 11 - Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. On July 1, 2016 the Company adopted this pronouncement and there was no material impact on the Company's financial statements.
- (ii) IAS 1 – Presentation of Financial Statements was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. As at July 1, 2016, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Recent accounting pronouncements

The following have not yet been adopted and are being evaluated to determine their impact on the Company. Various other accounting pronouncements that have no material impact to the Company are not listed below:

- (i) IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires an expected loss impairment method to be used, replacing the incurred loss model.

In October 2010, the IASB added requirements for financial liabilities to IFRS 9. These requirements were largely carried forward from the existing requirements in IAS 39, however, fair value changes due to credit risk for liabilities designated at fair value through profit and loss are to be recorded in other comprehensive income.

In November 2013, the IASB amended IFRS 9 to include a new general hedge accounting model. The amendment also removed the January 1, 2015 effective date.

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both IAS 39 and IFRIC 9 - Reassessment of Embedded Derivatives. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018.

3. CAPITAL RISK MANAGEMENT

The Company includes equity, comprised of issued share capital and deficit, in the definition of capital, amounting to \$121,419 (2016 - \$102,173). The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its activities relating to identifying and evaluating assets or businesses to merge with or acquire. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or debt.

There has been no change with respect to the overall capital risk management strategy during the year ended June 30, 2017. The Company is not subject to any capital requirements imposed by a lending institution.

4. FINANCIAL RISK MANAGEMENT

As at June 30, 2017 and 2016, the fair value of Company's financial instruments consisting of cash, sale taxes recoverable, accrued liabilities and shareholder loan, approximates the carrying value due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest rate risk, currency or credit risks arising from these financial instruments.

The Company received a loan from its shareholder during the year ended June 30, 2011 in the amount of \$25,000, a further \$5,000 in the year ended June 30, 2014 and a further \$2,500 in the year ended June 30, 2015. These loans are non-interest bearing and repayable on demand. The fair value of the loans from the shareholder approximates its carrying amount.

As at June 30, 2017, the Company has negative working capital of \$121,419 (2016 – \$102,173). The Company will require additional financing to meet its ongoing obligations and its business objectives.

5. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business and are measured at the fair value, which is the amount of consideration established and approved by the related parties. Related party transactions have been listed below, unless they have been disclosed elsewhere in the financial statements.

During the year ended June 30, 2017 the Company incurred legal fees of \$19,170 (2016 – \$13,472) to a law firm in which a director and officer of the Company practices as a sole proprietor, \$13,365 (2016 – \$7,673) is included in legal fees while \$3,259 (2016 – \$3,253) is included in shareholder reporting fees and \$2,546 (2016 – \$2,546) is included in audit fees. Included in accrued liabilities is \$88,460 (2016 – \$69,290) owing to this law firm.

During the year ended June 30, 2011, a shareholder of the Company loaned the Company \$25,000 for working capital. A further \$5,000 was loaned during 2014 and \$2,500 during 2015. The loans are unsecured, non-interest bearing and repayable on demand. No amounts were repaid during the current year.

Carpincho Capital Corp.
Notes to Financial Statements
(Expressed in Canadian Dollars)
June 30, 2017 and 2016

6. INCOME TAX

The following table reconciles income taxes calculated at combined Canadian federal/provincial tax rates with the income tax expense in the financial statements. There is no tax expense at the fiscal reporting periods.

	2017		2016	
Loss before income taxes	\$	(19,246)	\$	(13,549)
Statutory rate		26.50%		26.50%
Expected income tax expense (recovery)		(5,100)		(3,590)
Increase (decrease) resulting from:				
Change in deferred tax asset not recognized		5,100		3,590
Income tax expense	\$	-	\$	-

	2017		2016	
Non-capital loss carry forward	\$	1,144,447	\$	1,125,201
Future tax rate		26.50%		26.50%
Deferred income tax asset		303,278		298,178
Less: Deferred tax asset not recognized		(303,278)		(298,178)
Net deferred income tax asset	\$	-	\$	-

Loss and Tax Credit Carry forwards

The Company has non-capital losses of \$1,144,447 available to apply against future taxable income. If not utilized, the non-capital losses will expire as follows:

2028	\$	945,899
2030		47,860
2031		56,540
2032		18,086
2033		17,310
2034		13,473
2035		12,484
2036		13,549
2037		19,246
	\$	1,144,447

Deferred tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements due to the uncertainty of their realization.

7. AUTHORIZED AND ISSUED SHARE CAPITAL

Authorized Share Capital

An unlimited number of common shares with no par value.

Issued Share Capital

The issued share capital as at June 30, 2017 was 5,000,000 Common Shares (2016 – 5,000,000 Common Shares).

On January 20, 2011 the articles of the Company were amended to: (i) change the name of the Company to "Carpincho Capital Corp." from "High Income Preferred Shares Corporation"; (ii) eliminate all classes of share capital of the Company and replace them with one class of Common Shares; and (iii) reclassify each issued and outstanding Class A Share as 5,000 Common Shares.

8. SEGMENTED INFORMATION

The Company's operations comprise a single reporting segment engaged in identifying suitable assets or businesses to acquire. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent segment amounts.

Carpincho Capital Corp.

**Financial Statements
(Expressed in Canadian Dollars)**

For the Years Ended June 30, 2016 and 2015

Independent Auditor's Report

To the Shareholders of Carpincho Capital Corp.

We have audited the accompanying financial statements of Carpincho Capital Corp. which comprise the statements of financial position as at June 30, 2016 and June 30, 2015 and the statements of loss 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 Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Carpincho Capital Corp., as at June 30, 2016 and 2015 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 in the financial statements which indicates that the Company's current liabilities exceeded its current assets by \$102,173, the Company has accumulated deficit of \$103,173 and expects to incur further losses. These conditions, along with other matters set out in note 1, indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Toronto, Canada
October 27, 2016

"Abraham Chan LLP"

Abraham Chan LLP
Chartered Professional Accountants
Licensed Public Accountants

Carpincho Capital Corp.

Statements of Financial Position (Expressed in Canadian Dollars)

As at	June 30, 2016	June 30, 2015
Assets		
Current assets		
Cash	\$ 2,118	\$ 1,863
Sale taxes recoverable	-	331
Total Assets	\$ 2,118	\$ 2,194
Liabilities		
Current liabilities		
Accrued liabilities (Note 5)	\$ 71,791	\$ 58,318
Shareholder loan (Note 5)	32,500	32,500
Total Liabilities	104,291	90,818
Equity (Deficiency)		
Share capital (Note 7)	1,000	1,000
Deficit	(103,173)	(89,624)
Total Deficiency	(102,173)	(88,624)
Total Liabilities and Deficiency	\$ 2,118	\$ 2,194

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

Nature of Operations and Going Concern (Note 1)

Approved by the Board _____ "Lonnie Kirsh" _____ "Robyn Levine"
Director Director

Carpincho Capital Corp.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

Years Ended June 30,	2016	2015
Expenses		
General and administrative	\$ 77	\$ 68
Audit fees	2,546	2,046
Shareholder reporting fees (Note 5)	3,253	3,242
Legal fees (Note 5)	7,673	7,128
	13,549	12,484
Net loss and comprehensive loss	\$ (13,549)	\$ (12,484)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding – Basic and diluted (Note 7)	5,000,000	5,000,000

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

Carpincho Capital Corp.
Statements of Changes in Equity
(Expressed in Canadian Dollars)

		Share Capital		Deficit		Total
Balance at June 30, 2015	\$	1,000	\$	(89,624)	\$	(88,624)
Net loss for the year		-		(13,549)		(13,549)
Balance at June 30, 2016	\$	1,000	\$	(103,173)	\$	(102,173)

		Share Capital		Deficit		Total
Balance at June 30, 2014	\$	1,000	\$	(77,140)	\$	(76,140)
Net loss for the year		-		(12,484)		(12,484)
Balance at June 30, 2015	\$	1,000	\$	(89,624)	\$	(88,624)

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

Carpincho Capital Corp.
Statements of Cash Flows
(Expressed in Canadian Dollars)

Years Ended June 30,	2016	2015
Cash provided by (used in)		
Operations		
Net loss	\$ (13,549)	\$ (12,484)
Net changes in non-cash working capital		
Sale taxes recoverable	331	999
Accrued liabilities	13,473	9,871
	255	(1,614)
Financing		
Shareholder loan	-	2,500
Net change in cash	255	886
Cash, beginning of year	1,863	977
Cash, end of year	\$ 2,118	\$ 1,863

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Carpincho Capital Corp. (the "Company") was incorporated under the Canada Business Corporations Act on April 26, 2002 and is engaged in venture capital activities. The Company intends to identify and evaluate opportunities for the acquisition of an interest in properties, assets or businesses, and once identified and evaluated, to negotiate an acquisition thereof, merger with or participation therein.

While these financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business, there are material uncertainties related to adverse conditions and events that cast significant doubt on the Company's ability to continue as a going concern.

During the year ended June 30, 2016, the Company incurred a loss of \$13,549 (2015 - \$12,484) and, as of that date, the Company had an accumulated deficit of \$103,173 (2015 - \$89,624), a working capital deficiency of \$102,173 (2015 - \$88,624) and cash flows from operations of \$255 (2015 - \$(1,614)). These factors create material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation or once identified, conclude a merger or acquisition transaction. Furthermore, the Company has limited working capital to pursue such opportunities. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain adequate financing, and maintaining positive operating cash flows. Additionally, if the Company requires additional cash resources to fund current operations, there is no assurance that it will be able to obtain these required cash resources. However, management has assessed the Company's ability to continue as a going concern and determined that the Company will continue for the foreseeable future subject to the material uncertainties listed above.

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments would be material.

The registered office of the Company is located at 181 University Avenue, Suite 800, Toronto, Ontario, M5H 2X7.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements of the Company were approved by the Board of Directors on October 27, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Presentation

These financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

Functional and Presentation Currency

These financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding, if any, that may add to the total number of common shares.

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not record that excess.

Under the provisions of the Income Tax Act, the Company is required to pay certain income taxes with respect to its investment income and taxable dividends received which are potentially refundable. These refundable taxes are charged to retained earnings as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments

Financial assets classified as fair value through profit or loss ("FVTPL") are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as available-for-sale are measured at fair value with any resultant gain or loss being recognized directly under other comprehensive income. When available-for-sale financial assets are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as other financial liabilities, and are subsequently measured at amortized cost using effective interest rate method.

The Company's financial assets include cash and sale taxes recoverable while the Company's financial liabilities include accrued liabilities and shareholder loan. Classification of these financial instruments is as follows:

<u>Financial Instrument</u>	<u>Classification</u>	<u>Measurement</u>
Cash	FVTPL	Fair value
Sale taxes recoverable	Loans and receivables	Amortized cost
Accrued liabilities	Other financial liabilities	Amortized cost
Shareholder loan	Other financial liabilities	Amortized cost

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. There are three levels of the fair value hierarchy as follows:

- Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The Company's financial instruments measured at fair value on the statement of financial position consist of cash. Cash is measured at level 1 of the fair value hierarchy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Significant Accounting Judgments and Estimates

The preparation of these financial statements using accounting policies consistent with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Information regarding significant areas of estimation, uncertainty and critical judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements relate to accrued liabilities and the recognition of deferred income taxes.

Recent accounting pronouncements

The following have not yet been adopted and are being evaluated to determine their impact on the Company. Various other accounting pronouncements that have no material impact to the Company are not listed below:

- (i) IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires an expected loss impairment method to be used, replacing the incurred loss model.

In October 2010, the IASB added requirements for financial liabilities to IFRS 9. These requirements were largely carried forward from the existing requirements in IAS 39, however, fair value changes due to credit risk for liabilities designated at fair value through profit and loss are to be recorded in other comprehensive income.

In November 2013, the IASB amended IFRS 9 to include a new general hedge accounting model. The amendment also removed the January 1, 2015 effective date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Recent accounting pronouncements (cont'd)

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both IAS 39 and IFRIC 9 - Reassessment of Embedded Derivatives. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018.

- ii) IFRS 11 - Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted. The Company does not expect the amendment to IFRS 11 will have significant impact on the Company's financial statements.
- (iii) IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted. The Company is still in the process of assessing the impact of this pronouncement.

3. CAPITAL RISK MANAGEMENT

The Company includes equity, comprised of issued share capital and deficit, in the definition of capital, amounting to \$102,173 (2015 - \$88,624). The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its activities relating to identifying and evaluating assets or businesses to merge with or acquire. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or debt.

There has been no change with respect to the overall capital risk management strategy during the year ended June 30, 2016. The Company is not subject to any capital requirements imposed by a lending institution.

4. FINANCIAL RISK MANAGEMENT

As at June 30, 2016 and 2015, the fair value of Company's financial instruments consisting of cash, sale taxes recoverable, accrued liabilities and shareholder loan, approximates the carrying value due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest rate risk, currency or credit risks arising from these financial instruments.

The Company received a loan from its shareholder during the year ended June 30, 2011 in the amount of \$25,000, a further \$5,000 in the year ended June 30, 2014 and a further \$2,500 in the year ended June 30, 2015. These loans are non-interest bearing and repayable on demand. The fair value of the loans from the shareholder approximates its carrying amount.

As at June 30, 2016, the Company has negative working capital of \$102,173 (2015 – \$88,624). The Company will require additional financing to meet its ongoing obligations and its business objectives.

5. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business and are measured at the fair value, which is the amount of consideration established and approved by the related parties. Related party transactions have been listed below, unless they have been disclosed elsewhere in the financial statements.

During the year ended June 30, 2016 the Company incurred legal fees of \$13,472 (2015 – \$10,370) to a law firm in which a director and officer of the Company practices as a sole proprietor, \$7,673 (2015 – \$7,128) is included in legal fees while \$3,253 (2015 – \$3,242) is included in shareholder reporting fees and \$2,546 (2015 – \$nil) is included in audit fees. Included in accrued liabilities is \$69,290 (2015 – \$55,818) owing to this law firm.

During the year ended June 30, 2011, a shareholder of the Company loaned the Company \$25,000 for working capital. A further \$5,000 was loaned during 2014 and \$2,500 during 2015. The loans are unsecured, non-interest bearing and repayable on demand. No amounts were repaid during the current year.

Carpincho Capital Corp.
Notes to Financial Statements
(Expressed in Canadian Dollars)
June 30, 2016 and 2015

6. INCOME TAX

The following table reconciles income taxes calculated at combined Canadian federal/provincial tax rates with the income tax expense in the financial statements. There is no tax expense at the fiscal reporting periods.

	2016		2015	
Loss before income taxes	\$	(13,549)	\$	(12,848)
Statutory rate		26.50%		26.50%
Expected income tax expense (recovery)		(3,590)		(3,308)
Increase (decrease) resulting from:				
Change in deferred tax asset not recognized		3,590		3,308
Income tax expense	\$	-	\$	-

	2016		2015	
Non-capital loss carry forward	\$	1,125,201	\$	1,111,652
Future tax rate		26.50%		26.50%
Deferred income tax asset		298,178		294,588
Less: Deferred tax asset not recognized		(298,178)		(294,588)
Net deferred income tax asset	\$	-	\$	-

Loss and Tax Credit Carry forwards

The Company has non-capital losses of \$1,125,201 available to apply against future taxable income. If not utilized, the non-capital losses will expire as follows:

2028	\$	945,899
2030		47,860
2031		56,540
2032		18,086
2033		17,310
2034		13,473
2035		12,484
2036		13,549
	\$	1,125,201

Deferred tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements due to the uncertainty of their realization.

7. AUTHORIZED AND ISSUED SHARE CAPITAL

Authorized Share Capital

An unlimited number of common shares with no par value.

Issued Share Capital

The issued share capital as at June 30, 2016 was 5,000,000 Common Shares (2015 – 5,000,000 Common Shares).

On January 20, 2011 the articles of the Company were amended to: (i) change the name of the Company to "Carpincho Capital Corp." from "High Income Preferred Shares Corporation"; (ii) eliminate all classes of share capital of the Company and replace them with one class of Common Shares; and (iii) reclassify each issued and outstanding Class A Share as 5,000 Common Shares.

8. SEGMENTED INFORMATION

The Company's operations comprise a single reporting segment engaged in identifying suitable assets or businesses to acquire. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent segment amounts.

Schedule C

FINANCIAL STATEMENTS OF MMDC

See attached.

MM DEVELOPMENT COMPANY, LLC

FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in United States Dollars)



MM DEVELOPMENT COMPANY, LLC
Management's Responsibility for Financial Reporting

To the Members of MM Development Company, LLC:

The accompanying financial statements in this annual report were prepared by management of MM Development Company, LLC ("MMDC" or "the Company"), and were reviewed and approved by the Members of MMDC.

Management is responsible for the financial statements and believes that they fairly present the Company's financial condition and results of operation in conformity with International Financial Reporting Standards. Management has included in the Company's financial statements amounts based on estimates and judgments that it believes are reasonable, under the circumstances.

To discharge its responsibilities for financial reporting and safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements. Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. Management further assures the quality of the financial records through careful selection and training of personnel and through the adoption and communication of financial and other relevant policies.

These financial statements have been audited by the Company's auditor, Macias Gini & O'Connell, LLP, and their report is presented herein.



Chief Executive Officer



Vice President of Finance

May 22, 2018

MM DEVELOPMENT COMPANY, LLC
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INDEPENDENT AUDITOR'S REPORT

To the Members
MM Development Company, LLC

We have audited the accompanying financial statements of MM Development Company, LLC (the "Company"), which comprise the statements of financial position at December 31, 2017 and 2016, and the statements of operations, changes in members' deficit and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of MM Development Company, LLC at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Macias Gini & O'Connell LLP

San Francisco, California
May 22, 2018

MM DEVELOPMENT COMPANY, LLC
Statements of Financial Position
At December 31, 2017 and 2016

		<u>2017</u>	<u>2016</u>
ASSETS			
Current Assets:			
Cash		\$ 451,869	\$ 20,868
Inventories	<i>Note 3</i>	966,622	413,189
Biological Assets	<i>Note 4</i>	2,706,335	277,178
Prepaid Expenses and Other Current Assets		<u>92,129</u>	<u>-</u>
Total Current Assets		4,216,955	711,235
Property and Equipment, Net	<i>Note 5</i>	4,341,915	4,275,536
Deferred Tax Asset	<i>Note 11</i>	<u>-</u>	<u>75,623</u>
TOTAL ASSETS		<u><u>\$ 8,558,870</u></u>	<u><u>\$ 5,062,394</u></u>
LIABILITIES AND MEMBERS' DEFICIT			
LIABILITIES			
Current Liabilities:			
Accounts Payable		\$ 678,319	\$ 721,490
Accrued Expenses		1,055,829	512,493
Income Tax Payable	<i>Note 2</i>	1,270,862	-
Notes Payable - Current Portion	<i>Note 6</i>	<u>14,182</u>	<u>13,911</u>
Total Current Liabilities		3,019,192	1,247,894
Long-Term Liabilities:			
Notes Payable, Net of Current Portion	<i>Note 6</i>	925,890	942,408
Notes Payable Related Party	<i>Note 6</i>	6,526,732	6,174,907
Deferred Tax Liability	<i>Note 11</i>	<u>568,330</u>	<u>-</u>
TOTAL LIABILITIES		11,040,144	8,365,209
MEMBERS' DEFICIT	<i>Note 8</i>	<u>(2,481,274)</u>	<u>(3,302,815)</u>
TOTAL LIABILITIES AND MEMBERS' DEFICIT		<u><u>\$ 8,558,870</u></u>	<u><u>\$ 5,062,394</u></u>

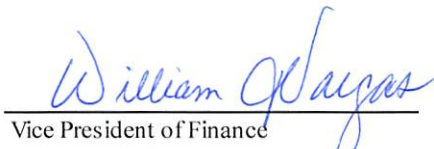
Nature of Operations (*Note 1*)

Commitments and Contingencies (*Note 12*)

Subsequent Events (*Note 15*)

Approved and authorized by the Members on May 22, 2018


 Chief Executive Officer


 Vice President of Finance

The accompanying notes are an integral part of these financial statements

MM DEVELOPMENT COMPANY, LLC
Statements of Operations
For the Years Ended December 31, 2017 and 2016

		<u>2017</u>	<u>2016</u>
Revenues, net of discounts		\$ 9,003,980	\$ 1,514,512
Gain on Biological Asset Transformation	<i>Note 4</i>	5,922,153	530,022
Cost of Goods Sold		<u>(8,259,548)</u>	<u>(2,266,954)</u>
Gross Profit		<u>6,666,585</u>	<u>(222,420)</u>
Expenses:			
General and Administrative	<i>Note 7</i>	2,638,859	1,147,287
Sales and Marketing		193,332	164,556
Depreciation and Amortization		<u>121,364</u>	<u>103,009</u>
Total Expenses		<u>2,953,555</u>	<u>1,414,852</u>
Income (Loss) From Operations		<u>3,713,030</u>	<u>(1,637,272)</u>
Other Income (Expense):			
Interest Expense, net		(976,674)	(743,013)
Other Income, net		<u>-</u>	<u>33,000</u>
Total Other Income (Expense)		<u>(976,674)</u>	<u>(710,013)</u>
Income (Loss) Before Provision for Income Taxes		<u>2,736,356</u>	<u>(2,347,285)</u>
Provision For Income Taxes	<i>Note 11</i>	<u>1,914,815</u>	<u>(75,623)</u>
Net Income (Loss) and Comprehensive Income (Loss)		<u>\$ 821,541</u>	<u>\$ (2,271,662)</u>

The accompanying notes are an integral part of these financial statements

MM DEVELOPMENT COMPANY, LLC
Statements of Changes in Members' Deficit
For the Years Ended December 31, 2017 and 2016

	<u>Members'</u> <u>Capital</u>	<u>Accumulated</u> <u>Deficit</u>	<u>Total</u>
Balance, January 1, 2016	\$ -	\$ (1,031,153)	\$ (1,031,153)
Net Loss	<u>-</u>	<u>(2,271,662)</u>	<u>(2,271,662)</u>
Balance, December 31, 2016	-	(3,302,815)	(3,302,815)
Net Income	<u>-</u>	<u>821,541</u>	<u>821,541</u>
Balance, December 31, 2017	<u>\$ -</u>	<u>\$ (2,481,274)</u>	<u>\$ (2,481,274)</u>

The accompanying notes are an integral part of these financial statements

MM DEVELOPMENT COMPANY, LLC
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ 821,541	\$ (2,271,662)
Adjustments to Reconcile Net Income (Loss) to Net Cash Used In Operating Activities:		
Depreciation	605,440	556,867
Interest on Note Payable - Related Party	937,531	736,812
Changes in Operating Assets and Liabilities:		
Inventory	(553,434)	(413,189)
Biological Assets	(2,429,156)	(277,178)
Prepaid Expenses and Other Current Assets	(92,128)	2,172
Accounts Payable	(43,172)	721,058
Accrued Liabilities	367,630	(600,233)
Deferred Tax Assets	643,953	(75,623)
Income Tax Payable	1,270,862	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,529,067</u>	<u>(1,620,976)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(671,818)	(1,095,688)
NET CASH USED IN INVESTING ACTIVITIES	<u>(671,818)</u>	<u>(1,095,688)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Advances from Related Party	-	2,731,185
Payments on Notes Payable - Related Party	(410,000)	(500,960)
Other Borrowings	-	178,150
Principal on Equipment Financing	(16,248)	-
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(426,248)</u>	<u>2,408,375</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	431,001	(308,289)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>20,868</u>	<u>329,157</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 451,869</u>	<u>\$ 20,868</u>
	<u>2017</u>	<u>2016</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
OTHER NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchase of Property and Equipment Financed	<u>\$ -</u>	<u>\$ 72,319</u>
Capitalized Interest	<u>\$ -</u>	<u>\$ 38,228</u>

The accompanying notes are an integral part of these financial statements

MM DEVELOPMENT COMPANY, LLC
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

1. NATURE OF OPERATIONS

MM Development Company, LLC (“MMDC” or the “Company”) is a privately held limited liability company existing under the laws of the State of Nevada. MMDC, founded on March 20, 2014, is a vertically integrated cannabis company and is licensed under the laws of the State of Nevada to cultivate, produce, and sell both medicinal and recreational-use cannabis products within such state.

The Company’s registered office is located at 4850 W. Sunset Road, Suite 130, Las Vegas, NV 89118.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee (“IFRIC”) in effect for the year ended December 31, 2017.

These financial statements were approved and authorized for issue by the Members of the Company on May 22, 2018.

(b) Basis of Measurement

These financial statements have been prepared on the going concern basis, under the historical cost convention except for certain financial instruments and biological assets that are measured at fair value as described herein.

(c) Functional Currency

The Company’s functional currency, as determined by management, is the United States (“U.S.”) dollar. These financial statements are presented in U.S. dollars.

(d) Cash

Cash include cash deposits in financial institutions plus cash held at retail locations.

(e) Inventories

Inventories for finished goods and packaging and supplies are valued at the lower of cost and net realizable value. Cost is determined using the weighted average costing method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The Company reviews inventories for obsolete, redundant and slow moving goods and any such inventories identified are written down to net realizable value. At December 31, 2017 and 2016, there were no reserves for inventories required.

(f) Biological Assets

The Company measures biological assets consisting of medical cannabis plants at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Seeds are measured at fair market value. Unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations of the related year. The Company expenses pre-harvest costs as incurred.

MM DEVELOPMENT COMPANY, LLC
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and impairment losses, if any. Expenditures that materially increase the life of the assets are capitalized. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods:

Land	Not Depreciated
Buildings and Structures	5 to 40 Years
Lighting Equipment	2 Years
Furniture and Equipment	5 - 7 Years
Computer Equipment and Software	3 Years
Security Equipment	3 Years
Leasehold Improvements	Shorter of Estimated Useful Life or Remaining Life of Lease
Manufacturing Equipment	5 - 7 Years
Vehicles	3 Years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. There were no changes or adjustments made to the foregoing for the years ended December 31, 2017 and 2016.

An item of property or equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the Statements of Operations in the year the asset is derecognized.

Construction in progress is not depreciated until it is completed and available for use. During the years ended December 31, 2017 and 2016, the Company capitalized interest of \$0 and \$38,228, respectively.

(h) Leased Assets

A lease of property and equipment is classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed.

(i) Income Taxes

Income tax expense is recognized in the Statements of Operations based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. The Company elected to be taxed as a C Corporation. For the years ended December 31, 2017 and 2016, Federal income tax expense (benefit) totaled \$1,914,815 and \$(75,623), respectively. There is no State income tax in Nevada.

MM DEVELOPMENT COMPANY, LLC
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Income Taxes *(Continued)*

Deferred tax assets and liabilities and the related deferred income tax expense or recover, if any, are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

As the Company operates in the cannabis industry, it is subject to the limits of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

(j) Revenue Recognition

Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied, which are generally met once the products are shipped to customers:

- The Company has transferred the significant risks and rewards of ownership of the goods to the purchaser;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Accordingly, the Company recognizes revenue when it sells cannabis to customers at its retail location. For the years ended December 31, 2017 and 2016, amounts recorded as revenues are net of allowances, discounts, and rebates totaling \$3,387,795 and \$675,295, respectively.

(k) Financial Instruments

The Company aggregates its financial instruments into classes based on their nature and characteristics. Management determines the classification when the instruments are initially recognized.

All financial assets except those classified as fair value through profit or loss are reviewed at each reporting date to determine whether there is any indication of impairment. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been affected.

Financial instruments classified as loans and receivables and other financial liabilities are carried at amortized cost using the effective interest method. Transaction costs are included in the amount initially recognized. There were no loan and receivables in these financial statements. Accounts payable and other liabilities, notes payable, and notes payable related parties have been classified as other financial liabilities.

MM DEVELOPMENT COMPANY, LLC
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below.

(i) Estimated Useful Lives and Depreciation of Property and Equipment (Note 5)

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

(ii) Biological Assets (Note 4)

Management is required to make estimates in calculating the fair value of biological assets and harvested cannabis inventory. These estimates include a number of assumptions, such as estimating the stages of growth or the cannabis, harvested costs, sales price and expected yields.

(m) Recent Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. The Company is assessing the impact of these new standards on future financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

(i) IFRS 7, Financial instruments: Disclosure

IFRS 7, *Financial instruments: Disclosure*, was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

(ii) IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*, which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company does not expect significant impact on its financial statements from the adoption of this new standard.

MM DEVELOPMENT COMPANY, LLC
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Recent Accounting Pronouncements *(Continued)*

(iii) IFRS 15, Revenue from Contracts with Customers

The IASB replaced IAS 18, *Revenue*, in its entirety with IFRS 15, *Revenue from Contracts with Customers*. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company does not expect significant impact on its financial statements from the adoption of this new standard.

(iv) IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, *Leases*, which will replace IAS 17, *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15, *Revenue from Contracts with Customers*, at or before the date of initial adoption of IFRS 16. The extent of the impact of adoption of the standard has not yet been determined.

3. INVENTORIES

The Company's inventories include the following at December 31:

	<u>2017</u>	<u>2016</u>
Raw Material		
Harvested Cannabis	\$ 171,532	\$ 170,821
Packaging and miscellaneous	<u>40,589</u>	<u>15,877</u>
Total Raw Material	212,121	186,698
Work in Process	507,629	179,057
Finished Goods	<u>246,872</u>	<u>47,434</u>
Total Inventories	<u><u>\$ 966,622</u></u>	<u><u>\$ 413,189</u></u>

The accompanying notes are an integral part of these financial statements

MM DEVELOPMENT COMPANY, LLC
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

4. BIOLOGICAL ASSETS

Biological assets consist of cannabis plants. At December 31, 2017 and 2016, the changes in the carrying value of biological assets are shown below:

<u>Harvest in Process</u>	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 277,178	\$ -
Net change in fair value less costs to sell due to biological transformation	5,922,153	530,022
Transferred to inventory upon harvest	<u>(3,492,996)</u>	<u>(252,844)</u>
Ending balance	<u>\$ 2,706,335</u>	<u>\$ 277,178</u>

The Company values its biological assets at the end of each reporting period at fair value less costs to sell. This is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. This model also considers the progress in the plant life cycle.

Management has made the following estimates in this valuation model:

- The average number of weeks in the growing cycle is twelve weeks from propagation to harvest;
- The average harvest yield of whole flower is 215 grams per plant;
- The average selling price of whole flower is \$10.41 per gram;
- Processing costs include drying and curing, testing and packaging, post-harvest overhead allocation, and oil extraction costs estimated to be \$1.49 per gram; and
- Selling costs include shipping, order fulfillment, and labelling, estimated to be \$3.56 per gram.

The estimates of growing cycle, harvest yield, and costs per gram are based on the Company's historical results. The estimate of the selling price per gram is based on the Company's historical sales in addition to the Company's expected sales price going forward.

Management has quantified the sensitivity of the inputs, and determined the following:

- Selling price per gram - a decrease in the selling price per gram by 5% would result in the biological asset value decreasing by \$263,733 (2016 - \$106,725).
- Harvest yield per plant - a decrease in the harvest yield per plant of 5% would result in the biological asset value decreasing by \$164,410 (2016 - \$21,428).

These inputs are level 3 on the fair value hierarchy, and are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

As at December 31, 2017, the biological assets were on average, 46.5% complete (2016 – 68.7%), and the estimated fair value less costs to sell of dry cannabis was \$5.11 per gram.

As of December 31, 2017, it is expected that the Company's biological assets will ultimately yield approximately 506kg of cannabis (2016 - 274kg).

MM DEVELOPMENT COMPANY, LLC
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

5. PROPERTY AND EQUIPMENT

A reconciliation of the beginning and ending balances of property and equipment is as follows:

	Land	Buildings	Equipment	Leasehold Improvements	Total Capital Assets
<u>Cost</u>					
At December 31, 2015	\$ 296,747	\$ 1,001,442	\$ 419,474	\$ 1,908,837	\$ 3,626,500
Additions	15,833	568,521	421,345	200,534	1,206,234
Transfers & disposals	-	-	-	-	-
At December 31, 2016	312,581	1,569,963	840,819	2,109,371	4,832,733
Additions	54,095	128,114	139,625	349,985	671,818
Transfers & disposals	-	-	-	-	-
At December 31, 2017	<u>\$ 366,675</u>	<u>\$ 1,698,076</u>	<u>\$ 980,444</u>	<u>\$ 2,459,356</u>	<u>\$ 5,504,552</u>
<u>Accumulated Depreciation</u>					
At December 31, 2015	\$ -	\$ 63	\$ -	\$ 268	\$ 331
Additions	-	36,106	199,153	321,608	556,867
Transfers & disposals	-	-	-	-	-
At December 31, 2016	-	36,169	199,153	321,876	557,198
Additions	-	40,181	242,681	322,577	605,439
Transfers & disposals	-	-	-	-	-
At December 31, 2017	<u>\$ -</u>	<u>\$ 76,350</u>	<u>\$ 441,834</u>	<u>\$ 644,453</u>	<u>\$ 1,162,637</u>
<u>Net book value</u>					
At December 31, 2015	<u>\$ 296,747</u>	<u>\$ 1,001,379</u>	<u>\$ 419,474</u>	<u>\$ 1,908,569</u>	<u>\$ 3,626,169</u>
At December 31, 2016	<u>\$ 312,581</u>	<u>\$ 1,533,794</u>	<u>\$ 641,666</u>	<u>\$ 1,787,495</u>	<u>\$ 4,275,536</u>
At December 31, 2017	<u>\$ 366,675</u>	<u>\$ 1,621,726</u>	<u>\$ 538,610</u>	<u>\$ 1,814,903</u>	<u>\$ 4,341,915</u>

Depreciation expense for the years ended December 31, 2017 and 2016, totaled \$605,439 and \$556,867, respectively, of which \$484,075 and \$453,858, respectively, is included in cost of goods sold.

6. NOTES PAYABLE

At December 31, notes payable due related parties consisted of the following:

	December 31,	
	2017	2016
Revolving notes payable due members, with deferred interest at 15.0%, compounded monthly, due December 31, 2019	<u>\$ 6,526,732</u>	<u>\$ 6,174,907</u>

The accompanying notes are an integral part of these financial statements

MM DEVELOPMENT COMPANY, LLC
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

6. NOTES PAYABLE (Continued)

At December 31, notes payable consisted of the following:

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Promissory note dated November 4, 2015, with semi-annual interest at 5.0%, secured by deed of trust, due December 1, 2019	884,000	884,000
Equipment financing note payable, due December 20, 2021, with monthly principal and interest of \$1,265	56,072	72,319
	<u>\$ 940,072</u>	<u>\$ 956,319</u>
Less current portion	(14,182)	(13,911)
	<u>\$ 925,890</u>	<u>\$ 942,408</u>

Stated maturities of debt obligations are as follows:

Year Ending December 31,

2018	\$ 14,182
2019	7,425,191
2020	14,740
2021	<u>12,691</u>
	<u>\$ 7,466,804</u>

In March 2014, the Company entered into promissory note agreements with its members in order to provide funds to support operations of the Company. The advance period was from March 20, 2014 through December 31, 2017. The promissory notes mature on December 31, 2019 and interest accrues on each advance on the day an advance is made at a rate of 15%. The holders of the notes hold the right to convert any portion or all of the unpaid principal of the notes to member contribution of the Company.

The promissory note with outstanding balances at December 31, 2017 of \$884,000 are collateralized by a deed of trust and the related land.

MM DEVELOPMENT COMPANY, LLC
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

7. GENERAL AND ADMINISTRATIVE

For the years ended December 31, general and administrative expense were comprised of:

	December 31,	
	2017	2016
Salaries and wages	\$ 908,404	\$ 256,590
Executive compensation	194,542	180,292
Payroll taxes and benefits	183,436	79,821
Office expenses	233,135	117,882
Professional fees	193,686	104,986
All other general and administrative expenses	925,656	407,716
	<u>\$ 2,638,859</u>	<u>\$ 1,147,287</u>

8. MEMBERS' EQUITY

The operations of the Company are governed by its operating agreement (Agreement). Certain terms and conditions of the Agreement are summarized below:

Management of the Company – The management of the Company is vested in the manager. The initial managers are the members of the Company (the “Manager(s)”). The Manager(s) is responsible for all aspects of the Company’s operations, including property acquisitions and development, capital and debt financing and maintenance of financial records, tax and investor filings.

Term – The Company will continue operations until the Manager(s) approves its dissolution, all or substantially all of its assets are disposed of, all members are dissolved or it becomes unlawful for the Company to continue operations.

Capital Accounts – Each member’s capital account will adjusted from time to time by the amount of money or value of any property contributed (or deemed contributed by the member of the Company, net of liabilities secured by the property or to which the property is subject); the net profits and any other items of income and gain specially allocated to the member; the amount of money and the value of any property distributed to the member by the Company (net of liabilities secured by the property or to which the property is subject); and the net losses and any other item of deduction and loss specially allocated to the member pursuant to the Agreement.

Management Fees – The Manager(s) shall be reimbursed all reasonable expenses incurred in managing the Company and shall be entitled to reasonable compensation as determined annually by the members. During the years ended December 31, 2017 and 2016, the Manager(s) earned \$203,625 and \$201,882, respectively, in salary and benefits. A portion of their salary was deferred and at December 31, 2017 and 2016, the Company reported a liability of \$241,245 and \$101,250, respectively.

Allocation of Net Profits and Net Losses – After giving effect to the special allocations set forth in the Agreement, the net profits or net losses of the Company for each fiscal year will be allocated among the members as follows:

Net Loss – generally allocated to members in accordance with their ownership interests, subject to certain preferences and adjustments.

Net Income – allocated to the members to the extent necessary to reverse prior loss allocations; then to the preferred holders to satisfy certain preferences, and then to the members generally in proportion to their ownership interests.

MM DEVELOPMENT COMPANY, LLC
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

8. MEMBERS' EQUITY *(Continued)*

Distributions – The Manager(s) can approve operating distributions. Such distributions are to be in accordance with the members' interest.

9. COMMITMENTS AND CONTINGENCIES

(a) Office and Operating Leases

The Company leases certain business facilities from third parties under operating lease agreements that specify minimum rentals. The leases expire through 2034 and contain renewal provisions. Additionally, certain leases provide for stated rent increases, and rent expense is calculated on straight-line basis over the terms of the leases with the incentives reported as deferred rent. The Company's net rent expense for the years ended December 31, 2017 and 2016, was approximately \$165,612 and \$141,939, respectively.

Certain facilities are occupied under the terms of lease agreements with related parties. The leases expire through 2034 and contain certain renewal provisions. Rent expense under these leases totaled \$103,662 and \$95,688 for the years ended December 31, 2017, and 2016, respectively.

Future minimum lease payments under non-cancelable operating leases (including the Planet 13 Super Store, see Note 13) having an initial or remaining term of more than one year are as follows:

Year Ending December 31,

2018	\$	495,679
2019		1,109,885
2020		1,156,466
2021		1,205,289
2022		1,257,983
Thereafter		4,156,667
		<u>\$ 9,381,969</u>

(b) Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations at December 31, 2017, medical and adult use cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

(c) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At December 31, 2017, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

MM DEVELOPMENT COMPANY, LLC
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

9. COMMITMENTS AND CONTINGENCIES (Continued)

(d) Indemnification

On October 15, 2015, an original member of the Company, Ollehea, LLC, requested that the Company repurchase its interest as allowed under the LLC operating agreement. However, the Company at that time had not begun operations and has not yet generated positive cash flow and, as a result, Ollehea was unwilling to accept a note from the Company in repayment of its interest. Consequently, the remaining members, PRMN Investments LLC and Thirteen LLC, agreed to issue promissory notes to Ollehea on behalf of the Company in the amount of \$101,997 each to satisfy the repurchase requirement. In connection therewith, the Company agreed to indemnify and reimburse the remaining members for any payments made to Ollehea under the notes. The notes are due June 1, 2018.

(e) Operating Licenses

Although the possession, cultivation and distribution of marijuana for medical and adult use is permitted in Nevada, marijuana is a Schedule-I controlled substance and its use remains a violation of federal law. Since federal law criminalizing the use of marijuana preempts state laws that legalize its use, strict enforcement of federal law regarding marijuana would likely result in the Company's inability to proceed with our business plans. In addition, our assets, including real property, cash, equipment and other goods, could be subject to asset forfeiture because marijuana is still federally illegal.

(f) Employment Agreements

The Company has employment agreements in place with its Vice President of Sales and Marketing and Vice President of Operations. Our Vice President of Sales and Marketing has an annual salary of \$120,000 and a commission based bonus structure. Our Vice President of Operations has an annual salary of \$200,000.

10. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions during the year:

(a) Notes Payable Related Party

The Company has funded a significant portion of its operating expenses and capital asset acquisitions through revolving loans from the Company's members (Note 6). The following table reflects the changes in amounts due under such revolving loans for the years ended December 31:

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Balance at beginning of year	\$ 6,174,907	\$ 3,207,870
Advances	-	2,731,185
Repayments	(410,000)	(500,960)
Transfers	(175,706)	
Accrued interest	937,531	736,812
	<u>\$ 6,526,732</u>	<u>\$ 6,174,907</u>

On January 1, 2018, the members converted \$3,334,304 of the above notes to equity. The remaining balance of the notes may be converted at the member's option through December 31, 2019 (Note 13).

MM DEVELOPMENT COMPANY, LLC
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

10. RELATED PARTY TRANSACTIONS (Continued)

(b) Building Lease

The Company leases approximately 15,000 square feet of office and production space for the Company's Clark County Cultivation facility from a limited partnership controlled by one of the Company's members. Rents paid under this lease for the years ended December 31, 2017 and 2016 equaled \$103,662 and \$95,688, respectively.

(c) Member Compensation

The Company's Managers were paid an aggregate of \$203,625 and \$201,882 in salary and related employee benefits for the years ended December 31, 2017 and 2016, respectively. The Company's Managers have agreed to defer a portion of their agreed-upon salaries since inception. At December 31, 2017 and 2016, total deferred compensation due such members was \$241,245 and \$101,250, respectively.

(d) Others

The Company sub-lets approximately 2,000 square feet of office space and purchases certain printed marketing collateral and stationery items from a company owned by one of its members. Amounts paid to such company for rent for the years ended December 31, 2017 and 2016 equaled \$24,040 and \$24,040 for rent, respectively, and amounts paid for marketing and stationery items equaled \$8,769 and \$59,553, respectively.

11. INCOME TAXES

The components of the income tax provision (benefit) include:

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Current	\$ 1,270,862	\$ -
Deferred	643,953	(75,623)
	<u>\$ 1,914,815</u>	<u>\$ (75,623)</u>

A reconciliation of the Federal statutory income tax rate of 34.0% to the effective tax rate is as follows:

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Income (loss) before income taxes	\$ 2,736,358	\$ (2,347,286)
Statutory rate	34.0%	34.0%
Theoretical tax expense (recovery)	\$ 930,362	\$ (798,077)
Non-deductible expense:		
Political contributions	-	10,676
Section 280E permanent differences	1,336,276	711,778
Change in prospective tax rates	(351,823)	
	<u>\$ 1,914,815</u>	<u>\$ (75,623)</u>

MM DEVELOPMENT COMPANY, LLC
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

11. INCOME TAXES (Continued)

The components of deferred tax are summarized below. Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Deferred tax assets		
Non-capital losses carried forward	\$ -	\$ 75,623
Deferred tax liabilities		
Biological assets	(568,330)	-
Net deferred tax asset (liability)	<u>\$ (568,330)</u>	<u>\$ 75,623</u>

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments consist of cash, accounts payable; notes payable; and notes payable related parties. The carrying values of these financial instruments approximate their fair values at December 31, 2017 and 2016.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

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

There have been no transfers between fair value levels during the years ended December 31, 2017 and 2016.

The following table summarizes the Company's financial instruments at December 31, 2017:

	<u>Loans and</u>	<u>Other</u>	
	<u>Receivables</u>	<u>Financial</u>	<u>Total</u>
		<u>Liabilities</u>	
Financial Assets:			
Cash	\$ 451,869	\$ -	\$ 451,869
Financial Liabilities			
Accounts Payable and Accrued Liabilities	\$ -	\$ 1,734,148	\$ 1,734,148
Current Portion of Notes Payable	\$ -	\$ 14,182	\$ 14,182
Notes Payable, Net of Current Portion	\$ -	\$ 925,890	\$ 925,890
Notes Payable Related Party	\$ -	\$ 6,526,732	\$ 6,526,732

The accompanying notes are an integral part of these financial statements

MM DEVELOPMENT COMPANY, LLC
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The following table summarizes the Company's financial instruments at December 31, 2016:

	<u>Loans and Receivables</u>	<u>Other Financial Liabilities</u>	<u>Total</u>
Financial Assets:			
Cash	\$ 20,868	\$ -	\$ 20,868
Financial Liabilities			
Accounts Payable and Accrued Liabilities	\$ -	\$ 1,233,983	\$ 1,233,983
Current Portion of Notes Payable	\$ -	\$ 13,911	\$ 13,911
Notes Payable, Net of Current Portion	\$ -	\$ 942,408	\$ 942,408
Notes Payable Related Party	\$ -	\$ 6,174,907	\$ 6,174,907

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

(a) Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2017 and 2016 is the carrying amount of cash. The Company does not have significant credit risk with respect to its customers.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

In addition to the commitments outlined in Note 9, the Company has the following contractual obligations:

	<u><1 Year</u>	<u>1 to 3 Years</u>	<u>3 to 5 Years</u>	<u>Total</u>
Accounts Payable and Accrued Liabilities	\$ 1,734,148	\$ -	\$ -	\$ 1,734,148
Notes Payable	\$ 14,182	\$ 925,890	\$ -	\$ 940,072
Notes Payable Related Party	\$ -	\$ 6,526,732		\$ 6,526,732

The accompanying notes are an integral part of these financial statements

MM DEVELOPMENT COMPANY, LLC
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(c) Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial debts have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

(ii) Concentration Risk

The Company operates exclusively in Southern Nevada. Should economic conditions deteriorate within that region, its results of operations and financial position would be negatively impacted.

(iii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. See Note 5 for the Company's assessment of certain changes in the fair value assumption used in the calculation of biological asset values.

13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 22, 2018, which is the date these financial statements were issued.

RTO Transaction

On April 26 and May 18, 2018, 10653918 Canada Inc. ("Finco") completed a private placement of subscription receipts (the "Subscription Receipts") at a price of C\$0.80 (the "Offering Price") per Subscription Receipt for Gross Proceeds of C\$25,166,640 (the "Offering"). A total of 24,760,750 Subscription Receipts were sold pursuant to a brokered offering (the "Brokered Offering") conducted by a syndicate of agents (the "Agents") co-led by Beacon Securities Limited ("Beacon") and Canacord Genuity Corp. and including Haywood Securities Inc. for gross proceeds of C\$19,808,600. Finco also completed a concurrent non-brokered offering of 6,697,550 Subscription Receipts for gross proceeds of C\$5,358,040 on April 26 and May 18, 2018.

On April 26, 2018, MMDC entered into: (i) a definitive share exchange agreement with Carpincho Capital Corp. ("Carpincho"), providing for the acquisition (the "Acquisition") of all of the outstanding shares of MM Development, Inc., successor to MMDC, in exchange for shares of Carpincho following a consolidation of the outstanding common shares of Carpincho on the basis of .875 consolidated common shares for every one (1) outstanding common share (the "Consolidation"); and (ii) a definitive agreement with Finco and a wholly-owned subsidiary of Carpincho ("Subco"), providing for the amalgamation of Subco and Finco be completed following the Acquisition.

Each Subscription Receipt entitles the holder to receive, upon satisfaction of the Escrow Release Conditions (as defined below) on or before the Escrow Release Deadline (as defined below), and without payment of additional consideration, one unit in the capital of Finco (a "Unit"). Each Unit shall consist of one common share (a "Common Share") and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant") of Finco, which Units shall be exchanged, without further consideration, for one Unit in the capital of Carpincho (the "Resulting Issuer"), following the Consolidation and upon completion of the RTO transaction. Following the exchange for Units of the Resulting Issuer, each Warrant of the Resulting Issuer (a "Resulting Issuer Warrant") shall entitle the holder thereof to acquire one common share of the Resulting Issuer (a "Resulting Issuer Share") at a price of C\$1.40 for a period of 24 months following the satisfaction of the Escrow Release Conditions.

MM DEVELOPMENT COMPANY, LLC
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

13. SUBSEQUENT EVENTS *(Continued)*

RTO Transaction (Continued)

The Subscription Receipts were issued pursuant to a subscription receipt agreement (the "Subscription Receipt Agreement") among Finco, Beacon (on behalf of the Agents), MMDC and Odyssey Trust Company (the "Subscription Receipt Agent"). Pursuant to the Subscription Receipt Agreement, the proceeds from the Offering, less certain expenses incurred therewith (the "Escrowed Funds"), have been placed into escrow pending satisfaction of the following conditions: (i) written confirmation from each of Carpincho, MMDC and Finco that all conditions of the completion of the RTO transaction have been satisfied or waived, other than release of the Escrowed Funds, the Commission (as defined below) and any remaining expenses of the Agents, and that the RTO transaction shall be completed upon release of the Escrowed Funds; (ii) the receipt of all shareholder and regulatory approvals required for the RTO transaction; (iii) the distribution of the Resulting Issuer Shares and the Resulting Issuer Warrants to be issued in exchange for the Common Shares and Warrants pursuant to the Amalgamation following the satisfaction of the Escrow Release Conditions, being exempt from applicable prospectus and registration requirements of applicable Canadian securities laws and not subject to any hold or restricted period thereunder; (iv) the Resulting Issuer Shares and the Resulting Issuer shares underlying the Resulting Issuer Warrants being conditionally approved for listing on the Canadian Securities Exchange; and (v) Finco and Beacon (on behalf of the Agents), having delivered a release notice to the Subscription Receipt Agent in accordance with the terms of the Subscription Receipt Agreement (collectively, the "Escrow Release Conditions").

Should the Escrow Release Conditions not be satisfied or waived on or before July 23, 2018 (the "Escrow Release Deadline"), or if the RTO transaction is not completed, the Subscription Receipts will be cancelled and the Escrowed Funds will be returned to subscribers together with any interest earned thereon (a "Refund Event"). To the extent there is any shortfall in the event of a Refund Event, Finco and MMDC will provide sufficient funds to offset any such shortfall.

In connection with the Brokered Offering, the Agents are entitled to be paid a cash commission of 6% of the gross proceeds of the Brokered Offering (the "Commission"), which will be paid out of the Escrowed Funds upon escrow release. In addition, Finco issued the Agents an aggregate of 1,485,645 compensation options ("Compensation Options"). Each Compensation Option is exercisable into one Common Share at the Offering Price for a period of 24 months following the satisfaction of the Escrow Release Conditions. The Compensation Options shall be exchanged for compensation options of the Resulting Issuer on an equivalent basis upon completion of the RTO transaction.

Assuming the Escrow Release Conditions are satisfied, the net proceeds from the Offering shall be used by the Resulting Issuer to (i) fund the construction of a new medical and recreational cannabis dispensary near the Las Vegas Strip; (ii) to construct a greenhouse complex for the cultivation and production of cannabis and cannabis-related products in Beatty, Nevada; and (iii) for working capital and general corporate purposes.

Upon completion of the RTO transaction it is expected that the shareholders of Carpincho will hold approximately 4.4% of the equity of the Resulting Issuer, purchasers of the Offering will hold approximately 31.9% of the equity of the Resulting Issuer, and the former shareholders of MMDC, Inc. will hold approximately

Conversion of liabilities to RSU's

In April 2018, the Company entered into an agreement to issue 575,000 RSU's to satisfy approximately \$388,000 of liabilities.

MM DEVELOPMENT COMPANY, LLC
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

13. SUBSEQUENT EVENTS *(Continued)*

Conversion of Shareholder debt to equity as part of LLC conversion

On March 14, 2018, MMDC completed a plan of conversion from a Nevada state limited liability company to a Nevada state domestic corporation, MM Development Company, Inc., with the approval of the Nevada State Department of Taxation which oversees licensed cannabis operations in Nevada. Prior to such conversion, on January 1, 2018, the Members converted an aggregate of \$3,334,304 of their controlled entity debts to equity in MMDC and our Vice President of Operations contributed valuable intellectual property, including genetic strains, cultivation processes, and manufacturing processes, to MMDC in return for a 6% interest in MMDC.

Planet 13 Super Store Site Lease

On April 23, 2018, MMDC executed a triple-net lease agreement for the premises of the Planet 13 Super Store. The lease commences May 1, 2018 and has a seven year term with two seven-year renewal options.

Schedule D

FINANCIAL STATEMENTS OF FINCO

See attached.

10653918 CANADA INC. FINANCIAL STATEMENTS

For the period from the date of incorporation (February 27, 2018) to March 31, 2018

(in Canadian Dollars)

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Independent Auditors' Report

To the Shareholders of 10653918 Canada Inc.:

We have audited the accompanying financial statements of 10653918 Canada Inc., which comprise the statement of financial position as at March 31, 2018 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' 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 includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of 10653918 Canada Inc. as at March 31, 2018 in accordance with International Financial Reporting Standards.

Toronto, Ontario
May 24, 2018

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

MNP

STATEMENT OF FINANCIAL POSITION

As of March 31,

	<u>2018</u>
ASSETS	
Cash	1
	<u>1</u>
SHAREHOLDERS' EQUITY	
Share capital	1
	<u>1</u>

See accompanying notes to the financial statements

Approved and authorized for issue on behalf of the Board on May 24, 2018

"Dennis Logan"
Director

10653918 CANADA INC.

NOTES TO FINANCIAL STATEMENTS

1. Incorporation and nature of business

10653918 Canada Inc. (the “Corporation”) was incorporated under the Canada Business Corporations Act on February 27, 2018. The Corporation is a holding company that has been incorporated to facilitate a unit financing that is part of the proposed business combination of Carpincho Capital Corp and MM Development Company Inc.

The head office and the registered head office of the Corporation is located at 40 King Street West, Suite 2100, Scotia Plaza, Toronto, ON, M5H 3C2, Care of: Cassels Brock & Blackwell LLP.

On May 24, 2018 the Board of Directors approved the Financial Statements for the period from the date of incorporation (February 27, 2018) to March 31, 2018.

2. Summary of significant accounting policies

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee).

STATEMENT OF CHANGES IN EQUITY

The Statement of Changes in Equity has not been included in these financial statements as the only activity during the period was the issuance of capital stock as described in note 3.

STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

The Statement of Operations has not been included in these financial statements as there has been no activity from the date of incorporation to March 31, 2018.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows has not been included in these financial statements as there has been no activity from the date of incorporation to March 31, 2018.

FINANCIAL INSTRUMENTS

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held to maturity, loans and receivables, fair value through profit or loss (“FVTPL”), available for sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available for sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

INCOME TAXES

Current income tax assets and liabilities for the current periods are measured at the amount expected to

be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. The Corporation creates a valuation allowance to the extent that it considers deductible temporary differences, the carry forward of unused tax credits and unused tax losses cannot be utilized.

MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates used in the financial statements.

FOREIGN CURRENCY

Functional currency: The financial statement is presented in Canadian dollars, which is the Corporation's functional and presentation currency.

FUTURE CHANGES IN ACCOUNTING POLICIES

The following standards have been issued but are not yet effective:

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Corporation is currently assessing the impact, if any, that these standards might have on its Financial Statements.

a) **IFRS 16, Leases**

In January 2016, the IASB issued IFRS 16. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. This standard is effective for annual reporting periods on or after 1 January 2019. Early adoption is permitted if IFRS 15 has also been adopted. Management is currently reviewing the impact that this standard will have on the Corporation's Financial Statements.

3. Share capital

The authorized share capital of the Corporation consists of an unlimited number of common shares and unlimited number of preferred shares. On February 27, 2018, the Corporation issued 100 common shares at CAD\$0.01 per share for total proceeds of CAD\$1.

4. Financial Risk Management Objectives and Policies

CAPITAL MANAGEMENT

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for the shareholder. The Corporation includes equity, comprised of issued common shares, in the definition of capital.

RISK DISCLOSURES AND FAIR VALUES

The Corporation's financial instruments, consisting of cash approximates fair value due to the relatively short-term maturities of the instrument. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

5. Subsequent Events

PROPOSED TRANSACTION AND FINANCING MATTERS

On April 26, 2018, in connection with a proposed transaction between the Corporation Carpincho Capital Corp. ("Carpincho") and MM Development Corporation ("MMDC"), (the "Proposed Transaction"), the Corporation completed a private placement of subscription receipts (the "Subscription Receipts") at a price of C\$0.80 (the "Offering Price") per Subscription Receipt for gross proceeds of C\$22,575,600 (the "Offering"). A total of 24,760,750 Subscription Receipts were sold pursuant to a brokered offering (the "Brokered Offering") conducted by a syndicate of agents (the "Agents") co-led by Beacon Securities Limited ("Beacon") and Canaccord Genuity Corp. and including Haywood Securities Inc. for gross proceeds of C\$19,808,600. The Corporation also completed a concurrent non-brokered offering of 3,458,750 Subscription Receipts for gross proceeds of C\$2,767,000 on April 26, 2018. On May 18, 2018 FINCO completed a second tranche of its non-brokered offering, issuing 3,226,300 Subscription Receipts for gross proceeds of C\$2,581,040. On May 23 FINCO completed a third tranche of its non-brokered offering, issuing 12,500 Subscription Receipts for gross proceeds of C\$10,000. To date the Offering has raised gross proceeds of C\$25,166,640. In addition, the Corporation has realized C\$180,668 in gains on the conversion of USD proceeds received into Canadian Dollars. The total value of gross proceeds received, including the conversion gain, was C\$25,347,308.

On April 26, 2018, Carpincho also entered into: (i) a definitive share exchange agreement with MMDC, Inc. and its shareholders, providing for the acquisition (the "Acquisition") of all of the outstanding shares of MMDC, Inc. by Carpincho in exchange for shares of Carpincho following a consolidation of the outstanding common shares of Carpincho on the basis of 0.875 consolidated common shares for every one (1) outstanding common share (the "Consolidation"); and (ii) a definitive agreement with the Corporation and a wholly-owned subsidiary of Carpincho ("Subco"), providing for the amalgamation of Subco and the Corporation to be completed following the completion of the Acquisition.

Each Subscription Receipt entitles the holder to receive, upon satisfaction of the Escrow Release Conditions (as defined below) on or before the Escrow Release Deadline (as defined below), and without payment of additional consideration, one unit in the capital of the Corporation (a "Unit"). Each Unit shall consist of one common share (a "Common Share") and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant") of the Corporation, which Units shall be exchanged, without further consideration, for one Unit in the capital of Carpincho, following the Consolidation and upon the completion of the Proposed Transaction (the "Resulting Issuer"). Following the exchange for Units of the Resulting Issuer, each Warrant of the Resulting Issuer (a "Resulting Issuer Warrant") shall entitle the holder thereof to acquire one common share of the Resulting Issuer (a "Resulting Issuer Share") at a price of \$1.40 for a period of 24 months following the satisfaction of the Escrow Release Conditions.

The Subscription Receipts were issued pursuant to a subscription receipt agreement (the "Subscription Receipt Agreement") among the Corporation, Beacon (on behalf of the Agents), MMDC and Odyssey Trust Company (the "Subscription Receipt Agent"). Pursuant to the Subscription Receipt Agreement, the proceeds from the Offering, less certain expenses incurred in connection therewith (the "Escrowed Funds"), have been placed into escrow pending satisfaction of the following conditions: (i) written confirmation from each of Carpincho, MMDC and the Corporation that all conditions of the completion of the Proposed Transaction have been satisfied or waived, other than release of the Escrowed Funds, the Commission (as defined below) and any remaining expenses of the Agents, and that the Proposed Transaction shall be completed upon release of the Escrowed Funds; (ii) the receipt of all shareholder and regulatory approvals

required for the Proposed Transaction; (iii) the distribution of the Resulting Issuer Shares and Resulting Issuer Warrants to be issued in exchange for the Common Shares and Warrants pursuant to the Amalgamation following the satisfaction of the Escrow Release Conditions, being exempt from applicable prospectus and registration requirements of applicable Canadian securities laws and not subject to any hold or restricted period thereunder; (iv) the Resulting Issuer Shares and the Resulting Issuer Shares underlying the Resulting Issuer Warrants being conditionally approved for listing on the Canadian Securities Exchange; and (v) the Corporation and Beacon (on behalf of the Agents), having delivered a release notice to the Subscription Receipt Agent in accordance with the terms of the Subscription Receipt Agreement (collectively, the "Escrow Release Conditions").

Should the Escrow Release Conditions not be satisfied or waived on or before July 25, 2018 (the "Escrow Release Deadline"), or if the Proposed Transaction is not completed, the Subscription Receipts will be cancelled, and the Escrowed Funds will be returned to subscribers together with any interest earned thereon (a "Refund Event"). To the extent there is any shortfall in the event of a Refund Event, the Corporation and MMDC will provide sufficient funds to offset any such shortfall.

In connection with the Brokered Offering, the Agents are entitled to be paid a cash commission of 6% of the gross proceeds of the Brokered Offering (the "Commission"), which will be paid out of the Escrowed Funds upon escrow release. In addition, the Corporation issued to the Agents an aggregate of 1,485,645 compensation options ("Compensation Options"). Each Compensation Option is exercisable into one Common Share at the Offering Price for a period of 24 months following the satisfaction of the Escrow Release Conditions. The Compensation Options shall be exchanged for compensation options of the Resulting Issuer on an equivalent basis upon completion of the Proposed Transaction.

Assuming the Escrow Release Conditions are satisfied, the net proceeds from the Offering shall be used by the Resulting Issuer to: (i) fund the construction of a new medical and recreational cannabis dispensary near the Las Vegas strip; (ii) to construct a greenhouse complex for the cultivation and production of cannabis and cannabis-related products in Beatty, Nevada; and (iii) for working capital and general corporate purposes.

Upon completion of the Proposed Transaction it is expected that the shareholders of Carpincho will hold approximately 3.9% of the equity of the Resulting Issuer, purchasers in the Offering will hold approximately 28.4% of the equity of the Resulting Issuer, and the former shareholders of MMDC, Inc. will hold approximately 67.7% of the equity of the Resulting Issuer.

Schedule E

PRO FORMA FINANCIAL STATEMENT OF ISSUER

See attached.

PLANET 13 HOLDINGS INC.

Pro-Forma Consolidated Balance Sheet

As at December 31, 2017

Pro-Forma Consolidated Balance Sheet

As at December 31, 2017

Expressed In United Sates Dollars

(unaudited)

Note	MM Development	Carpincho Capital	Pro-Forma	Pro-Forma	FX translation rate	Pro-Forma	Pro-Forma adjustments			Total adjustment presented in proforma CAD	FX translation rate	Total adjustment presented in proforma USD	Note	Note	Pro-forma Planet13 Holdings Inc. USD
	Company LLC Dec 31, 2017 USD	Corp. Dec 31, 2017 CAD	Carpincho Private Placement January 2018 (CAD)	Carpincho Capital Corp. Dec 31, 2017 CAD		Carpincho Capital Corp. Dec 31, 2017 USD	10653918 Canada Inc. (Finco) CAD	RTO Transaction costs CAD	FINCO Private placement CAD						
	\$	\$	\$	\$		\$	\$	\$	\$	\$		\$	1(d)	3 (a)	\$
	1 (a)			1 (b)			1 (c)								
Assets															
Current Assets															
Cash and cash equivalents	451,869	1,984	300,000	301,984	1.2545	240,721	1	(250,000)	23,808,792	23,558,793	1.2545	18,779,428			19,472,018
Inventories	966,622	-	-	-	1.2545	-	-	-	-	-	1.2545	-			966,622
Biological assets	2,706,335	-	-	-	1.2545	-	-	-	-	-	1.2545	-			2,706,335
Prepaid expenses and other current assets	92,129	-	-	-	1.2545	-	-	-	-	-	1.2545	-			92,129
Total Current Assets	4,216,955	1,984	300,000	301,984		240,721	1	(250,000)	23,808,792	23,558,793		18,779,428			23,237,104
Non-Current Assets															
Property, plant and equipment	4,341,915	-	-	-	1.2545	-	-	-	-	-	1.2545	-			4,341,915
Deferred tax assets	-	-	-	-	1.2545	-	-	-	-	-	1.2545	-			-
Total Non-current Assets	4,341,915	-	-	-		-	-	-	-	-		-			4,341,915
Total Assets	8,558,870	1,984	300,000	301,984		240,721	1	(250,000)	23,808,792	23,558,793		18,779,428			27,579,019
Liabilities															
Current Liabilities															
Accounts payable	678,319	100,473	-	100,473	1.2545	80,090	-	-	-	-	1.2545	-			758,409
Accrued expenses	1,055,829	-	-	-	1.2545	-	-	-	-	-	1.2545	-			1,055,829
Income tax payable	1,270,862	-	-	-	1.2545	-	-	-	-	-	1.2545	-			1,270,862
Notes payable - current portion	14,182	32,500	-	32,500	1.2545	25,907	-	-	-	-	1.2545	-			40,089
Other current liabilities	-	-	-	-	1.2545	-	-	-	-	-	1.2545	-			-
Total Current Liabilities	3,019,192	132,973	-	132,973		105,997	-	-	-	-	238,970	-			3,125,189
Non-Current Liabilities															
Notes payable, net of current portion	925,890	-	-	-	1.2545	-	-	-	-	-	1.2545	-			925,890
Notes payable - related party	6,526,732	-	-	-	1.2545	-	-	-	-	-	1.2545	-	(3,334,304)		3,192,428
Deferred tax liabilities	568,330	-	-	-	1.2545	-	-	-	-	-	1.2545	-			568,330
Other liabilities	-	-	-	-	1.2545	-	-	-	-	-	1.2545	-			-
Total Non-Current Liabilities	8,020,952	-	-	-		-	-	-	-	-		-	(3,334,304)	-	4,686,648
Total Liabilities	11,040,144	132,973	-	132,973		105,997	-	-	-	-		-	(3,334,304)	-	7,811,837
Net Assets	(2,481,274)	(130,989)	300,000	169,011		134,724	1	(250,000)	23,808,792	23,558,793		18,779,428	3,334,304	-	19,767,182
Equity															
Contributed equity	-	1,000	300,000	301,000	1.2545	239,936	1	-	24,761,108	24,761,109	1.2545	19,737,831	3,334,304	3,347,947	26,420,082
Share issuance costs	-	-	-	-	1.2545	-	-	-	(1,437,116)	(1,437,116)	1.2545	(1,145,569)	-	-	(1,145,569)
Contributed Surplus - warrants and compensation options	-	-	-	-	1.2545	-	-	-	834,800	834,800	1.2545	665,444	-	-	665,444
Retained earnings (deficit)	(2,481,274)	(131,989)	-	(131,989)	1.2545	(105,212)	-	(250,000)	(350,000)	(600,000)	1.2545	(478,278)	-	(3,213,224)	(6,172,776)
Total Equity	(2,481,274)	(130,989)	300,000	169,011		134,724	1	(250,000)	23,808,792	23,558,793		18,779,428	3,334,304	134,724	19,767,182

The above balance sheets should be read in conjunction with the accompanying notes.

Notes to the Pro-Forma Consolidated Balance Sheet

(Unaudited)

1. Basis of presentation

The accompanying unaudited pro-forma consolidated balance sheet of Planet13 Holdings Inc. (formerly Carpincho Capital Corp. (the "Company" or "Carpincho")) has been prepared in accordance with International Financial Reporting Standards ("IFRS") by management to give effect to the transactions described below from information derived from the financial statements of Carpincho and the financial statements that combine (i) the separate financial statements for MM Development Company LLC. ("MMDC"), and, 10653918 Canada Inc. ("FINCO") and (ii) the effect of the private placement financing in the amount of \$239,139 (CAD\$300,000) completed by Carpincho Capital Corp. in January 2018; the private placement financing completed by FINCO that closed in three tranches in May 2018, including a conversion gain, in the amount of \$20,205,108 (CAD\$25,347,308); and, (iii) the completion of the definitive share exchange agreement with MMDC, Inc. and its shareholders, providing for the acquisition (the "RTO Acquisition") of all of the outstanding shares of MMDC, Inc. by Carpincho in exchange for shares of Carpincho following a consolidation of the outstanding common shares of Carpincho on the basis of 0.875 consolidated common shares for every one (1) outstanding common share (the "Consolidation"); and a definitive agreement with FINCO and a wholly-owned subsidiary of Carpincho ("Subco"), providing for the amalgamation of Subco and FINCO to be completed following the completion of the RTO Transaction.

The functional currency of Planet13 Holdings Inc. on a pro-forma basis, as determined by management, is the United States ("U.S.") dollar. The pro-forma balance sheet is presented in U.S. dollars.

The unaudited pro-forma consolidated balance sheet has been prepared for inclusion in the Canadian Securities Exchange ("CSE") Filing Statement of Carpincho Capital Corp. dated May 24, 2018.

(a) Carpincho Capital Corp. Private Placement January 2018

On January 26, 2018 Carpincho Capital Corp. announced that it had completed a non-brokered private placement of special warrants raising gross proceeds of CAD\$300,000. The Company issued 1,000,000 special warrants at a price of CAD\$0.30 per special warrant, with each special warrant exercisable into one common share of the Company for no additional charge

(b) RTO Transaction costs

The transaction costs associated with the amalgamation of FINCO with a wholly owned subsidiary of Carpincho combined with the acquisition of MMDC by Carpincho through the RTO Transaction have been estimated to be \$59,785 (CAD\$75,000) incurred by Carpincho and \$139,498 (CAD\$175,000) incurred by MMDC. The amounts are based on management estimates.

(c) FINCO private placement

FINCO completed a private placement of subscription receipts (the "Subscription Receipts") at a price of CAD\$0.80 (the "Offering Price") per Subscription Receipt for gross proceeds of CAD\$25,166,640 (\$20,053,121) that was comprised of a brokered private placement in the amount of 24,760,750 Subscription receipts and 6,697,550 Subscription Receipts in a non-brokered offering that closed in three tranches. In addition, the Corporation has realized C\$180,668 in gains on the conversion of USD proceeds received into Canadian Dollars. The total value of gross proceeds received, including the conversion gain, was C\$25,347,308 (\$20,205,108) (the "Offering"). Each Subscription Receipt entitles the holder to ultimately receive one common share of the Company one half of one common share purchase warrant on the closing of the RTO Transaction. Each whole warrant will entitle the holder thereof to acquire one

common share of the Company at a price of CAD\$1.40 for a period of 24 months from the closing of the transaction. The Agents are to be paid a fee of CAD\$1,188,516 (\$947,402) on the closing of the transaction. In addition to cash compensation, the Agents will be issued an aggregate of 1,485,645 compensation options. Each compensation option is exercisable into one common share of the Company at a price of CAD\$0.80 for a period of 24 months from the closing of the RTO Transaction. The fair value of the FINCO common share purchase warrants is estimated as at December 31, 2017 using a Black-Scholes model taking into account the terms and conditions upon which the common share purchase warrants were granted. The key inputs into the model used were: 35% expected volatility, 1.68% risk free rate, 24 months expected life of warrants (as applicable) and an exercise price of CAD\$1.40. The fair value of the FINCO Agents' compensation options is estimated as at December 31, 2017 using a Black-Scholes model taking into account the terms and conditions upon which the common share purchase warrants were granted. The key inputs into the model used were: 35% expected volatility, 1.68% risk free rate, 24 months expected life of warrants (as applicable) and an exercise price of CAD\$0.80.

(d) MMDC Conversion of debt to equity

On March 14, 2018, MMDC completed a plan of conversion from a Nevada state limited liability company to a Nevada state domestic corporation, MM Development Company, Inc., with the approval of the Nevada State Department of Taxation which oversees licensed cannabis operations in Nevada. Prior to such conversion, on January 1, 2018, the Members converted an aggregate of \$3,334,304 of their controlled entity debts to equity.

The unaudited pro-forma consolidated balance sheet of the Company has been compiled from and includes the balance sheet of the Company as at December 31, 2017 and the balance sheet of MMDC as at December 31, 2017.

The accounts are presented in U.S. dollars. Where transaction amounts are denominated in Canadian (CAD) dollars, these amounts have been translated using an exchange rate of USD\$1.00=CAD\$1.2545, the closing rate on December 31, 2017 as per the Bank of Canada

The unaudited pro-forma consolidated balance sheet has been prepared as if the transactions described in Notes 1(a), 1(b), 1(c) and 1(d) and as further described in Note 2 had occurred on December 31, 2017. For accounting purposes, MMDC has been identified as the acquirer in the RTO Transaction. The unaudited pro-forma consolidated balance sheet is presented as a continuation of the financial statements of MMDC.

The unaudited consolidated balance sheet is not intended to reflect the financial position of the Company which would have actually resulted had the proposed transactions described in Notes 1(a), 1(b) and 1(c) as further described in Note 2, and had other pro-forma adjustments occurred as assumed. Further, this unaudited pro-forma consolidated balance sheet is not necessarily indicative of the financial position that may be attained in the future. The unaudited pro-forma consolidated balance sheet should be read in conjunction with the financial statements disclosed above.

2. Pro-forma assumptions

Pro-forma balance sheet adjustments

a) The cumulative adjustment to cash as a result of the above adjustments is summarized as follows:

Pro-forma impact on cash balance	Note	CAD		USD
		Cash	FX Rate	Cash
Cash proceeds from FINCO private placement	1(c)	25,166,640	1.2545	20,061,092
FX gains on conversion of USDollar proceeds to CAD	1(c)	180,668	1.2545	144,016
Agent Fees	1(c)	(1,188,516)	1.2545	(947,402)
Carpincho Capital Corp private placement	1(a)	300,000	1.2545	239,139
Finco private placement costs	1(c)	(150,000)	1.2545	(119,570)
Agents' private placement transaction costs	1(c)	(200,000)	1.2545	(159,426)
MMDC RTO Transaction costs	1(b)	(175,000)	1.2545	(139,498)
Carpincho RTO Transaction costs	1(b)	(75,000)	1.2545	(59,785)
		<u>23,858,792</u>		<u>19,018,567</u>

3. Shareholders' capital

(a) The acquisition of MMDC by Carpincho has been accounted for as a reverse-takeover transaction whereby MMDC was deemed to be the Acquirer for accounting purposes. The common shares of Carpincho have been valued at a price of \$0.80 per common share and added to share capital. This amount has also been recognized as a listing expense by MMDC, net of the total shareholders' equity of Carpincho immediately prior to the RTO transaction as follows:

(b)

Listing expense associated with th acquisition of Carpincho by MMDC	Number of shares	CAD Issue price	CAD		USD
				FX Rate	Cash
Carpincho share capital as at December 31, 2017 post consolidation	4,375,000	\$0.80	(3,500,000)	1.2545	(2,789,956)
Carpincho shares issued on Carpincho private placement (Note 1(a)) post-consolidation	875,000	\$0.80	(700,000)	1.2545	(557,991)
Carpincho pro-forma shareholders' equity as at December 31, 2017			169,011	1.2545	134,724
Total listing expense			(4,030,989)		(3,213,224)

(c) Shareholders' equity as if the transactions described in Notes 1(a), 1(b), 1(c) and 1(d) and as further described in Note 2 had occurred on December 31, 2017 is comprised of the following:

Pro-forma Shareholders Equity	Number of shares/options/warrants	Note	CAD	FX Rate	USD
Retained earnings (deficit)					
MMDC retained earnings (deficit) pre RTO Transaction					(2,481,274)
MMDC listing expense on the RTO Transaction		3(a)	(4,030,989)	1.2545	(3,213,224)
RTO Transaction costs		1(b)	(250,000)	1.2545	(199,283)
FINCO Private Placement transaction costs		1(c)	(350,000)	1.2545	(278,996)
Pro-forma retained earnings (deficit)					(6,172,776)
Pro-forma share capital					
Value ascribed to Carpincho share capital	4,375,000		3,500,000	1.2545	2,789,956
Value ascribed to shares issued to Carpincho private placement shares	875,000	1(a)	700,000	1.2545	557,991
Finco share capital pre-transaction	100		1	1.2545	1
Finco Private Placement	31,458,300	1(c)	25,166,640	1.2545	20,061,092
FX gains on conversion of USDollar proceeds to CAD		1(c)	180,668	1.2545	144,016
Allocation of FINCO proceeds to warrants		1(c)	(586,200)	1.2545	(467,278)
MMDC share capital after conversion of liabilities	75,000,000	1(d)			3,334,304
Pro-forma share capital	111,708,400				26,420,082
Contributed Surplus					
Warrants issued on FINCO private placement	15,729,150	1(c)	586,200	1.2545	467,278
Agents' compensation options issued	1,485,645	1(c)	248,600	1.2545	198,167
Pro-forma contributed surplus	17,214,795		834,800		665,444
Share issuance costs					
Agents' cash compensation on FINCO private placements		1(c)	(1,188,516)	1.2545	(947,402)
Agents' compensation options issued on FINCO private placement		1(c)	(248,600)	1.2545	(198,167)
Pro-forma share issuance costs			(1,437,116)		(1,145,569)
Total pro-forma shareholders' equity					19,767,182

4. Pro-forma effective tax rate

The pro-forma effective income tax rate that will be applicable to consolidated operations of the Company during 2018 will be approximately 21%. The Corporation will be subject to Section 280E of the Internal Revenue Code, which forbids businesses from deducting otherwise ordinary business expenses from gross income associated with the "trafficking" of Schedule I or II substances, as defined by the Controlled Substances Act. Cannabis is classified as a Schedule I substance.

Schedule F

MANAGEMENT DISCUSSION AND ANALYSIS OF CARPINCHO

See attached.

CARPINCHO CAPITAL CORP.

FORM 51-102F1

**INTERIM MANAGEMENT DISCUSSION & ANALYSIS FOR THE THREE AND SIX
MONTHS ENDED DECEMBER 31, 2017**

Date

This management discussion and analysis (“MD&A”) is dated February 23, 2018 and is in respect of the three and six months ended December 31, 2017.

Introduction

The following MD&A of the financial condition and results of the operations of Carpincho Capital Corp. (the “Company”) constitutes management’s review of the factors that affected the Company’s financial and operating performance for the three and six months ended December 31, 2017. This MD&A has been prepared to comply with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*. This discussion should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2017 and the unaudited interim condensed financial statements of the Company for the three and six months ended December 31, 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company’s unaudited condensed interim financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”). The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS.

As a result of ongoing review and possible amendments by interpretive guidance from the IASB and IFRIC, IFRS in effect at June 30, 2018 may differ from IFRS and interpretation statements applied in preparing the audited annual financial statements for the year ended June 30, 2017, and the unaudited condensed interim financial statements for the three and six months ended December 31, 2017.

For the purposes of preparing this MD&A, management, in conjunction with the board of directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the board of directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. Further information about the Company is available on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
The Company expects to identify suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders.	The Company expects that market conditions will be favourable and the Company will be able to identify suitable assets or businesses and negotiate terms acceptable to the Company.	The Company’s inability to identify suitable assets or businesses or market conditions not being favourable for the completion of “going public” transactions.
The Company’s ability to meet its working capital needs at the current level for the twelve-month period ending June 30, 2018.	The operating activities of the Company for the twelve-month period ending June 30, 2018, and the costs associated therewith, will be consistent with the Company’s current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; regulatory compliance and changes in regulatory compliance and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risk Factors” section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. 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 MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

On October 18, 2010 Wombat Investment Trust acquired control of the Company through the purchase of all Class A Shares. At that time the board of directors was reconstituted and new officers appointed. The Company now carries on activities as a venture capital company and is seeking assets or businesses with good growth potential to merge with or acquire.

On January 26, 2018 the Company completed a non-brokered private placement of special warrants raising gross proceeds of \$300,000. The Company issued and sold 1,000,000 special warrants at a price of \$0.30 per special warrant, with each special warrant exercisable upon the satisfaction of certain conditions and for no additional consideration for one common share of the Company. The proceeds from the financing were placed into escrow and may be used by the Company to fund *bona fide* merger and acquisition transaction costs. Exercise of the special warrants is conditional upon certain merger and acquisition milestones being met by prescribed deadlines. If the milestones are not achieved by the prescribed deadlines, the special warrants will automatically expire unexercised and any funds remaining in escrow will be returned to the investors on a *pro rata* basis. The special warrants and common shares issuable upon exercise of the special warrants are subject to a 4-month hold period.

On February 13, 2018, the Company entered into a binding letter agreement with privately held MM Development Company, LLC (doing business as Planet 13 and Medizin) ("MM Development"), which contemplates a business combination of the two companies through a merger, amalgamation, arrangement, share exchange or similar transaction. MM Development is a vertically integrated cannabis company operating in the State of Nevada, USA. The proposed transaction, if completed, would constitute a reverse takeover of the Company. Completion of the proposed transaction is subject to a number of conditions and there can be no assurance that the transaction will proceed as proposed, or at all. See "Subsequent Events" below for additional details.

Overall Performance

The Company is currently pursuing the proposed business combination with MM Development described above. There can be no assurance that the proposed transaction will be successfully concluded.

At December 31, 2017, the Company had assets of \$1,984 and shareholders' deficiency of \$130,989. This compares with assets of \$2,042 and shareholders' deficiency of \$121,419 at June 30, 2017. At December 31, 2017, the Company had \$132,973 of current liabilities compared to current liabilities of \$123,461 at June 30, 2017.

At December 31, 2017, the Company had a working capital deficiency of \$130,989, compared to a working capital deficiency of \$121,419 at June 30, 2017. The Company had cash and cash equivalents of \$1,984 at December 31, 2017, a decrease of \$58 from the \$2,042 reported at June 30, 2017. Expenses in the quarter were limited to legal fees for public company compliance, bank charges and regulatory filing fees for the Company's annual filings, as management continued to search for an appropriate acquisition target. As noted under "Description of Business" above, on January 26, 2018 the Company completed a non-brokered private placement of special warrants raising gross proceeds of \$300,000. The Company intends to use the proceeds from the financing to fund the costs required to complete the proposed business combination with MM Development. See "Liquidity and Financial Position".

Trends

The Company plans to pursue and complete the proposed business combination with MM Development. Management monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Apart from these, the risk of non-completion of the proposed MM Development transaction and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

Results of Operations

For the three months ended December 31, 2017, the Company reported a net loss of \$8,818 comprised of legal expenses of \$5,426, filing fees of \$3,343 incurred for securities and corporate law compliance and bank charges of \$49. This compares to a loss of \$8,238 for the three month period ended December 31, 2016 consisting of lower legal fees (\$4,950) and similar filing fees (\$3,239) for regulatory compliance. The main variation between years was legal fees which were 9.6% higher in 2017 as more services were required for regulatory compliance. No revenue was reported in either period.

For the six months ended December 31, 2017, the Company reported a net loss of \$9,570 comprised of legal expenses of \$6,169, filing fees of \$3,343 incurred for securities and corporate law compliance and bank charges of \$58. This compares to a loss of \$8,247 for the six month period ended December 31, 2016 consisting of lower legal fees (\$4,950) and similar filing fees (\$3,239) for regulatory compliance. The main variation again between years was legal fees which were 25% higher in 2017 as more services were required for regulatory compliance. No revenue was reported in either period.

Overall Objective

For the remainder of the 2018 fiscal year, the Company plans to focus its efforts on the completion of the proposed acquisition of MM Developments. See "Subsequent Events".

Summary of Quarterly Results

A summary of selected financial information for the previous eight quarters follows.

	Q2 2018 (unaudited)	Q1 2018 (unaudited)	Q4 2017 (unaudited)	Q3 2017 (unaudited)	Q2 2017 (unaudited)	Q1 2017 (unaudited)	Q4 2016 (unaudited)	Q3 2016 (unaudited)
Total revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss and comp. loss								
- Total	(\$8,818)	(\$752)	(\$6,090)	(\$4,909)	(\$8,238)	(\$9)	(\$3,363)	(\$999)
- Per share	(\$0.002)	(\$0.0002)	(\$0.0001)	(\$0.001)	(\$0.002)	(\$0.000)	(\$0.0001)	(\$0.0002)
Working capital	(\$130,989)	(\$122,171)	(\$121,419)	(\$115,329)	(\$110,420)	(\$102,182)	(\$102,173)	(\$98,810)
Total assets	\$1,984	\$2,033	\$2,042	\$2,051	\$2,060	\$2,109	\$2,118	\$2,126

Liquidity and Financial Position

As at December 31, 2017, the Company had a working capital deficiency of \$130,989. On January 26, 2018 the Company completed a non-brokered private placement of special warrants raising gross proceeds of \$300,000. The proceeds from the financing were placed into escrow and may be used by the Company to fund *bona fide* merger and acquisition transaction costs. Wombat Investment Trust, the owner of all Common Shares, has advised that it currently intends to advance the Company on commercial terms sufficient funds to enable it to meet its public company reporting obligations until such time as it completes a merger or acquisition transaction.

Transactions with Related Parties

For the six month period ended December 31, 2017, the Company did not enter into any transactions with related parties other than incurring legal fees in the amount of \$6,169 (2016: \$4,950) from a law firm in which a director and officer of the Company is a director, officer and shareholder.

Off-Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations or financial condition, including, without limitation, such considerations as liquidity, capital expenditures and capital resources that would be considered material to investors.

Proposed Transactions

As at the date hereof, the only proposed transaction of a material nature being considered by the Company is the proposed business combination with MM Development described above.

Critical Accounting Estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. Information regarding significant areas of estimation, uncertainty and critical judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements relate to accrued liabilities and the recognition of deferred income taxes.

Capital Management

The Company includes equity, comprised of issued share capital and deficit, in the definition of capital, amounting to a deficiency of \$130,989. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its activities relating to identifying and evaluating assets or businesses to merge with or acquire. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or debt.

There has been no change with respect to the overall capital risk management strategy during the three month period ended December 31, 2017.

Financial Instruments

The Company's financial instruments consisting of cash and accrued liabilities, approximate fair values due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest risk, currency or credit risks arising from these financial instruments.

As at December 31, 2017, the Company had a working capital deficiency of \$130,989 (June 30, 2017 – \$121,419). On January 26, 2018 the Company completed a non-brokered private placement of special warrants raising gross proceeds of \$300,000. See "Subsequent Events".

Changes in Accounting Policies

There are no relevant changes in accounting standards applicable to current and future periods other than as disclosed in the section entitled “Changes in Accounting Policies” in the Company's MD&A for the fiscal year ended June 30, 2016, available on SEDAR at www.sedar.com.

Risk Factors

At the present time, the Company does not hold any interest in an operating asset or business. The Company's viability and potential success lie in its ability to identify and successfully complete the merger with or acquisition of a suitable asset or business and, if completed, to develop, exploit and generate revenue out of such future asset or business. Management believes that the Company's ability to identify and complete a transaction will be greatly influenced by the strength of the capital markets. Markets that are robust and receptive to equity financings and initial public offerings are expected by management to be most favourable for the completion of a transaction. Revenues, profitability and cash flow from any future asset or business acquisition involving the Company is difficult to predict and will be influenced by factors unknown to management at the present time. The Company has limited financial resources and, although the Company has completed a recent financing and a shareholder has indicated a willingness to fund the Company's activities, there is no assurance that additional funding will be available to it. Failure to obtain such additional financing could result in the Company not being able to meet its general and administrative expenses or maintain its public company status, and could delay or indefinitely postpone the identification of suitable assets or business or the completion of a transaction once a suitable asset or business has been identified.

On February 13, 2018, the Company entered into a binding letter agreement with MM Development for a proposed business combination. See “Subsequent Events”. The proposed transaction is subject to a number of conditions precedent, the satisfaction of which is uncertain. If the proposed transaction is not completed, the Company may incur significant costs associated with the failed implementation of the transaction and may have forgone other favourable business opportunities while pursuing this transaction.

Disclosure of Outstanding Share Data

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

Designation of Securities	Number or Principal Amount Outstanding	If Convertible, Exercisable or Exchangeable for Common Shares, Maximum Number of Common Shares Issuable
Common Shares	5,000,000	N/A
TOTAL (maximum number of Common Shares - fully-diluted)		5,000,000

Disclosure of Internal Controls

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the unaudited interim condensed financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim condensed financial statements, and (ii) the unaudited interim condensed financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

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

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

Subsequent Events

On January 26, 2018 the Company completed a non-brokered private placement of special warrants raising gross proceeds of \$300,000. The Company issued and sold 1,000,000 special warrants at a price of \$0.30 per special warrant, with each special warrant exercisable upon the satisfaction of certain conditions and for no additional consideration for one common share of the Company. The proceeds from the financing were placed into escrow and may be used by the Company to fund *bona fide* merger and acquisition transaction costs. Exercise of the special warrants is conditional upon certain merger and acquisition milestones being met by prescribed deadlines. If the milestones are not achieved by the prescribed deadlines, the special warrants will automatically expire unexercised and any funds remaining in escrow will be returned to the investors on a *pro rata* basis. The special warrants and common shares issuable upon exercise of the special warrants are subject to a 4-month hold period.

On February 13, 2018, the Company entered into a binding letter agreement with privately held MM Development Company, LLC (doing business as Planet 13 and Medizin) ("MM

Development”), which contemplates a business combination of the two companies through a merger, amalgamation, arrangement, share exchange or similar transaction. MM Development is a vertically integrated cannabis company operating in the State of Nevada, USA.

The proposed transaction, if completed, would constitute a reverse takeover of the Company. The letter agreement contemplates that each outstanding share of MM Development (or a successor company) would be exchanged for one share of the Company following a consolidation of the shares of the Company on a basis of 5.5 new shares for every 6 existing shares.

Completion of the proposed transaction is conditional upon, among other things, the entry into of a definitive agreement, receipt of all required shareholder, regulatory and third party consents and approvals and the completion of a brokered private placement of subscription receipts to raise up to \$25,000,000. There can be no assurance that the transaction will proceed as proposed, or at all.

CARPINCHO CAPITAL CORP.

FORM 51-102F1

**ANNUAL MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED
JUNE 30, 2017**

Date

This management discussion and analysis ("MD&A") is dated October 27, 2017 and is in respect of the year ended June 30, 2017. Information contained herein is presented as at October 27, 2017, unless otherwise indicated.

Introduction

The following MD&A of the financial condition and results of the operations of Carpincho Capital Corp. (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended June 30, 2017. This MD&A has been prepared to comply with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*. This discussion should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The results for the period presented are not necessarily indicative of the results that may be expected for any future period.

The financial statements for the year ended June 30, 2017 and the financial information contained in this MD&A, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company is available on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of,

such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
The Company expects to identify suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders.	The Company expects that market conditions will be favourable and the Company will be able to identify suitable assets or businesses and negotiate terms acceptable to the Company.	The Company’s inability to identify suitable assets or businesses or market conditions not being favourable for the completion of “going public” transactions.
The Company’s ability to meet its working capital needs at the current level for the twelve-month period ending June 30, 2018.	The operating activities of the Company for the twelve-month period ending June 30, 2018, and the costs associated therewith, will be consistent with the Company’s current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; regulatory compliance and changes in regulatory compliance and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risk Factors” section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. 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 MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking

statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

On October 18, 2010 Wombat Investment Trust acquired control of the Company through the purchase of all Class A Shares. At that time the board of directors was reconstituted and new officers appointed. The Company now carries on activities as a venture capital company and is seeking assets or businesses with good growth potential to merge with or acquire. The Company is not restricting its search to any industry segment or geographic area. The Company will consider acquisitions of assets or businesses operated or located both inside and outside of Canada. All potential acquisitions will be screened initially by management of the Company to determine their economic viability. Approval of acquisitions will be made by the Board of Directors. The Board of Directors will examine proposed mergers and acquisitions having regard to sound business fundamentals, utilizing the expertise and experience of the directors. In exercising their powers and discharging their duties in relation to any proposed transaction, the directors will act honestly and in good faith with a view to the best interests of the Company and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The search for appropriate assets or businesses is continuing. A number of acquisition opportunities were reviewed during the last fiscal year but unfortunately none progressed to the point of executing definitive documentation. With the improved market conditions for raising equity and completing going public transactions, management remains optimistic that it will be able to complete merger or acquisition transaction in the near term. If and when discussions reach a point where disclosure would be appropriate, the Company will issue and file a press release providing full details.

Overall Performance

The Company intends to seek out prospective merger and acquisition opportunities. There can be no assurance that a suitable asset or business will be identified, or if identified, that a successful transaction will be concluded.

At June 30, 2017, the Company had assets of \$2,042 and accumulated deficit of \$122,419. This compares with assets of \$2,118 and accumulated deficit of \$103,173 at June 30, 2016. At June 30, 2017, the Company had \$123,461 of current liabilities compared to current liabilities of \$104,291 at June 30, 2016.

At June 30, 2017, the Company had a working capital deficiency of \$121,419, compared to working capital deficiency of \$102,173 at June 30, 2016. The Company had cash of \$2,042 at June 30, 2017, compared to \$2,118 at June 30, 2016. The decrease in cash during the year of \$76 was attributable to the payment of bank service charges. The Company believes that additional financing will be required to fund its operating expenses as it searches for suitable assets or businesses to merge with or acquire. See "Liquidity and Financial Position".

Trends

The Company plans to continue to search for suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders. Management monitors economic conditions and estimates their impact on the Company's operations and incorporates these

estimates in both short-term operating and longer-term strategic decisions. Apart from these and the risk factors noted under the heading “Risk Factors”, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company’s business, financial condition or results of operations.

Economic conditions, and specifically the recent return of favourable capital markets, are expected to lead to more merger and acquisition opportunities for the Company in the coming fiscal year however, there can be no assurance that this will occur.

Selected Annual Financial Information

A summary of selected financial information for the years ended June 30, 2017, 2016 and 2015 follows:

	June 30, 2017	June 30, 2016	June 30, 2015
Total revenue	Nil	Nil	Nil
Net earnings (loss)	(\$19,246)	(\$13,549)	(\$12,484)
Total assets	\$2,042	\$2,118	\$2,194
Long-term financial liabilities	Nil	Nil	Nil

The Company declared no cash dividends during the above financial years.

Results of Operations

For the year ended June 30, 2017, the Company reported a net loss of \$19,246 versus a net loss of \$13,549 in the corresponding period in 2016. No revenue was reported in either period. The Company did not hold any income bearing investments during the 2017 or 2016 fiscal years.

Expenses for the 2017 year were \$19,246 versus \$13,549 in the prior year, an increase of 42%. The increase was attributable to higher legal fees in 2017 as a greater number of acquisition opportunities were reviewed and investigated.

Overall Objective

For the 2018 fiscal year, the Company plans to continue to search for suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders. See “Risk Factors”.

Summary of Quarterly Results

A summary of selected financial information for the previous eight quarters follows.

	Q4 2017 (unaudited)	Q3 2017 (unaudited)	Q2 2017 (unaudited)	Q1 2017 (unaudited)	Q4 2016 (unaudited)	Q3 2016 (unaudited)	Q2 2016 (unaudited)	Q1 2016 (unaudited)
Total revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss and comp. loss								
- Total	(\$6,090)	(\$4,909)	(\$8,238)	(\$9)	(\$3,363)	(\$999)	(\$9,178)	(\$9)
- Per share	(\$0.0001)	(\$0.001)	(\$0.002)	(\$0.000)	(\$0.0001)	(\$0.0002)	(\$0.002)	(\$0.000)
Working capital	(\$121,419)	(\$115,329)	(\$110,420)	(\$102,182)	(\$102,173)	(\$98,810)	(\$97,811)	(\$88,633)
Total assets	\$2,042	\$2,051	\$2,060	\$2,109	\$2,118	\$2,126	\$2,135	\$2,185

Liquidity and Financial Position

As at June 30, 2017, the Company had a working capital deficiency of \$121,419. Management believes that additional funding will be required to fund the Company's general and administrative expenses as it searches for suitable assets or businesses to merge with or acquire. Wombat Investment Trust, the owner of all Common Shares, has advised that it currently intends to advance the Company on commercial terms sufficient funds to enable it to conduct its venture capital activities and meet its public company reporting obligations until such time as it completes a merger or acquisition transaction. There can be no assurance however, that additional financing will be available or on terms acceptable to the Company.

Transactions with Related Parties

For the year ended June 30, 2017, the Company did not enter into any transactions with related parties other than incurring legal fees and disbursements in the amount of \$19,170 (2016 - \$13,472) from a law firm in which a director and officer of the Company is a director, officer and shareholder.

Off-Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations or financial condition, including, without limitation, such considerations as liquidity, capital expenditures and capital resources that would be considered material to investors.

Proposed Transactions

As at the date hereof, there were no proposed transactions of a material nature being considered by the Company.

Critical Accounting Estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. Information regarding significant areas of estimation, uncertainty and critical judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements relate to accrued liabilities and the recognition of deferred income taxes.

Capital Management

The Company includes equity, comprised of issued share capital and deficit, in the definition of capital, amounting to (\$121,419) (June 30, 2016 – (\$102,173)). The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its activities relating to identifying and evaluating assets or businesses to merge with or acquire. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or debt.

There has been no change with respect to the overall capital risk management strategy during the year ended June 30, 2017.

Financial Instruments

The Company's financial instruments consisting of cash, sales taxes recoverable, accrued liabilities and shareholder loan, approximates the carrying value due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest rate risk, currency or credit risks arising from these financial instruments.

As at June 30, 2017, the Company had negative working capital of \$121,419 (June 30, 2016 – \$102,173). The Company will require additional financing to meet its ongoing obligations and its business objectives.

Changes in Accounting Policies

Recent Accounting Pronouncements

These are described in note 2 to the audited annual financial statements for the year ended June 30, 2017. These recent accounting pronouncements have not been adopted and are being evaluated to determine their impact on the Company.

Risk Factors

At the present time, the Company does not hold any interest in an operating asset or business. The Company's viability and potential success lie in its ability to identify and successfully complete the merger with or acquisition of a suitable asset or business and, if completed, to develop, exploit and generate revenue out of such future asset or business. Management believes that the Company's ability to identify and complete a transaction will be greatly influenced by the strength of the capital markets. Markets that are robust and receptive to equity financings and initial public offerings are expected by management to be most favourable for the completion of a transaction. Revenues, profitability and cash flow from any future asset or business acquisition involving the Company is difficult to predict and will be influenced by factors unknown to management at the present time. The Company has limited financial resources and, although a shareholder has indicated a willingness to fund the Company's activities, there is no assurance that additional funding will be available to it. Failure to obtain such additional financing could result in the Company not being able to meet its general and administrative expenses or maintain its public company status, and could delay or indefinitely postpone the identification of suitable assets or business or the completion of a transaction once a suitable asset or business has been identified.

Disclosure of Outstanding Share Data

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

Designation of Securities	Number or Principal Amount Outstanding	If Convertible, Exercisable or Exchangeable for Common Shares, Maximum Number of Common Shares Issuable
Common Shares	5,000,000	N/A
TOTAL (maximum number of Common Shares - fully-diluted)		5,000,000

Disclosure of Internal Controls

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the

audited financial statements, and (ii) the audited financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52- 109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

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

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

CARPINCHO CAPITAL CORP.

FORM 51-102F1

ANNUAL MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

Date

This management discussion and analysis ("MD&A") is dated October 27, 2016 and is in respect of the year ended June 30, 2016. Information contained herein is presented as at October 27, 2016, unless otherwise indicated.

Introduction

The following MD&A of the financial condition and results of the operations of Carpincho Capital Corp. (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended June 30, 2016. This MD&A has been prepared to comply with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*. This discussion should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2016, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The results for the period presented are not necessarily indicative of the results that may be expected for any future period.

The financial statements for the year ended June 30, 2016 and the financial information contained in this MD&A, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company is available on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of,

such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
The Company expects to identify suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders.	The Company expects that market conditions will be favourable and the Company will be able to identify suitable assets or businesses and negotiate terms acceptable to the Company.	The Company’s inability to identify suitable assets or businesses or market conditions not being favourable for the completion of “going public” transactions.
The Company’s ability to meet its working capital needs at the current level for the twelve-month period ending June 30, 2017.	The operating activities of the Company for the twelve-month period ending June 30, 2017, and the costs associated therewith, will be consistent with the Company’s current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; regulatory compliance and changes in regulatory compliance and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risk Factors” section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. 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 MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking

statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

On October 18, 2010 Wombat Investment Trust acquired control of the Company through the purchase of all Class A Shares. At that time the board of directors was reconstituted and new officers appointed. The Company now carries on activities as a venture capital company and is seeking assets or businesses with good growth potential to merge with or acquire. The Company is not restricting its search to any industry segment or geographic area. The Company will consider acquisitions of assets or businesses operated or located both inside and outside of Canada. All potential acquisitions will be screened initially by management of the Company to determine their economic viability. Approval of acquisitions will be made by the Board of Directors. The Board of Directors will examine proposed mergers and acquisitions having regard to sound business fundamentals, utilizing the expertise and experience of the directors. In exercising their powers and discharging their duties in relation to any proposed transaction, the directors will act honestly and in good faith with a view to the best interests of the Company and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The search for appropriate assets or businesses is continuing. After a prolonged period of difficult market conditions for raising equity and completing going public transactions, market conditions have improved significantly over the past 12 months and management is cautiously optimistic that it will be able to complete merger or acquisition transaction in the coming fiscal year. If and when discussions reach a point where disclosure would be appropriate, the Company will issue and file a press release providing full details.

Overall Performance

The Company intends to seek out prospective merger and acquisition opportunities. There can be no assurance that a suitable asset or business will be identified, or if identified, that a successful transaction will be concluded.

At June 30, 2016, the Company had assets of \$2,118 and accumulated deficit of \$103,173. This compares with assets of \$2,194 and accumulated deficit of \$89,624 at June 30, 2015. At June 30, 2016, the Company had \$104,291 of current liabilities compared to current liabilities of \$90,818 at June 30, 2015.

At June 30, 2016, the Company had a working capital deficiency of \$102,173, compared to working capital deficiency of \$88,624 at June 30, 2015. The Company had cash of \$2,118 at June 30, 2016, compared to \$1,863 at June 30, 2015. The increase in cash during the year of \$255 was primarily attributable to the receipt of a sale tax refund \$331 offset by bank charges of approximately \$76. The Company believes that additional financing will be required to fund its operating expenses as it searches for suitable assets or businesses to merge with or acquire. See "Liquidity and Financial Position".

Trends

The Company plans to continue to search for suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders. Management monitors economic conditions and estimates their impact on the Company's operations and incorporates these

estimates in both short-term operating and longer-term strategic decisions. Apart from these and the risk factors noted under the heading “Risk Factors”, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company’s business, financial condition or results of operations.

Economic conditions, and specifically the recent return of favourable capital markets, are expected to lead to more merger and acquisition opportunities for the Company in the coming fiscal year however, there can be no assurance that this will occur.

Selected Annual Financial Information

A summary of selected financial information for the years ended June 30, 2016, 2015 and 2014 follows:

	June 30, 2016	June 30, 2015	June 30, 2014
Total revenue	Nil	Nil	Nil
Net earnings (loss)	(\$13,549)	(\$12,484)	(\$13,473)
Total assets	\$2,118	\$2,194	\$2,307
Long-term financial liabilities	Nil	Nil	Nil

The Company declared no cash dividends during the above financial years.

Results of Operations

For the year ended June 30, 2016, the Company reported a net loss of \$13,549 versus a net loss of \$12,848 in the corresponding period in 2015. No revenue was reported in either period. The Company did not hold any income bearing investments during the 2015 or 2016 fiscal years.

Expenses for the 2016 year were \$13,549 versus \$12,848 in the prior year, an increase of 5.5%. The increase was primarily attributable to higher audit and legal fees in 2016, with other expenses remaining relatively stable between the two years.

Overall Objective

For the 2017 fiscal year, the Company plans to continue to search for suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders. See “Risk Factors”.

Summary of Quarterly Results

A summary of selected financial information for the previous eight quarters follows.

	Q4 2016 (unaudited)	Q3 2016 (unaudited)	Q2 2016 (unaudited)	Q1 2016 (unaudited)	Q4 2015 (unaudited)	Q3 2015 (unaudited)	Q2 2015 (unaudited)	Q1 2015 (unaudited)
Total revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss and comp. loss								
- Total	(\$3,363)	(\$999)	(\$9,178)	(\$9)	(\$5,092)	(\$1,147)	(\$5,744)	(\$501)
- Per share	(\$0.0001)	(\$0.0002)	(\$0.002)	(\$0.000)	(\$0.001)	(\$0.000)	(\$0.001)	(\$0.00)
Working capital	(\$102,173)	(\$98,810)	(\$97,811)	(\$88,633)	(\$88,624)	(\$83,532)	(\$82,385)	(\$76,641)
Total assets	\$2,118	\$2,126	\$2,135	\$2,185	\$2,194	\$2,200	\$2,208	\$2,301

Liquidity and Financial Position

As at June 30, 2016, the Company had a working capital deficiency of \$102,173. Management believes that additional funding will be required to fund the Company's general and administrative expenses as it searches for suitable assets or businesses to merge with or acquire. Wombat Investment Trust, the owner of all Common Shares, has advised that it currently intends to advance the Company on commercial terms sufficient funds to enable it to conduct its venture capital activities and meet its public company reporting obligations until such time as it completes a merger or acquisition transaction. There can be no assurance however, that additional financing will be available or on terms acceptable to the Company.

Transactions with Related Parties

For the year ended June 30, 2016, the Company did not enter into any transactions with related parties other than incurring legal fees in the amount of \$13,472 from a law firm in which a director and officer of the Company is a director, officer and shareholder.

Off-Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations or financial condition, including, without limitation, such considerations as liquidity, capital expenditures and capital resources that would be considered material to investors.

Proposed Transactions

As at the date hereof, there were no proposed transactions of a material nature being considered by the Company.

Critical Accounting Estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. Information regarding significant areas of estimation, uncertainty and critical judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements relate to accrued liabilities and the recognition of deferred income taxes.

Capital Management

The Company includes equity, comprised of issued share capital and deficit, in the definition of capital, amounting to (\$102,173). The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its activities relating to identifying and evaluating assets or businesses to merge with or acquire. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or debt.

There has been no change with respect to the overall capital risk management strategy during the year ended June 30, 2016.

Financial Instruments

The Company's financial instruments consisting of cash, sales taxes recoverable, accrued liabilities and shareholder loan, approximates the carrying value due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest rate risk, currency or credit risks arising from these financial instruments.

As at June 30, 2016, the Company had negative working capital of \$102,173 (June 30, 2015 – \$88,624). The Company will require additional financing to meet its ongoing obligations and its business objectives.

Changes in Accounting Policies

Recent Accounting Pronouncements

These are described in note 2 to the audited annual financial statements for the year ended June 30, 2016. These recent accounting pronouncements have not been adopted and are being evaluated to determine their impact on the Company.

Risk Factors

At the present time, the Company does not hold any interest in an operating asset or business. The Company's viability and potential success lie in its ability to identify and successfully complete the merger with or acquisition of a suitable asset or business and, if completed, to develop, exploit and generate revenue out of such future asset or business. Management believes that the Company's ability to identify and complete a transaction will be greatly influenced by the strength of the capital markets. Markets that are robust and receptive to equity financings and initial public offerings are expected by management to be most favourable for the completion of a transaction. Revenues, profitability and cash flow from any future asset or business acquisition involving the Company is difficult to predict and will be influenced by factors unknown to management at the present time. The Company has limited financial resources and, although a shareholder has indicated a willingness to fund the Company's activities, there is no assurance that additional funding will be available to it. Failure to obtain such additional financing could result in the Company not being able to meet its general and administrative expenses or maintain its public company status, and could delay or indefinitely postpone the identification of suitable assets or business or the completion of a transaction once a suitable asset or business has been identified.

Disclosure of Outstanding Share Data

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

Designation of Securities	Number or Principal Amount Outstanding	If Convertible, Exercisable or Exchangeable for Common Shares, Maximum Number of Common Shares Issuable
Common Shares	5,000,000	N/A
TOTAL (maximum number of Common Shares - fully-diluted)		5,000,000

Disclosure of Internal Controls

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the

audited financial statements, and (ii) the audited financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52- 109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

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

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

Schedule G

MANAGEMENT DISCUSSION AND ANALYSIS OF MMDC

See attached.

MM DEVELOPMENT COMPANY LLC.



**MANAGEMENT DISCUSSION AND ANALYSIS
OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Stated in United States Dollars

Dated on: 24 May 2018

MM DEVELOPMENT COMPANY LLC.

FOR YEAR ENDED DECEMBER 31, 2017

REPORT TO MEMBERS AND MANAGEMENT DISCUSSION AND ANALYSIS

Expressed in United States Dollars

TO OUR MEMBERS

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of MM Development Company LLC. ("MMDC" or the "Company") should be read in conjunction with MMDC's audited financial statements for the year ended December 31, 2017, and the Audited financial statements for the year ended December 31, 2016 and related notes therein.

Except as otherwise indicated, all financial data in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

All dollar amounts in this MD&A are reported in United States dollars except where otherwise indicated. As at December 31, 2017, the Company had a working capital surplus of \$1,197,763 and had reported a net income of \$821,541 for the year ended December 31, 2017.

Further information about the Company, its operations and other continuous disclosure documents, including the Company's press releases and the filing statement with respect to the Reverse Take-Over of Carpincho Capital Corp. ("Carpincho") and the amalgamation with 10653918 Canada Inc. are available through Carpincho's filings with the securities regulatory authorities in Canada at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

MM DEVELOPMENT COMPANY LLC.

FOR YEAR ENDED DECEMBER 31, 2017

REPORT TO MEMBERS AND MANAGEMENT DISCUSSION AND ANALYSIS

Expressed in United States Dollars

The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-Looking Information	Key Assumptions	Most Relevant Risk Factors
Future funding for strategic business initiatives	The Company will continue to be able to operate its businesses in the state of Nevada and raise the necessary funds to advance its strategic growth objectives.	<p>Cannabis-Related Practices or Activities are Illegal Under U.S. Federal Laws</p> <p>The concepts of “medical cannabis” and “recreational cannabis” do not exist under U.S. federal law. The U.S. <i>Federal Controlled Substances Act</i> classifies “marijuana” as a Schedule I drug. Accordingly, cannabis-related practices or activities, including without limitation, the 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 Company of liability under U.S. federal law, nor will it provide a defence to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company’s operations and financial performance.</p>

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. Please also refer to those risk factors in the “Risk Factors” section below. Readers are cautioned that the preceding table does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. 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 MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any of its anticipated results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

MM DEVELOPMENT COMPANY LLC.

FOR YEAR ENDED DECEMBER 31, 2017

REPORT TO MEMBERS AND MANAGEMENT DISCUSSION AND ANALYSIS

Expressed in United States Dollars

CORPORATE OVERVIEW

MM Development Company, LLC. is a vertically integrated company active in the cultivation, production and distribution of both medical and recreational cannabis in the state of Nevada. The Company holds 2 cultivation licenses - one in Clark County Nevada (Las Vegas) that is located in approximately 15,000 square foot facility with indoor cultivation and a perpetual harvest cycle. This facility has a current production capacity of approximately 2,100 lbs/year (950 kg/year) of dried cannabis. The second cultivation license is located near the town of Beatty in Nye County Nevada. The facility currently houses approximately 500 square feet of R&D and genetics testing with plans to expand the facility to 100,000 square feet of fully automated greenhouse cultivation. The Beatty site has the potential for over 2,300,000 square feet of greenhouse production capacity on 80 acres of owned land with municipal water and abundant electrical power already at the edge of the property. The Company also has 2 production licenses, one in Clark County that is co-located within the cultivation facility and is approximately 2,300 square feet and incorporates BHO, distillation equipment and microwave assisted extraction equipment. The second production license is active and will be co-located in the Beatty facility with a planned 43,000 square foot expansion that will coincide with the buildout of the greenhouse expansion. The Company also has 2 dispensary licenses, one for medical that operates under the Medizin brand and the second for the sale recreational product. The licenses operate out of the same joint location and presently occupy approximately 2,300 square feet of retail space and are open 24 hours/day, 7 days per week. The Company has entered into a lease agreement for approximately 100,000 square feet of commercial space located adjacent to the Las Vegas strip where it intends to develop a cannabis entertainment complex and transfer its existing dispensary licenses to the new location. The planned completion of this expansion is expected to occur prior to the end of calendar 2018. The new facility will have the capacity to serve approximately 2,000 customers per day through its new, enhanced dispensary, house a cannabis lounge in a segregated area of the facility where patrons are able to consume products that have been purchased at the dispensary, and, house the Company's corporate offices.

The Company was incorporated on March 20, 2014 as a domestic limited liability company (LLC). Subsequent to the close of this financial statement reporting period, and as further discussed below, on March 14, 2018, MMDC underwent a statutory conversion to a Nevada domestic corporation named MM Development Company, Inc. Immediately following the RTO of Carpincho Capital Corp. (as described below in Subsequent Events to the Period), Carpincho Capital Corp will be renamed Planet 13 Holdings Inc. After the completion of the RTO, MM Development Company, Inc. will continue to exist to conduct licensed Nevada state cannabis operations and will be owned 100% by Planet 13 Holdings, Inc.

The Company opened its Medizin medical marijuana dispensary on April 1, 2016 and released its own Medizin branded strains/products into the market on July 1, 2017. Recreational cannabis became legal in the state of Nevada for any one over the age of 21 on July 1, 2017 and the Company began selling recreational cannabis products under the Planet 13 brand under its recreational dispensary license co-located with the Medizin dispensary.

The focus of activity in 2017 has been to grow marijuana and provide cannabis and related products to the Company's medical marijuana customers as well as prepare for and launch the Planet 13 recreational marijuana products and related cannabis products to recreational customers in conjunction with the legalization of the sale and consumption of recreational marijuana on July 1, 2017.

DESCRIPTION OF THE U.S. LEGAL CANNABIS INDUSTRY

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) dated February 8, 2018 – Issuers with U.S. Marijuana-Related Activities ("CSA Notice 51-352"), below is a discussion of the current federal and state-level U.S. regulatory regimes in those jurisdictions where the Company is currently directly involved. In accordance with CSA Notice 51-352, the Company 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.

MM DEVELOPMENT COMPANY LLC.

FOR YEAR ENDED DECEMBER 31, 2017

REPORT TO MEMBERS AND MANAGEMENT DISCUSSION AND ANALYSIS

Expressed in United States Dollars

Use of Cannabis

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

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

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

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

Nevada

Despite legal, regulatory and political obstacles, the U.S. cannabis industry continues to experience substantial growth. Nevada has one of the first states to legalize adult-use cannabis and is projected to remain a significant market in the U.S., largely due to the tourism industry. Estimated in-state adult-use sales totalled approximately USD \$200 million in the first six months following legalisation on July 1, 2017.

LEGAL AND REGULATORY MATTERS

United States Federal Overview

In the U.S., 29 states and Washington D.C. have legalized medical marijuana, while nine states and Washington D.C. have also legalized adult-use marijuana. At the federal level, however, cannabis currently remains a Schedule I controlled substance under the U.S. Controlled Substance Act of 1970 (the "CSA"). Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, the manufacture, importation, possession, use or distribution of cannabis remains illegal under U.S. federal law. This has created a dichotomy between state and federal law, whereby many states have elected to regulate and remove state-level penalties regarding a substance which is still illegal at the federal level.

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

However, on January 4, 2018 the Cole Memorandum was revoked by Attorney General Jeff Sessions. While this did not create a change in federal law - as the Cole Memorandum was not itself law - the revocation added to the uncertainty of U.S. federal enforcement of the CSA in states where cannabis use is regulated. Sessions also issued a one-page memorandum known as the "Sessions Memorandum." This confirmed the rescission of the Cole Memorandum and explained that the Cole Memorandum was "unnecessary" due to existing general enforcement

MM DEVELOPMENT COMPANY LLC.
FOR YEAR ENDED DECEMBER 31, 2017
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guidance as set forth in the U.S. Attorney's Manual (the "USAM"). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the federal government's limited resources, and include "law enforcement priorities set by the Attorney General," the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community."

While the Sessions Memorandum does emphasize that marijuana is a Schedule I controlled substance and states the statutory view that it is a "dangerous drug and that marijuana activity is a serious crime," it does not otherwise guide U.S. Attorneys that the prosecution of marijuana-related offenses is now a DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether to prosecute marijuana-related offenses. U.S. Attorneys could individually continue to exercise their discretion in a manner similar to that displayed under the Cole Memorandum's guidance. Dozens of U.S. Attorneys across the country have affirmed their commitment to proceeding in this manner, or otherwise affirming that their view of federal enforcement priorities has not changed, although a few have displayed greater ambivalence. In Nevada, the U.S. Attorney has yet to make any comments regarding the revocation of the Cole Memorandum or indicate any changes to enforcement priorities.

While it is too soon to determine what prosecutorial effects will be created by the rescission of the Cole Memorandum, a nationwide "crackdown" is unlikely. The sheer size of the cannabis industry, in addition to participation by state and local governments and investors, suggests that a large-scale enforcement operation would more than likely create unwanted political backlash for the DOJ and the Trump administration. It is also possible that the rescission of the Cole Memorandum could motivate Congress to finally reconcile federal and state laws. Regardless, marijuana remains a Schedule I controlled substance at the federal level, and neither the Cole Memorandum nor its rescission has altered that fact. The federal government of the U.S. has always reserved the right to enforce federal law in regard to the sale and disbursement of medical or adult-use marijuana, even if state law sanctioned such sale and disbursement. From a purely legal perspective, the criminal risk today remains identical to the risk on January 3, 2018. It remains unclear whether the risk of enforcement has been altered.

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

Despite these laws, the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") issued a memorandum on February 14, 2014 (the "FinCEN Memorandum") outlining the pathways for financial institutions to bank state-sanctioned marijuana businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum. Under these guidelines, financial institutions must submit a Suspicious Activity Report ("SAR") in connection with all marijuana-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These marijuana-related SARs are divided into three categories – marijuana limited, marijuana priority, and marijuana terminated – based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively. On the same day as the FinCEN Memorandum was published, the DOJ issued a memorandum (the "2014 Cole Memo") directing prosecutors to apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of marijuana-related conduct. The 2014 Cole Memo has been rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes against state-compliant actors was not a DOJ priority.

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

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by its guidance. However, in the United States, it is difficult for cannabis-based businesses to open and maintain a bank account with any bank or other financial institution.

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

Although the Cole Memorandum and 2014 Cole Memo have been rescinded, one legislative safeguard for the medical marijuana industry remains in place: Congress has used a rider provision in the FY 2015, 2016 and 2017 Consolidated Appropriations Acts (currently the "Rohrabacher-Farr 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. Since October 1, 2017, the U.S. federal government has been temporarily appropriated under a series of continuing budget resolutions. Because the 2017 Consolidated Appropriations Act has been extended until September 2018 under a continuing budget resolution, the Rohrabacher-Farr Amendment is still in effect.

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

Given current political trends, however, these developments are considered unlikely in the near-term. As an industry best practice, despite the recent rescission of the Cole Memorandum, the Company intends to abide by the following to ensure compliance with the guidance provided by the Cole Memorandum:

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

In addition, the Company may (and frequently does) conduct background checks to ensure that the principals and management of its operating subsidiaries are of good character, and have not been involved with other illegal drugs, engaged in illegal activity or activities involving violence, or use of firearms in cultivation, manufacturing or distribution of cannabis. The Company will also conduct ongoing reviews of the activities of its cannabis businesses, the premises on which they operate and the policies and procedures that are related to possession of cannabis or cannabis products outside of the licensed premises, including the cases where such possession is permitted by regulation.

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Nevada State Level Overview

Nevada has a medical marijuana program and passed an adult-use legalization through the ballot box in November 2016. In 2000, Nevada voters passed a medical marijuana initiative allowing physicians to recommend cannabis for an inclusive set of qualifying conditions including chronic pain and created a limited non-commercial medical marijuana patient/caregiver system. Senate Bill 374, which passed the legislature and was signed by the Governor in 2013, expanded this program and established a for-profit regulated medical marijuana industry.

The Nevada Division of Public and Behavioural Health (the "Division") licensed medical marijuana establishments up until July 1, 2017 when the state's medical marijuana program merged with adult-use marijuana enforcement under the Nevada Department of Taxation ("DoT"). In 2014, Nevada accepted medical marijuana business applications and a few months later the Division approved 182 cultivation licenses, 118 licenses for the production of edibles and infused products, 17 independent testing laboratories, and 55 medical marijuana dispensary licenses. The number of dispensary licenses was then increased to 66 by legislative action in 2015. The application process was merit-based, competitive, and is currently closed.

Residency is not required to own or invest in a Nevada medical cannabis business. In addition, vertical integration is neither required nor prohibited. Nevada's medical law includes patient reciprocity, which permits medical patients from other states to purchase marijuana from Nevada dispensaries. Nevada also allows for dispensaries to deliver medical marijuana to patients.

Under Nevada's adult-use marijuana law, the DoT licenses marijuana cultivation facilities, product manufacturing facilities, distributors, retail stores and testing facilities. After merging medical and adult-use marijuana regulation and enforcement, the single regulatory agency is now known as the "Marijuana Enforcement Division of the Department of Taxation." For the first 18 months after legalization, applications to the Department for adult-use establishment licenses can only be accepted from existing medical marijuana establishments and existing liquor distributors for the adult-use distribution license.

The issuance of retail marijuana distribution licenses has been subject to an ongoing legal battle after the DoT opened distribution licenses to existing medical marijuana establishments based on the premise that there was an insufficient number of applications from existing liquor distributors to service the new adult-use cannabis market. There are currently 24 licensed distributors that are medical marijuana establishments and six licensed distributors that are liquor distributors.

In February 2017, the DoT announced plans to issue "early start" recreational marijuana establishment licenses in the summer of 2017. These licenses expire at the end of the year and, beginning on July 1, 2017, allowed marijuana establishments holding both a retail marijuana store and dispensary license to sell their existing medical marijuana inventory as either medical or adult-use marijuana. All cannabis cultivated, and infused products produced under the adult-use program that were not existing inventory at a medical marijuana dispensary must be transported to retail marijuana stores utilizing a licensed retail marijuana distributor. Starting on July 1, 2017, medical and adult-use marijuana became subject to a 15% excise tax on the first wholesale sale (calculated on the fair market value) and adult-use cannabis is subject to an additional 10% special retail marijuana sales tax in addition to any general state and local sales and use taxes.

The DoT is responsible for licensing and regulating retail marijuana businesses and medical marijuana program in Nevada. There are five types of retail marijuana establishment licenses:

- *Cultivation Facility* – Licenses to cultivate (grow), process, and package marijuana; to have marijuana tested by a testing facility; and to sell marijuana to retail marijuana stores, to marijuana product manufacturing facilities, and to other cultivation facilities, but not to consumers.
- *Distributor* - Licenses to transport marijuana from a marijuana establishment to another marijuana establishment.
- *Product Manufacturing Facility* - Licenses to purchase marijuana; manufacture, process, and package marijuana and marijuana products; and sell marijuana and marijuana products to other product manufacturing facilities and to retail marijuana stores, but not to consumers.

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- *Testing Facility* - Licenses to test marijuana and marijuana products, including for potency and contaminants.
- *Retail Store* - Licenses to purchase marijuana from cultivation facilities, marijuana and marijuana products from product manufacturing facilities, and marijuana from other retail stores; can sell marijuana and marijuana products to consumers.

The regular retail marijuana program began in early 2018. The Regulation and Taxation of Marijuana Act specifies that, for the first 18 months of the program, only existing medical marijuana establishment certificate holders can apply for a retail marijuana establishment license. Beginning in November 2018, the DoT will open the application process to those not holding a medical marijuana establishment certificate. The regular program will be governed by permanent regulations, drafted by the DoT.

U.S. Legal Advice

The Company is in compliance with U.S. state law and the related licensing framework. The Company uses reasonable commercial efforts to confirm, through the advice of its U.S. counsel, through the monitoring and review of its business practices, and through regular monitoring of changes to U.S. Federal enforcement priorities, that its businesses are in compliance with applicable licensing requirements and the regulatory frameworks enacted by Nevada. The Company is not aware of the receipt by any of its subsidiaries of noncompliance orders, citations or notices of violation, that may have an impact on such entities licenses, business activities or operations.

Regulatory Risks

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

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

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

The Company expects to derive all of its revenues from the U.S. cannabis industry, which industry is illegal under U.S. federal law. As a result of the conflicting views between state legislatures and the federal government regarding cannabis, cannabis businesses in the U.S. are subject to inconsistent legislation and regulation. The Company expects to remain focused in the state of Nevada, which has legalized the medical and recreational adult-use of cannabis. The U.S. federal government has not enacted similar legislation and the cultivation, sale and use of cannabis remains illegal under federal law pursuant to the CSA. The federal government of the U.S. has specifically reserved the right to enforce federal law in regard to the sale and disbursement of medical or recreational adult-use use marijuana even if state law sanctioned such sale and disbursement. It is presently unclear whether the U.S. federal government intends to enforce federal laws relating to cannabis where the conduct at issue is legal under applicable state law. This risk was further heightened by the revocation of the Cole Memorandum in January 2018.

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Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, then the Company's business would be materially and adversely affected. U.S. federal actions against any individual or entity engaged in the marijuana industry or a substantial repeal of marijuana related legislation could adversely affect the Company. The Company's involvement in the medical and recreational adult-use cannabis industry is illegal under the applicable federal laws of the United States and may be illegal under other applicable law. There can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against the Company. The consequences of such enforcement would be materially adverse to the Company and the Company's business and could result in the forfeiture or seizure of all or substantially all of the Company's assets.

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

The Company has a material direct involvement in the cannabis industry in Nevada. Currently, the Company is directly engaged in the cultivation, manufacture and production, possession, use, sale and distribution of cannabis in the medical and adult-recreational use cannabis marketplace in Nevada. Approximately 100% of the Company's assets and revenues are directly attributable to the medical and recreational adult-use cannabis market in Nevada. The Company holds cultivation, production and retail distribution licenses for the State of Nevada.

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

The Company's involvement in the U.S. cannabis industry is presently only in the state of Nevada. The Company may, in future periods, expand its operations outside of Nevada and intends to restrict such future expansion to (i) only in those states that have enacted laws legalizing cannabis; and (ii) only in those state's where the Company can comply with state (and local) laws and regulations and has the licenses, permits or authorizations to properly carry on each element of its business.

In addition, the Company will continue to ensure, it is in compliance with applicable licensing requirements and the regulatory framework enacted in Nevada, by continuous review of its licenses and affirmation certifications from management.

The Company will continue to monitor, evaluate and re-assess the regulatory framework in the state of Nevada and any state that it may look to expand its operations to in the future, and the federal laws applicable thereto, on an ongoing basis; and will update its continuous disclosure regarding government policy changes or new or amended guidance, laws or regulations regarding cannabis in the U.S.

Anti-Money Laundering Laws and Regulations

The Company is subject to a variety of laws and regulations in 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) and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S.. Further, under U.S. federal law, banks or other financial institutions

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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.

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

Ability to Access Private and Public Capital

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

SIGNIFICANT EVENTS AND TRANSACTIONS TO THE PERIOD

Prior to July 1, 2017 the Company was focused solely on the medical marijuana market through its Medizin branded products, selling high quality products, predominately produced by the Company directly through its vertically integrated operations (cultivation, production of consumable products and the sale of such through its licensed dispensary). The Company created the Planet13 brand in order to distinguish its medical and recreational branded products and began selling products to recreational customers out of its revamped 2,300 sq ft Planet13 and Medizin co-branded, licensed (both medical and recreational licenses), dispensary located at 4850 W Sunset Rd #125, Las Vegas, NV 89118. Despite only being legal for 6 months during the year ended December 31, 2017, sales recreational cannabis products accounted for approximately half of the Company's total net revenue for the year. The Company experienced significant month-over month revenue growth as the number of customer visits and the average spend per customer increased significantly over the 6-month period from July 1, 2017 to December 31, 2017. The Company experienced an average of 500 customers per day each spending on average \$75 during the month of December 2017. The average number of customers per day has continued to increase subsequent to the yearend and, as a result of customer demand, the Company extended the operating hours of its dispensary and it is now open 24 hours a day, 365 days per year. The Company has organically grown its customer database to over 14,000 unique customers and has introduced a customer loyalty program to help continue to drive both customer visits and product demand.

The Company currently owns one licensed indoor grow facility housed in a 15,000 sq ft industrial building in Las Vegas (Clark County) with a perpetual harvest cycle and the capacity to produce approximately 2,100 lbs/year (approximately 950 kg/year) of finished product. The significant increase in demand for product, as evidenced by the revenue growth during the year, caused the Company to have to purchase products from other licensed producers in Nevada in order to meet customer demand, a significant increase over the prior period when the Company was only able to sell its Medizin branded product to medical cannabis patients. The Company's intention is to remain a fully integrated and has embarked on the expansion of its production capabilities through its cultivation license (both medical and recreational cultivation licenses) on 80 acres of owned land, with access to both municipal water and power, near the town of Beatty (in Nye County, Nevada). The Company is in the process of obtaining final permits and approvals to construct approximately 100,000 sq ft of greenhouse space and a 43,000 sq ft production facility in its planned phase 1 expansion. The total potential expansion capacity of the Beatty site is approximately 2,300,000

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sq ft of greenhouse capacity. The Company anticipates building out this property in phases as demand increases. The Company anticipates that it will be able to supply all of its internal production needs once phase 1 of the Beatty expansion is complete. However, the Company intends to continue to purchase finished product from other third party licensed producers in order to maintain product variety at its retail dispensary so long as customer demand warrants.

SIGNIFICANT EVENTS AND TRANSACTIONS SUBSEQUENT TO THE PERIOD

RTO Transaction

On April 26, 2018, 10653918 Canada Inc. ("Finco") completed a private placement of subscription receipts (the "Subscription Receipts") at a price of C\$0.80 (the "Offering Price") per Subscription Receipt for Gross Proceeds of C\$22,575,600 (the "Offering"). A total of 24,760,750 Subscription Receipts were sold pursuant to a brokered offering (the "Brokered Offering") conducted by a syndicate of agents (the "Agents") co-led by Beacon Securities Limited ("Beacon") and Canaccord Genuity Corp. and including Haywood Securities Inc. for gross proceeds of C\$19,808,600. Finco also completed a concurrent non-brokered offering of 3,458,750 Subscription Receipts for gross proceeds of C\$2,767,000 on April 26, 2018. On May 18, 2018 FINCO completed a second tranche of its non-brokered offering, issuing 3,226,300 Subscription Receipts for gross proceeds of C\$2,581,040. On May 23, 2018 FIINCO completed a third tranche of its non-brokered offering issuing 12,500 Subscription Receipts for gross proceeds of C\$10,000. To date the Offering has raised gross proceeds of C\$25,166,640. In addition, the Corporation has realized C\$180,668 in gains on the conversion of USD proceeds received into Canadian Dollars. The total value of gross proceeds raised in the Offering, including the conversion gain, has been C\$25,347,308 (\$20,205,108).

On April 26, 2018, MMDC entered into: (i) a definitive share exchange agreement with Carpincho Capital Corp. ("Carpincho"), providing for the acquisition (the "Acquisition") of all of the outstanding shares of MM Development, Inc., successor to MMDC, in exchange for shares of Carpincho following a consolidation of the outstanding common shares of Carpincho on the basis of .875 consolidated common shares for every one (1) outstanding common share (the "Consolidation"); and (ii) a definitive agreement with Finco and a wholly-owned subsidiary of Carpincho ("Subco"), providing for the amalgamation of Subco and Finco be completed following the Acquisition.

Each Subscription Receipt entitles the holder to receive, upon satisfaction of the Escrow Release Conditions (as defined below) on or before the Escrow Release Deadline (as defined below), and without payment of additional consideration, one unit in the capital of Finco (a "Unit"). Each Unit shall consist of one common share (a "Common Share") and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant") of Finco, which Units shall be exchanged, without further consideration, for one Unit in the capital of Carpincho (the "Resulting Issuer"), following the Consolidation and upon completion of the RTO transaction. Following the exchange for Units of the Resulting Issuer, each Warrant of the Resulting Issuer (a "Resulting Issuer Warrant") shall entitle the holder thereof to acquire one common share of the Resulting Issuer (a "Resulting Issuer Share") at a price of C\$1.40 for a period of 24 months following the satisfaction of the Escrow Release Conditions.

The Subscription Receipts were issued pursuant to a subscription receipt agreement (the "Subscription Receipt Agreement") among Finco, Beacon (on behalf of the Agents), MMDC and Odyssey Trust Company (the "Subscription Receipt Agent"). Pursuant to the Subscription Receipt Agreement, the proceeds from the Offering, less certain expenses incurred therewith (the "Escrowed Funds"), have been placed into escrow pending satisfaction of the following conditions: (i) written confirmation from each of Carpincho, MMDC and Finco that all conditions of the completion of the RTO transaction have been satisfied or waived, other than release of the Escrowed Funds, the Commission (as defined below) and any remaining expenses of the Agents, and that the RTO transaction shall be completed upon release of the Escrowed Funds; (ii) the receipt of all shareholder and regulatory approvals required for the RTO transaction; (iii) the distribution of the Resulting Issuer Shares and the Resulting Issuer Warrants to be issued in exchange for the Common Shares and Warrants pursuant to the Amalgamation following the satisfaction of the Escrow Release Conditions, being exempt from applicable prospectus and registration requirements of applicable Canadian securities laws and not subject to any hold or restricted period thereunder; (iv) the Resulting Issuer Shares and the Resulting Issuer shares underlying the Resulting Issuer Warrants being conditionally approved for listing on

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the Canadian Securities Exchange; and (v) Finco and Beacon (on behalf of the Agents), having delivered a release notice to the Subscription Receipt Agent in accordance with the terms of the Subscription Receipt Agreement (collectively, the "Escrow Release Conditions").

Should the Escrow Release Conditions not be satisfied or waived on or before July 23, 2018 (the "Escrow Release Deadline"), or if the RTO transaction is not completed, the Subscription Receipts will be cancelled, and the Escrowed Funds will be returned to subscribers together with any interest earned thereon (a "Refund Event"). To the extent there is any shortfall in the event of a Refund Event, Finco and MMDC will provide sufficient funds to offset any such shortfall.

In connection with the Brokered Offering, the Agents are entitled to be paid a cash commission of 6% of the gross proceeds of the Brokered Offering (the "Commission"), which will be paid out of the Escrowed Funds upon escrow release. In addition, Finco issued the Agents an aggregate of 1,485,645 compensation options ("Compensation Options"). Each Compensation Option is exercisable into one Common Share at the Offering Price for a period of 24 months following the satisfaction of the Escrow Release Conditions. The Compensation Options shall be exchanged for compensation options of the Resulting Issuer on an equivalent basis upon completion of the RTO transaction.

Assuming the Escrow Release Conditions are satisfied, the net proceeds from the Offering shall be used by the Resulting Issuer to" (i) fund the construction of a new medical and recreational cannabis dispensary near the Las Vegas Strip; (ii) to construct a greenhouse complex for the cultivation and production of cannabis and cannabis-related products in Beatty, Nevada; and (iii) for working capital and general corporate purposes.

Upon completion of the RTO transaction it is expected that the shareholders of Carpincho will hold approximately 4.4% of the equity of the Resulting Issuer, purchasers of the Offering will hold approximately 31.9% of the equity of the Resulting Issuer, and the former shareholders of MM Development Company, Inc. will hold approximately 63.7% of the equity of the Resulting Issuer.

Conversion of liabilities to RSU's

The Company has entered into an agreement to issue 575,000 RSU's to satisfy approximately \$388,000 of liabilities.

Conversion of Shareholder debt to equity as part of LLC conversion

On March 14, 2018, MMDC completed a plan of conversion from a Nevada state limited liability company to a Nevada state domestic corporation, MM Development Company, Inc., with the approval of the Nevada State Department of Taxation which oversees licensed cannabis operations in Nevada. Prior to such conversion, on January 1, 2018, founders of MMDC, converted an aggregate of \$3,334,304 of their controlled entity debts to equity in MMDC, and an officer of MMDC indirectly contributed valuable intellectual property, including genetic strains, cultivation processes, and manufacturing processes, to MMDC in return for a 6% interest in MMDC. As at the date hereof, MM Development Company, Inc. had a total of 25,300,000 class A common voting shares and 49,700,000 class B common non-voting shares issued and outstanding.

Planet 13 Super Store Site Lease

On April 23, 2018, MMDC executed a triple-net lease agreement for the premises of the Planet 13 Super Store. The lease commenced on May 1, 2018 and has a seven-year term with two seven-year renewal options. The following table sets forth the monthly rental due during the initial lease term:

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RESULTS OF OPERATIONS

	For the Year Ended		
	December 31, 2017	December 31, 2016	% Change
Revenue:			
Cannabis revenue	\$ 12,235,090	\$ 1,992,050	514.2%
Non-Cannabis revenue	128,176	30,554	319.5%
Other operating revenue	28,509	167,203	(82.9%)
Sales discounts and allowances	(3,387,795)	(675,295)	401.7%
	<u>9,003,980</u>	<u>1,514,512</u>	494.5%
Cost of Goods Sold:			
Direct cost of goods sold	8,259,548	2,266,954	264.3%
Gain on Biological Asset Transformation	(5,922,153)	(530,022)	1017.3%
	<u>2,337,395</u>	<u>1,736,932</u>	34.6%
Gross Profit	6,666,585	(222,420)	3097.3%
<i>Gross Profit Margin</i>	74.0%	(14.7%)	
Operating expenses:			
General and administrative	2,638,859	1,147,287	130.0%
Marketing and promotion	193,332	164,556	17.5%
Depreciation	121,364	103,009	17.8%
Total operating expenses	<u>2,953,555</u>	<u>1,414,852</u>	108.8%
Income (loss) from operations	3,713,030	(1,637,272)	326.8%
Other income (expense)			
Interest expense	(976,674)	(743,013)	31.4%
Other income (expense)	0	33,000	(100.0%)
Total other expense	<u>(976,674)</u>	<u>(710,013)</u>	37.6%
Income (loss) before income taxes	2,736,356	(2,347,285)	216.6%
Income tax expense (benefit)	<u>1,914,815</u>	<u>(75,623)</u>	(2632.1%)
Net income (loss) and comprehensive income (loss)	<u>\$ 821,541</u>	<u>\$ (2,271,662)</u>	136.2%

The Company experienced month-over month sales increases in both of its product lines (medical and recreational) during the year ended December 31, 2017. The Company also experienced revenue growth across all of its cannabis product categories (Flower sales, Concentrates, Edibles, Topicals and Trials) for the year ended December 31, 2017 when compared to the prior year. Details of gross revenue, excluding discounts, by product category as follows:

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<u>Cannabis revenue</u>	December 31,		% Change
	2017	2016	
Flower	\$ 8,737,755	\$ 1,694,943	415.5%
Concentrates	2,631,838	221,963	1085.7%
Edibles	780,423	66,723	1069.6%
Topicals	75,474	6,655	1034.1%
Trials	9,600	1,766	443.6%
	<u>\$ 12,235,090</u>	<u>\$ 1,992,050</u>	514.2%

Overall net revenue during the year ended December 31, 2017 increased by 494.5%, or \$7,489,468 when compared to the year ended December 31, 2016. The increase is attributable to a full year of operations for the Company's medical marijuana operations (compared to only 8 months in the prior year) and the commencement of the sale of adult recreational cannabis products starting on July 1, 2017.

Cost of goods sold, excluding the net effect of the revaluation of biological assets and inventory, increased by 264.3% with the biggest component of the increase being the purchase of finished goods for resale as the Company relied on third party suppliers in order to meet customer demands for product and to support overall revenue growth. Increases in the fair market value of biological assets and inventory, measured as the market value of finished product less the costs associated with producing finished product from the biological assets and inventory, increased by 1,017.3 % or \$5,392,131. This resulted from a significant increase in the amount of product under cultivation as at December 31, 2017 when compared to December 31, 2016 due to the ramp-up in production during the year as the Company prepared for the legalization of the adult recreational market in Nevada during the year.

Overall gross profit margins turned positive for the year ended December 31, 2017 at 74.0% compared to negative gross margins for the year ended December 31, 2016 of (14.7%). Margins during 2016 were compressed as a result operational start-up costs incurred during the year ended December 31, 2016 as the Company began producing and selling medial cannabis in April 2016.

Operating expenses include General and administrative expenses, marketing and promotion costs ad depreciation expense. Total Operating expenses increased by 108% for the year ended December 31, 2017 when compared to the year ended December 31, 2016. The increase in costs was a result of an increase in operating activity during the year ended December 31, 2017 when compared to the prior period as well as an increase in the number of employees working for the Company during the year when compared to the prior period. A detailed breakdown of General and administrative expenses is as follows:

General and administrative expenses	December 31,		% Change
	2017	2016	
Salaries and wages	\$ 908,404	\$ 256,590	254.0%
Executive compensation	194,542	180,292	7.9%
Payroll taxes and benefits	183,436	79,821	129.8%
Office expenses	233,135	117,882	97.8%
Professional fees	193,686	104,986	84.5%
All other general and administrative expenses	925,656	407,716	127.0%
	<u>\$ 2,638,859</u>	<u>\$ 1,147,287</u>	130.0%

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Interest expenses incurred during the years ended December 31, 2017 and December 31, 2016 relate to interest incurred on long-term. The balance of long-term debt as at December 31, 2017 was \$7,466,804 compared to a balance of \$7,131,226 as at December 31, 2016.

Income tax expense for the year ended December 31, 2017 totalled \$1,914,815 compared to an income tax recovery of (\$75,623) for the year ended December 31, 2016. The Company is subject to US Federal tax legislation that denies the deduction of certain expenditures for tax purposes that would otherwise be available to non-cannabis-based businesses that results in the Company being subject to a higher overall tax rate on net income. Refer to Note 15 in the Company's audited annual financial statements for the year ended December 31, 2017 for additional details.

Overall net income after tax for the year ended December 31, 2017 was \$821,541 compared to a net loss of (\$2,271,662) for the year ended December 31, 2016.

SUMMARY OF QUARTERLY RESULTS

Three months ended	Dec-31-2017	Sep-30-2017	Jun-30-2017	Mar-31-2017	Dec-31-2016	Sep-30-2016	Jun-30-2016	Mar-31-2016
US\$	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	3,382,717	3,025,048	1,461,779	1,134,434	840,009	499,860	174,643	0
Net Income (loss)	340,621	280,348	11,087	189,485	(660,597)	(424,386)	(440,978)	(745,701)
Comprehensive Net Income (loss)	340,621	280,348	11,087	189,485	(660,597)	(424,386)	(440,978)	(745,701)
Net Income (loss) per share	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total assets	8,558,870	7,546,186	7,463,866	6,836,301	5,062,394	5,177,915	5,177,915	4,300,847
Total liabilities	11,040,144	11,680,362	11,760,007	10,986,251	8,365,209	8,538,183	7,535,773	6,672,745
Working capital (deficiency)	1,197,763	2,178,498	2,218,708	1,670,162	(536,659)	254,038	(268,223)	(499,085)
Dividends declared	-	-	-	-	-	-	-	-

OUTSTANDING SHARES

As at the date of this report, the Company had 25,300,000 class A common voting shares and 49,700,000 class B common non-voting shares issued and outstanding. No dilutive securities were outstanding at either December 31, 2017 or at the date of this report.

FINANCIAL POSITION AND LIQUIDITY

As at December 31, 2017 the Company's financial instruments consist of cash and cash equivalents, short-term investments, accounts payable and accrued liabilities, and shareholder loans. The Company has no speculative financial instruments, derivatives, forward contracts or hedges.

As at December 31, 2017 the Company had a working capital of \$1,197,763 compared to a working capital deficiency of (\$536,659) as at 31 December 2016.

The following discussion relates to the year ended December 31, 2017 and compares that to the year ended December 31, 2016.

Cash provided by (used in) operating activities during the year ended December 31, 2017 totalled \$1,529,067 (Comparative period: (\$1,620,976)).

Cash used by investing activities during the year ended December 31, 2017 totalled \$671,818 (Comparative period: \$1,095,688).

Cash provided by (used in) in financing activities during the year ended December 31, 2017 totalled (\$426,248) (Comparative period: \$2,408,375).

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FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the annual audited consolidated statement of financial position are carried at amortized cost with the exception of cash and cash equivalents, which is carried at fair value. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at December 31, 2017 and December 31, 2016 due to the immediate or short-term maturities of the financial instruments.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, short-term investments, accounts payable and accrued liabilities. At December 31, 2017, the carrying value of cash and cash equivalent investments is fair value. Financial instruments classified as loans and receivables and other financial liabilities are carried at amortized cost using the effective interest method. Transaction costs are included in the amount initially recognized. There were no loan and receivables outstanding as at December 31, 2017 or December 31, 2016. Accounts payable and other liabilities, notes payable, and notes payable related parties have been classified as other financial liabilities

c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties. Thus, the credit risk associated with other receivables is also considered to be negligible.

d) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

e) Currency risk

The Company operates solely in the state of Nevada, although it may, in future periods, operate in other jurisdictions. The Company incurs certain expenditures and obtains financing in US dollars and earns revenue in US dollars. The Company is not exposed to any foreign exchange risk.

f) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

As at December 31, 2017, the Company had a working capital of \$1,194,763 (December 31, 2016 deficit of (\$536,659)) and anticipates that revenue from operations will provide sufficient funds to cover all the Company's operating expenditures for the next 12 months. Planned expansion of the Company's cultivation facilities, its production and manufacturing facilities and its retail distribution facilities will require it to raise additional capital from outside sources. The Company will consider financing alternatives while contemplating minimal shareholder dilution.

The Company's potential sources of cash flow in the upcoming year will be from the proceeds of the sale of cannabis and cannabis related products and possible equity financings, loans, lease financing and entering into joint venture agreements; or any combination thereof.

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CAPITAL RESOURCES

The Company has a recent history of profitable operations. However, it will be necessary for the Company to arrange for additional financing to meet its on-going growth initiatives.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. There can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable.

CAPITAL MANAGEMENT

The Company's capital consists of members' equity and shareholder loans. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its capital expansion plans and ultimately the development of its business and will need to raise adequate capital by obtaining equity financing and/or incurring debt.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at December 31, 2017 and as at the date hereof.

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RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions during the year:

(a) Related Party Notes Payable

The Company has funded a significant portion of its operating expenses and capital asset acquisitions through revolving loans from the Company's members (Note 6). The following table reflects the changes in amounts due under such revolving loans for the years ended December 31, 2017 and 2016:

	Year Ended December 31,	
	2017	2016
Balance at beginning of year	\$ 6,174,907	\$ 3,207,870
Advances	-	2,731,185
Repayments	(410,000)	(500,960)
Transfers	(175,706)	-
Accrued Interest	937,531	736,812
	<u>\$ 6,526,732</u>	<u>\$ 6,174,907</u>

On January 1, 2018, the members converted \$3,334,304 of the above notes to equity. The remaining balance of the notes may be converted at the member's option through December 31, 2019.

(b) Building Lease

The Company leases approximately 15,000 square feet of office and production space for the Company's Clark County Cultivation facility from a limited partnership controlled by one of the Company's members. Rents paid under this lease for the years ended December 31, 2017 and 2016 equalled \$103,662 and \$95,688, respectively.

(c) Member Compensation

The Company's managers were paid an aggregate of \$203,625 and \$201,882 in salary and related employee benefits for the years ended December 31, 2017 and 2016, respectively.

The Company's managers have agreed to defer a portion of their agreed-upon salaries since inception. At December 31, 2017 and 2016, total deferred compensation due such members was \$241,245 and \$101,250, respectively.

These transactions were in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

SEGMENTED INFORMATION

The Company operates in a single reportable operating segment – the cultivation of marijuana, the manufacture and production of cannabis and related products and the retail distribution and sale of cannabis and cannabis related products.

As at December 31, 2017 and December 31, 2016, all the Company's assets were located in the state of Nevada.

MANAGEMENT

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

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NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

New Accounting Standards and Interpretations Not Yet Adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board (“IASB”) or IFRS Interpretation Committee (“IFRIC”) that are mandatory at certain dates or later for the relevant reporting periods and which the Company has not early adopted. The Company has assessed the impact the application of these standards or amendments will have on the condensed consolidated interim financial statements of the Company. The standards impacted that may be applicable to the Company are the following:

At the date of authorization of these condensed consolidated interim financial statements, the IASB and IFRIC had issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted. The Company has assessed the impact the application of these standards or amendments will have on the condensed consolidated interim financial statements of the Company.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in November 2013 and July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted. No implementation date has been set.

IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”). In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied in an entity’s first annual IFRS financial statements for periods beginning on or after January 1, 2018. Application of the standard is mandatory and early adoption is permitted.

IFRS 16 Leases (“IFRS 16”), was issued in January 2016 and it replaces IAS 17 Leases. IFRS 16 requires entities to recognize lease assets and lease obligations on the balance sheet. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are “capitalized” by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognizes a financial liability representing its obligations to make future lease payments. IFRS 16 is effective for fiscal periods beginning on or after January 1, 2019.

RISK FACTORS

The Company operates in the US medical and recreational adult-use cannabis market, and more specifically in the state of Nevada, and may face many and varied kinds of risks. While risk management cannot eliminate the impact of

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all potential risks, the Company strives to manage such risks to the extent possible and practical. Following are the risk factors most applicable to the Company:

- The production and sale of recreational cannabis remain illegal under federal law, it is possible that the Company may be forced to cease activities. The U.S. federal government, through both the Drug Enforcement Agency (“**DEA**”) and Internal Revenue Service (“**IRS**”), has the right to actively investigate, audit and shut-down marijuana growing facilities, processors and retailers. The U.S. federal government may also attempt to seize the Resulting Issuer’s property. Any action taken by the DEA and/or the IRS to interfere with, seize, or shut down the Company’s operations will have an adverse effect on the Company’s business, operating results and financial condition.
- Some of the Company’s planned business activities, while believed to be compliant with certain applicable U.S. state and local law, are illegal under United States federal law. Although certain states and territories of the U.S. authorize medical or recreational adult-use cannabis production and distribution by licensed or registered entities under applicable state laws, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under any and all circumstances under the U.S. Controlled Substances Act (“**CSA**”). A shareholder’s contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment.
- Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including but not limited to disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of marijuana licenses in the United States, 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 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 possession and use of cannabis and any related drug paraphernalia is illegal under U.S. federal law, the Company may be deemed to be aiding and abetting illegal activities through the contracts it has entered into and the products that it intends to provide and sell. The Company intends to continue to cultivate cannabis, process and sell cannabis products, operate dispensaries, lease IP and/or real property in Nevada. As a result, U.S. law enforcement authorities, in their attempt to regulate the illegal use of cannabis and any related drug paraphernalia, may seek to bring an action or actions against the Company, including, but not limited to, aiding and abetting another’s criminal activities. The Federal aiding and abetting statute provides that anyone who “commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal.” As a result of such an action, the Company may be forced to cease operations and members could lose their entire investment. Such an action would have a material negative effect on the business and operations of the Company.
- Nevada’s regulatory system is relatively new and constantly evolving, so there are uncertainties as to how authorities in the state of Nevada will interpret and administer applicable regulatory requirements. Any determination that the Company fails to comply with

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state cannabis regulations would require the Company either to significantly change or terminate lines of business, or the business as a whole, which could adversely affect the Company's business.

- Regulatory risks are inherent to the Company. The activities of the Company are subject to regulation by governmental authorities. The Company's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by US Federal and the state of Nevada governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products in each jurisdiction in which it operates. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by relevant governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company. Furthermore, although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to import, distribute or, in the future, produce cannabis. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of cannabis, or more stringent implementation thereof could have a substantial adverse impact on the Company.
- Regulatory scrutiny of the Company's industry may negatively impact its ability to raise additional capital. The Company's business activities are expected to rely on newly established and/or developing laws and regulations in Nevada. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Company's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by the U.S. Food and Drug Administration, Securities and Exchange Commission, the Department of Justice ("DOJ"), the Financial Industry Regulatory Advisory or other federal, Nevada or other applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the Company's industry may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital, which could reduce, delay or eliminate any return on investment in the Company.
- The size of the Company's target market is difficult to quantify, and members will be reliant on their own estimates on the accuracy of market data. Because the cannabis industry is in an early stage with uncertain boundaries, there is a lack of information about comparable companies available for members and potential members to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, members and potential members will have to rely on their own estimates in deciding about whether to invest in the Company. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results. The Company regularly purchases and follows market research.

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- The Company may have difficulty accessing the service of banks and processing credit card payments in the future, which may make it difficult for the Company to operate. In February 2014, the Financial Crimes Enforcement Network (“FinCEN”) bureau of the U.S. Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Company may have limited or no access to banking or other financial services in the United States and may have to operate the Company’s U.S. business on an all-cash basis. The inability or limitation in the Company’s ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Company to operate and conduct its business as planned. The Company is actively pursuing alternatives that ensure its operations will continue to be compliant with the FinCEN guidance and existing disclosures around cash management and reporting to the IRS once it moves from development into production.
- U.S. Federal trademark and patent protection may not be available for the intellectual property of the Company due to the current classification of cannabis as a Schedule I controlled substance. As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark and patent protection regarding the intellectual property of a business, may not be available to the Company. As a result, the Company’s intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Company can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.
- The Company’s contracts may not be legally enforceable in the United States. Because the Company’s contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Company may face difficulties in enforcing its contracts in U.S. federal and certain state courts.
- There is uncertainty surrounding the Trump Administration and Attorney General Jeff Sessions and their influence and policies in opposition to the cannabis industry as a whole. As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis business in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in August 2013 when then Deputy Attorney General, James Cole, authored the Cole Memorandum (the “Memorandum”). The Memorandum was addressed to all United States district attorneys acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several US states have enacted laws relating to cannabis for medical purposes. The Memorandum outlined certain priorities for the DOJ relating to the prosecution of cannabis offenses. In particular, the Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those

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laws and regulations is less likely to be a priority at the federal level. Notably, however, the DOJ has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Memorandum standard. In light of limited investigative and prosecutorial resources, the Memorandum concluded that the DOJ should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority. On January 4, 2018, US Attorney General Jeff Sessions issued a memorandum to US district attorneys which rescinded the Memorandum. With the Memorandum rescinded, US federal prosecutors can exercise their discretion in determining whether to prosecute compliant state law cannabis-related operations as violations of U.S. federal law throughout the United States. The potential impact of the decision to rescind the Memorandum is unknown and may have a material adverse effect on the Company's business and results of operations.

- The Company's business interests in the United States include the cultivation and provision of cannabis and cannabis-infused and related products. The Company is not aware of any non-compliance with the applicable licensing requirements or regulatory framework enacted by the state of Nevada where the Company's customers or partners are operating. In February 2017, the Task Force on Crime Reduction and Public Safety was established through an executive order by the President of the United States. Names of those serving on the task force have not been published, and the group was supposed to deliver its recommendations by July 27, 2017. The recommendations of the group were not made public on that date, but the Attorney General issued a public statement which said he had received recommendations "on a rolling basis" and he had already "been acting on the task force's recommendations to set the policy of the department." Based on previous public statements made by the Attorney General, there had been some expectation that the task force may make some recommendations with respect to laws relating to cannabis. However, to date there has been no public announcement in this regard from the Attorney General. Due to the classification of cannabis as a Schedule I controlled substance under the CSA, banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes. Because the manufacture, distribution, and dispensation of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-remitter statute (18 U.S.C. § 1960) and the U.S. Bank Secrecy Act. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a "specified unlawful activity" such as distributing controlled substances which are illegal under federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA. The Company may also be exposed to the foregoing risks.
- In the event that any of the Company's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends in the foreseeable future, in the event that a determination was made that any such investments in the United States could reasonably be shown to constitute proceeds of crime, the Company may decide to, or be required to, suspend declaring or paying dividends without advance notice and for an indefinite period of time.

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- Third party service providers to the Company may withdraw or suspend their service under threat of prosecution. Since under U.S. federal law the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law, companies that provide goods and/or services to companies engaged in cannabis- related activities may, under threat of federal civil and/or criminal prosecution, suspend or withdraw their services. Any suspension of service and inability to procure goods or services from an alternative source, even on a temporary basis, that causes interruptions in the Company's operations could have a material and adverse effect on the Company's business.
- FDA regulation of medical-use cannabis and the possible registration of facilities where medical- use cannabis is grown could negatively affect the medical-use cannabis industry, which would directly affect our financial condition. Should the federal government legalize cannabis for medical-use, it is possible that the U.S. Food and Drug Administration (the "FDA"), would seek to regulate it under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations including certified good manufacturing practices, related to the growth, cultivation, harvesting and processing of medical cannabis. Clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where medical-use cannabis is grown register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, it is unknown what the impact would be on the medical-use cannabis industry, including what costs, requirements and possible prohibitions may be enforced. If the Company is unable to comply with the regulations or registration as prescribed by the FDA it may have an adverse effect on the Company's business, operating results and financial condition.
- The Company is likely subject to Section 280E of the Internal Revenue Code of 1986 because of our business activities and the resulting disallowance of tax deductions could cause us to incur more than anticipated U.S. federal income tax. Section 280E of the Internal Revenue Code of 1986 (the "Code") provides that, with respect to any taxpayer, no deduction or credit is allowed for expenses incurred during a taxable year "in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of Schedule I and II of the CSA) which is prohibited by federal law or the law of any state in which such trade or business is conducted." Because cannabis is a Schedule I controlled substance under the CSA, Section 280E by its terms applies to the purchase and sale of cannabis products and the Company is likely subject to Section 280E. If the Internal Revenue Service (the "IRS") were to take the position that the Company is primarily or vicariously liable under federal law for "trafficking" a Schedule I substance (cannabis) under section 280E of the Code or for any other violations of the CSA, the IRS may seek to apply the provisions of Section 280E to the Company and disallow certain ordinary tax deductions. If such tax deductions are disallowed it may increase the Company's effective tax rate and have an adverse effect on the Company's operating results and financial condition.
- The approach to the settlement of trades in Canada through CDS of issuers with cannabis-related activities in the United States may be subject to change or may not proceed as previously outlined. On February 8, 2018, CDS announced the signing of a Memorandum of Understanding ("MoU") with recognized Canadian equities exchanges outlining the parties' understanding of Canada's regulatory framework applicable to the rules and procedures and regulatory oversight of the exchanges and CDS. The MoU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. Accordingly, CDS will not ban the clearing of securities of issuers with marijuana-

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related activities in the United States. Although CDS will not implement policies that would result in the refusal to settle trades for cannabis issuers that have investments in the United States, individual stock exchanges in Canada retain the ability under certain circumstances, when applying listing requirements and rules related to issuers' compliance with applicable laws, to halt or delist an issuers' listed securities. The Company's ability to raise additional public and private capital may be at risk if it proceeds with the proposed revers-take-over transaction with Carpincho Capital Corporation and obtains a listing for its shares on any Canadian exchange, as contemplated in the transaction.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this Annual Management Discussion and Analysis on May 24, 2018.

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A CAUTIONARY NOTE

This document contains “forward-looking information” which may include, but is not limited to, statements with respect to the future financial or operating performance of the Corporation, its subsidiaries and its projects, the future supply, demand, inventory, production and price of minerals, the estimation of reserves and resources, the realization of reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters.

Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative 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 involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of resources; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the resource industry; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Corporation 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 to differ from those 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.

Respectfully submitted on behalf of the Board of Directors,

”Robert Groesbeck”

President & CEO

Schedule H

MANAGEMENT DISCUSSION AND ANALYSIS OF FINCO

See attached.

10653918 CANADA INC.**MANAGEMENT DISCUSSION & ANALYSIS FOR THE PERIOD FROM
INCORPORATION (FEBRUARY 27, 2018) TO MARCH 31, 2018****Introduction**

The following management discussion and analysis (“MD&A”) of the financial condition and results of the operations of 10653918 Canada Inc. (the “Company”) constitutes management’s review of the factors that affected the Company’s financial and operating performance for the period ended March 31, 2018. This discussion should be read in conjunction with the audited financial statements of the Company for the period from incorporation (February 28, 2018) to March 31, 2018, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company’s audited financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

Date

This MD&A is dated May 24, 2018 and is in respect of the period from incorporation (February 27, 2018) to March 31, 2018 and should be read in conjunction with the Company’s audited financial statements for the period from incorporation (February 28, 2018) to March 31, 2018. This MD&A was approved for release by the Company’s Board of Directors on May 24, 2018

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risk Factors” section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. 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 MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

10653918 Canada Inc. (the "Corporation") was incorporated under the Canada Business Corporations Act on February 27, 2018. The Corporation is a holding company that has been incorporated to facilitate a unit financing that is part of the proposed business combination of Carpincho Capital Corp and MM Development Company Inc. (refer to the Subsequent Events section of this MD&A)

The head office and the registered head office of the Corporation is located at 40 King Street West, Suite 2100, Scotia Plaza, Toronto, ON, M5H 3C2, Care of: Cassels Brock & Blackwell LLP.

On May 24, 2018 the Board of Directors approved the Financial Statements for the period from the date of incorporation (February 27, 2018) to March 31, 2018.

Overall Performance

The Company issued 100 common shares of the corporation for gross proceeds of \$1.00 on February 28, 2018 (the date of incorporation). No other activity took place during the period ended March 31, 2018.

As at March 31, 2018, the Company had assets of \$1 and shareholders' equity of \$1. This compares with assets of \$1 and shareholders' equity of \$1 on incorporation.

Overall Objective

For the remainder of the 2018 fiscal year, the Company plans to focus its efforts on the completion of the proposed transaction and financing. See "Subsequent Events".

Summary of Quarterly Results

During the period from incorporation to March 31, 2018 the Company did not carry out any activity, as such there is no summary of quarterly results.

Liquidity and Financial Position

As at March 31, 2018, the Company had cash of \$1, no liabilities and \$1 in shareholders' equity.

Transactions with Related Parties

For the period from incorporation to March 31, 2018, the Company did not enter into any transactions with related parties.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations or financial condition, including, without limitation, such considerations as liquidity, capital expenditures and capital resources that would be considered material to shareholders.

Proposed Transactions

As at the date hereof, the only proposed transaction of a material nature being considered by the Company is the transaction described in the Subsequent Events section of this MD&A.

Critical Accounting Estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. Information regarding significant areas of estimation, uncertainty and critical judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements relate to accrued liabilities and the recognition of deferred income taxes.

Capital Management

The Company includes equity, comprised of issued share capital, in the definition of capital. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its activities. To secure the additional capital necessary to pursue the transactions described in the Subsequent Event section of this MD&A, the Company may attempt to raise additional funds through the issuance of equity or debt.

There has been no change with respect to the overall capital risk management strategy during the period from incorporation to March 31, 2018.

Financial Instruments

The Company's financial instruments consisting of cash, approximate fair values due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest risk, currency or credit risks arising from these financial instruments.

Changes in Accounting Policies

The following standards have been issued but are not yet effective:

The Corporation has reviewed new and revised accounting pronouncements that have been issued

but are not yet effective. The Corporation is currently assessing the impact, if any, that these standards might have on its Financial Statements.

a) IFRS 16, Leases

In January 2016, the IASB issued IFRS 16. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. This standard is effective for annual reporting periods on or after 1 January 2019. Early adoption is permitted if IFRS 15 has also been adopted. Management is currently reviewing the impact that this standard will have on the Corporation's Financial Statements.

Risk Factors

At the present time, the Company does not hold any interest in an operating asset or business. The Company's viability and potential success lie in its ability to identify and successfully complete the merger with or acquisition of a suitable asset or business and, if completed, to develop, exploit and generate revenue out of such future asset or business. Management believes that the Company's ability to identify and complete a transaction will be greatly influenced by the strength of the capital markets. Markets that are robust and receptive to equity financings and initial public offerings are expected by management to be most favourable for the completion of a transaction. Revenues, profitability and cash flow from any future asset or business acquisition involving the Company is difficult to predict and will be influenced by factors unknown to management at the present time. The Company has limited financial resources and, although the Company has completed a recent financing, there is no assurance that additional funding will be available to it. Failure to obtain such additional financing could result in the Company not being able to meet its general and administrative expenses and could delay or indefinitely postpone the identification of suitable assets or business or the completion of a transaction once a suitable asset or business has been identified.

On April 26, 2018, the Company entered into the agreements described the Subsequent Events section of this MD&A. The proposed transaction is subject to a number of conditions precedent, the satisfaction of which is uncertain. If the proposed transaction is not completed, the Company may incur significant costs associated with the failed implementation of the transaction.

Disclosure of Outstanding Share Data

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

Designation of Securities	Number or Principal Amount Outstanding	If Convertible, Exercisable or Exchangeable for Common Shares, Maximum Number of Common Shares Issuable
Common Shares	100	N/A
TOTAL (maximum number of Common Shares - fully-diluted)		100

Disclosure of Internal Controls

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the audited financial statements for the period from incorporation to March 31, 2018 do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim condensed financial statements, and (ii) the audited financial statements for the period from incorporation to March 31, 2018 fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

Subsequent Events

On April 26, 2018, in connection with a proposed transaction between the Corporation, Carpincho Capital Corp. ("Carpincho") and MM Development Corporation ("MMDC"), (the "Proposed Transaction"), the Corporation completed a private placement of subscription receipts (the "Subscription Receipts") at a price of C\$0.80 (the "Offering Price") per Subscription Receipt for gross proceeds of C\$22,575,600 (the "Offering"). A total of 24,760,750 Subscription Receipts were sold pursuant to a brokered offering (the "Brokered Offering") conducted by a syndicate of agents (the "Agents") co-led by Beacon Securities Limited ("Beacon") and Canaccord Genuity Corp. and including Haywood Securities Inc. for gross proceeds of C\$19,808,600. The Corporation also completed a concurrent non-brokered offering of 3,458,750 Subscription Receipts for gross proceeds of C\$2,767,000 on April 26, 2018. On May 18, 2018 FINCO completed a second tranche of its non-brokered offering, issuing 3,226,300 Subscription Receipts for gross proceeds of C\$2,581,040. On May 23 FINCO completed a third tranche of its non-brokered offering, issuing 12,500 Subscription Receipts for gross proceeds of C\$10,000. To date the Offering has raised gross proceeds of C\$25,166,640. In addition, the Corporation has realized C\$180,668 in gains on the conversion of USD proceeds received into Canadian Dollars. The total value of gross proceeds received, including the conversion gain, was C\$25,347,308.

On April 26, 2018, Carpincho also entered into: (i) a definitive share exchange agreement with MMDC, Inc. and its shareholders, providing for the acquisition (the "Acquisition") of all of the outstanding shares of MMDC, Inc. by Carpincho in exchange for shares of Carpincho following a consolidation of the outstanding common shares of Carpincho on the basis of 0.875 consolidated common shares for every one (1) outstanding common share (the "Consolidation"); and (ii) a definitive agreement with the Corporation and a wholly-owned subsidiary of Carpincho ("Subco"), providing for the amalgamation of Subco and the Corporation to be completed following the completion of the Acquisition.

Each Subscription Receipt entitles the holder to receive, upon satisfaction of the Escrow Release Conditions (as defined below) on or before the Escrow Release Deadline (as defined below), and without payment of additional consideration, one unit in the capital of the Corporation (a "Unit"). Each Unit shall consist of one common share (a "Common Share") and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant") of the Corporation, which Units shall be exchanged, without further consideration, for one Unit in the capital of Carpincho, following the Consolidation and upon the completion of the Proposed Transaction (the "Resulting Issuer"). Following the exchange for Units of the Resulting Issuer, each Warrant of the Resulting Issuer (a "Resulting Issuer Warrant") shall entitle the holder thereof to acquire one common share of the Resulting Issuer (a "Resulting Issuer Share") at a price of \$1.40 for a period of 24 months following the satisfaction of the Escrow Release Conditions.

The Subscription Receipts were issued pursuant to a subscription receipt agreement (the "Subscription Receipt Agreement") among the Corporation, Beacon (on behalf of the Agents), MMDC and Odyssey Trust Company (the "Subscription Receipt Agent"). Pursuant to the Subscription Receipt Agreement, the proceeds from the Offering, less certain expenses incurred in connection therewith (the "Escrowed Funds"), have been placed into escrow pending satisfaction of the following conditions: (i) written confirmation from each of Carpincho, MMDC and the Corporation that all conditions of the completion of the Proposed Transaction have been satisfied or waived, other than release of the Escrowed Funds, the Commission (as defined below) and any remaining expenses of the Agents, and that the Proposed Transaction shall be completed upon release of the Escrowed Funds; (ii) the receipt of all shareholder and regulatory approvals required for the Proposed Transaction; (iii) the distribution of the Resulting Issuer Shares and Resulting Issuer Warrants to be issued in exchange for the Common Shares and Warrants pursuant to the Amalgamation following the satisfaction of the Escrow Release Conditions, being exempt from applicable prospectus and registration requirements of applicable Canadian securities laws and not subject to any hold or restricted period thereunder; (iv) the Resulting Issuer Shares and the Resulting Issuer Shares underlying the Resulting Issuer Warrants being conditionally approved for listing on the Canadian Securities Exchange; and (v) the Corporation and Beacon (on behalf of the Agents), having delivered a release notice to the Subscription Receipt Agent in accordance with the terms of the Subscription Receipt Agreement (collectively, the "Escrow Release Conditions").

Should the Escrow Release Conditions not be satisfied or waived on or before July 25, 2018 (the "Escrow Release Deadline"), or if the Proposed Transaction is not completed, the Subscription Receipts will be cancelled, and the Escrowed Funds will be returned to subscribers together with any interest earned thereon (a "Refund Event"). To the extent there is any shortfall in the event of a Refund Event, the Corporation and MMDC will provide sufficient funds to offset any such shortfall.

In connection with the Brokered Offering, the Agents are entitled to be paid a cash commission of 6% of the gross proceeds of the Brokered Offering (the "Commission"), which will be paid out of the Escrowed Funds upon escrow release. In addition, the Corporation issued to the Agents an aggregate of 1,485,645 compensation options ("Compensation Options"). Each Compensation Option is exercisable into one Common Share at the Offering Price for a period of 24 months following the satisfaction of the Escrow Release Conditions. The Compensation Options shall be exchanged for compensation options of the Resulting Issuer on an equivalent basis upon completion of the Proposed Transaction.

Assuming the Escrow Release Conditions are satisfied, the net proceeds from the Offering shall be used by the Resulting Issuer to: (i) fund the construction of a new medical and recreational cannabis dispensary near the Las Vegas strip; (ii) to construct a greenhouse complex for the cultivation and production of cannabis and cannabis-related products in Beatty, Nevada; and (iii) for working capital and general corporate purposes.

Upon completion of the Proposed Transaction it is expected that the shareholders of Carpincho will hold approximately 3.9% of the equity of the Resulting Issuer, purchasers in the Offering will hold approximately 28.4% of the equity of the Resulting Issuer, and the former shareholders of MMDC, Inc. will hold approximately 67.7% of the equity of the Resulting Issuer and the shareholders of the Company will hold less than 0.01% of the equity of the Resulting Issuer.