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**FRIDAY NIGHT INC.**

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**Listing Statement**

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**June 12, 2017**

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## INTRODUCTION

This Listing Statement (the "**Listing Statement**") is furnished in connection with the proposed listing by and on behalf of the management of QuikFlo Health Inc. ("**QuikFlo**" or the "**Company**").

All capitalized terms used in this Listing Statement but not otherwise defined herein have the meanings set forth under "**Glossary of Terms**". Information contained in this Listing Statement is given as of April 15, 2017 unless otherwise specifically stated.

**All share amounts herein reflect the recent two for one share consolidation except where indicated otherwise.**

## CAUTION REGARDING BUSINESS

The Company operates in the Medical Marijuana and retail CBD-infused Products industries in the United States, and anticipates entering the Recreational Marijuana Industries in the United States as early as July of 2017. The Company is exploring opportunities in the Medical Marijuana industry in other jurisdictions. A majority of U.S. States have recently legalized Medical Marijuana. Eight U.S. States have further legalized the recreational use of marijuana. THC and marijuana remain a controlled Schedule 1 drug under U.S. Federal Law although the federal government's position has been not to enforce these laws in states that have regulations in place. The Company's objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the THC and marijuana industry as well as the developing market for non-regulated industrial hemp and CBD Infused Products market in the United States.

This Filing Statement related to the business of an entity that indirectly derives or plans to derive a substantial portion of its revenues by growing, selling, packaging, and marketing other inputs to the recreational marijuana industry in certain U.S. States, which industry is not currently legal in Canada.

CBD-Infused Products (such as food and consumer items infused with certain non-psychoactive components of hemp, a member of the marijuana family) are currently not legal for sale in Canada (only the sale of dried marijuana plants for medical use are legal in Canada). The Company's CBD-Infused Products segment is solely focused on the U.S. States where CBD-Infused Products are permitted by state law and regulation when shown to be derived from industrial hemp, legal for nationwide distribution. Under the Controlled Substance Act (the "**CSA**"), the policies and regulations of the United States Federal Government and its agencies are that THC and cannabis has a high potential for abuse, no accepted medical benefit and a lack of safety for the use of the drug under medical supervision. A range of activities including cultivation and the personal use of cannabis is prohibited, unless and until the United States Congress amends the CSA with respect to THC and marijuana. The timing or scope of any such potential amendments are not assured and there is a risk that federal authorities may enforce current federal law, and the business of the Company may be deemed to be producing, cultivating or dispensing THC or marijuana in violation of federal law in the United States.

There are a number of risks associated with the business of the Company. See section entitled "**Risk Factors**" for a detailed list of all relevant risk factors, including "- Non-compliance with federal, provincial or state laws and regulations, or the expansion of current, or the enactment of new laws or regulations, could adversely affect the Company's business". The Company may become subject to additional government regulation and legal uncertainties that could restrict the demand for its services or increase its cost of doing business, thereby adversely affecting its financial results", "- Regulatory Risks and Permits", "- U.S. Federal Laws" and " - Enforcement Risks."

## FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements in this Listing Statement may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results,

performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this Listing Statement, such statements use such words as "will", "may", "could", "Intends", "potential", "plans", "believes", "expects", "projects", "estimates", "anticipates", "continue", "potential", "predicts" or "should" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this Listing Statement. Forward-looking statements include, among others, statements with respect to:

- the Company's expected future losses and accumulated deficit levels;
- the requirement for, and the Company's ability to obtain, future funding on favourable terms or at all;
- market competition and agricultural advances of competitive products;
- the Company's expectations regarding the timing for availability of the Company's products and acceptance of its products by the market;
- the Company's expectations regarding the progress and the successful and timely completion of the various stages of the licensing process;
- the Company's strategy to develop new products and to enhance the capabilities of existing products;
- the Company's dependence on expanding its production and customer base;
- the Company's plans to market, sell and distribute its products;
- the Company's plans in respect of strategic partnerships for research and development;
- the Company's plans to retain and recruit personnel; and
- the Company's strategy with respect to the protection of its intellectual property.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under "**Risk Factors**". Although the forward-looking statements contained in this Listing Statement are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements and should not be unduly relied upon by investors. These forward-looking statements are made as of the date of this Listing Statement. A number of factors could cause actual events, performance or results, including those in respect of the foregoing items, to differ materially from the events, performance and results discussed in the forward-looking statements. Factors that could cause actual events, performance or results to differ materially from those set forth in the forward-looking statements include, but are not limited to:

- the extent of future losses;
- the ability to obtain the capital required to fund development and operations;
- the development and growth of the medical marijuana industry in general;
- the ability to capitalize on changes to the marketplace;

- the ability to comply with applicable governmental regulations and standards;
- the ability to develop and commercialize Medical Marijuana and Recreational Marijuana in the United States;
- the ability to attract and retain skilled and experienced personnel;
- the impact of changes in the business strategies and development priorities of strategic partners;
- the impact of legislative changes to the Medical Marijuana and Recreational Marijuana regulatory process;
- general public acceptance of the marijuana industry;
- the impact of changes in the number of marijuana users in the United States;
- the yield from agricultural operations producing the Company's products;
- the ability to obtain patent protection and protect the Company's intellectual property rights and not infringe on the intellectual property rights of others;
- stock market volatility; and
- other risks detailed from time-to-time in the Company's ongoing quarterly and annual filings with applicable securities regulators, and those which are discussed under the heading "**Risk Factors**".

Readers should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Readers are cautioned that the foregoing lists of factors are not exhaustive. Each of the forward-looking statements contained in this Listing Statement are expressly qualified by this cautionary statement. The Company expressly disclaims any obligation or responsibility to update the forward-looking statements in this Listing Statement except as otherwise required by applicable law.

## DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Listing Statement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Norton Rose Fulbright Canada LLP, counsel to the Company at 3700, 400 – 3<sup>rd</sup> Ave SW Calgary, Alberta T2P 4H2, e-mail rick.skeith@nortonrosefulbright.com. Copies of the documents incorporated herein by reference are also available at www.sedar.com.

The following documents of the Company, filed with the various provincial securities commissions or similar authorities in Canada, are specifically incorporated into and form an integral part of this Listing Statement:

- the audited financial statements of the Company together with the independent auditors' report thereon and the notes thereto as at and for the years ended July 31, 2016 and 2015 (the "**Annual Financials**");
- the management's discussion and analysis of the financial condition and operations of the Company for the year ended July 31, 2016 (the "**Annual MD&A**");
- the unaudited interim financial statements of the Company together with the notes thereto as at and for the six-month period ended January 31, 2017 and 2016 (the "**Interim Financials**");
- the management's discussion and analysis of the financial condition and operations of the Company for the six-month period ended January 31, 2017 (the "**Interim MD&A**");
- the information circular dated November 28, 2016 in connection with the annual and special meeting of shareholders of the Company held December 29, 2016 (the "**Information Circular**"); and
- the information circular dated September 30, 2015 in connection with the special meeting of shareholder of the Company held on October 30, 2015 in respect of the acquisition of QuikFlo Technologies Inc. (the "**Acquisition Circular**");
- the material change report dated February 6, 2017 in respect of the Company's entering into a letter of intent to acquire a US company that has agreements to acquire a 91% interest in both a Nevada-based medical THC and marijuana production company and a related Nevada-based hemp and CBD-Infused Products company and a connected private placement (the "**New Business MCR**");
- the material change report dated June 9, 2016 in respect of changes to the Company's board and management team (the "**Board MCR**"); and
- the business acquisition report dated January 19, 2016 in respect of the acquisition of QuikFlo Technologies Inc. (the "**Business Acquisition Report**").

## GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Listing Statement, including the Appendices attached hereto.

"**1080034 Shareholders**" means the holders of common shares of 1080034;

"**1080034 Shares**" means all of the issued and outstanding common shares of 108034;

"**1080034**" means 1080034 BC Ltd., a corporation incorporated under the BCBCA;

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"**AMA**" means Alternative Medicine Association LLC, a Nevada limited liability company;

"**Applicable Canadian Securities Laws**" means, collectively, and as the context may require, the applicable securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, orders and policies published and/or promulgated thereunder, as such may be amended from time to time;

"**BC Acquisition**" means the acquisition of 1080034 pursuant to which the 1080034 Shareholders will receive the BC Consideration Shares;

"**BC Consideration Shares**" means 45,175,001 Common Shares to be issued to the 1080034 Shareholders pursuant to the PSA on closing of the BC Acquisition;

"**BC Letter of Intent**" means the letter of intent dated January 31, 2017 between the Company and 1080034 outlining the terms of the BC Acquisition;

"**BCBCA**" means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder;

"**Board of Directors**" or "**Board**" means the board of directors of the Company as it may be comprised from time to time;

"**Cash Purchase Price**" means a cash payment to the Members in the amount of US\$3.4 million pursuant to the MIPSAs on closing of the Nevada Acquisition;

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

"**CBD-Infused Products Segment**" means the Company's business segment focused on developing and acquiring products (including formulae and recipes), and brands for its CBD-Infused Products lines;

"**CBD-Infused Products**" means products infused with Hemp based CBD for medical, therapeutic or recreational adult use in jurisdictions where permitted by the applicable regulatory authorities that are intended for use or consumption other than by smoking, including but not limited to edible products, topical, dietary supplements, cosmetics, tinctures, sauces, vaporizer pen cartridges, drink additives, baking items and sweeteners;

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

"**Cole Memo**" means the memorandum dated August 29, 2013 addressed to "All United States Attorneys" from James M. Cole, Deputy Attorney General of the United States;

**"Commissions"** means the commissions paid to certain arm's length finders in connection with the Nevada Acquisition consisting of 1,500,000 Common Shares;

**"Common Shares"** means the common shares in the capital of the Company;

**"Company"** means Friday Night Inc., formerly Qulkflo Health Inc., a corporation incorporated under the ABCA;

**"CSE"** means the Canadian Securities Exchange;

**"DHHS"** means the State of Nevada's Department of Health and Human Services, under the Executive Branch of the State of Nevada, which is charged with promoting the health and well-being of Nevada residents.

**"DPBH"** means the State of Nevada's Division of Public and Behavioral Health of the DHHS, whose mission is to protect, promote and improve the physical and behavioral health of the people of Nevada.

**"Duran Option Agreement"** means an option agreement dated effective March 10, 2010 among the Company, Duran and its subsidiary Minera Aguila de Oro SAC;

**"Duran Property"** means certain mineral claims comprising a prospective gold property known as the Corongo Property in Peru;

**"Duran"** means Duran Ventures Inc. an arm's length resource Company focused on the exploration and development of copper, precious metal and polymetallic deposits in Peru;

**"Expiry Date"** means the expiry date of the Unit Warrants, being 24 months from the Closing Date; provided that if the Common Shares trade on the CSE at a price of \$0.25 or more for a period of 10 consecutive trading days, the Company may accelerate the Expiry Date to a date no less than 30 days from a press release advising of the same;

**"FinCEN"** means the Financial Crimes Enforcement Network, a bureau of the United States Department of the Treasury, that collects and analyzes information about financial transactions in order to combat domestic and international money laundering, terrorist financing and other financial crimes;

**"Finder's Commission"** means the cash commission of 8% of the aggregate gross proceeds from the sale of the Units pursuant to the Private Placement in the case of subscribers sourced by the Finders to be paid to the Finders by the Company on the Closing Date;

**"Finders"** means arm's length finders of subscribers under the Private Placement in accordance with applicable law;

**"FN Management Services"** means a wholly-owned subsidiary of the Company incorporated under Nevada law;

**"FN Pharmaceuticals"** means a wholly-owned subsidiary of the Company incorporated under Nevada law;

**"GAAP"** means Canadian generally accepted accounting principles;

**"Green Power Assets"** means those electrical power generating assets being acquired in conjunction with the Nevada Acquisition;

**"Hemp"** means the variety of industrial hemp from cannabis sativa plants that does not contain more than 0.3% THC.



**"IMPISA"** means the membership interest purchase and sale agreement pursuant to which the Company, through its wholly-owned subsidiary following the BC Acquisition, 1080034, will acquire the infused Membership Interest in exchange, in part, for Cash Purchase Price and the Nevada Consideration Shares;

**"Infused"** means Infused Mfg LLC, a Nevada limited liability company;

**"Infused Members"** means Morgan Rebentisch, Chris Rebentisch, E. Mark Zobrist, Elissa Wyrick and Scott Stutridge;

**"Infused Membership Interest"** means a 91 percent interest in Infused;

**"License"** means a license obtained by operators, from applicable U.S. State authorities to sell or manufacture marijuana, or CBD-Infused Products. See *"The Business - Marijuana-Infused Products Segment – Regulatory Regimes"*;

**"Licensed Operators"** means a business or an individual which holds a valid License under applicable regulation in the respective U.S. State;

**"Marijuana Concentrate"** means a specific subset of marijuana that is produced by extracting cannabinoids from marijuana by a method including solvents such as butane or propane, or by other extraction methods including but not limited to use of water, ice, dry ice or propylene glycol, glycerin, butter, olive oil or other typical cooking fats;

**"marijuana"** means all parts of the plant of the genus cannabis, the seeds thereof, the resin extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or its resin. "Marijuana" does not include industrial Hemp, nor does it include fiber produced from stalks, oil, or cake made from the seeds of the plant, sterilized seed of the plant which is incapable of germination, or the weight of any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other product;

**"Medical Marijuana"** means marijuana that is grown and sold to approved, medical patients pursuant to applicable State specific laws and regulations for medical purposes (as opposed to recreational purposes);

**"Medical Marijuana Establishment"** or **"MME"** means a business or an individual in the State of Nevada which is licensed as a Cultivator or a Producer or a Laboratory or a Retail Dispensary which is authorized to perform that specific function within the marijuana industry in the State of Nevada.

**"Medical Segment"** means the Company's business segment focused on serving the end users of Medical Marijuana in the United States, currently comprised of the Retail Business;

**"Members"** means E. Mark Zobrist, John C. Goss, Jay S. Harrison, Dave B. Churchill and Clifford N. Jones, the holders of membership interests in AMA;

**"Membership Interest"** means a 91 percent membership interest in AMA;

**"MIPSA"** means the membership interest purchase and sale agreement pursuant to which the Company, through its wholly-owned subsidiary, will acquire the Membership Interest in exchange for Cash Purchase Price and the Nevada Consideration Shares;

**"Nevada Acquisition"** means the proposed acquisition of Membership Interest and Infused Interest pursuant to the MIPSA and IMIPSA;

**"Nevada Consideration Shares"** means 60,000,000 Common Shares to be issued to the AMA Members and 2,000,000 Common Shares to be issued to the Infused Members pursuant to the MIPSA and IMIPSA on closing of the Nevada Acquisition;

**"Nevada Letter of Intent"** means the letters of Intent dated January 24, 2017 between the 1080034 and Members of AMA and Infused, outlining the terms of the Nevada Acquisition;

**"New Employee Agreements"** means the employment agreements between AMA and each of E. Mark Zobrist, Paul Churchill and Benjamin Horner and between Infused and each of Chris and Morgan Rebentisch;

**"Operating Agreement"** means the operating agreements between AMA and its members and Infused and its members pursuant to which the Purchaser and Members will set forth their respective rights and obligations in connection with the management, incentives, and future operations of AMA and Infused;

**"Option Plan"** means the Company incentive stock option plan;

**"Options"** means all outstanding options granted pursuant to the Option Plan;

**"Private Placement"** means the private placement of up to 100,000,000 Units at a price of \$0.075 per Units for aggregate gross proceeds of \$7.5 million;

**"PSA"** means the purchase and sale agreement between 1080034 Shareholders and the Company pursuant to which the Company will complete the BC Acquisition;

**"Recreational Marijuana"** means marijuana that is grown and sold recreationally to adults over the age of 21, pursuant to applicable State specific laws and regulations;

**"Residency Requirement"** means a requirement imposed by the regulatory authorities of the respective U.S. State, requiring Licensed Operators (or their shareholders) to be residents of that U.S. State;

**"Retail CBD-Infused Product"** means products that are comprised of Hemp, CBD from Hemp and other ingredients, and are intended for use or consumption, such as, but not limited to, edible products, ointments, and tinctures.

**"Retail Dispensary"** means a licensed MME that sells Retail Marijuana to adult, retail customers.

**"Retail Marijuana"** means marijuana that is cultivated, manufactured, distributed, or sold by a licensed Marijuana cultivation facility or a licensed Marijuana products manufacturing facility to a licensed Retail Dispensary for re-sale to adult, retail customers. "Retail Marijuana" does not include industrial hemp, nor does it include fiber produced from stalks, oil, or cake made from the seeds of the plant, sterilized seed of the plant which is incapable of germination, or the weight of any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other product;

**"Royalty Producers"** means Licensed Operators that have entered into royalty agreements with the Company in respect to the Company's brands, recipes and know-how;

**"Securities Act"** means the *Securities Act* (Alberta);

**"SEDAR"** means the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com);

**"Shareholders"** means the holders of Common Shares;

**"subsidiary"** has the meaning ascribed thereto in the Securities Act (and shall include all trusts or partnerships directly or indirectly owned by QuikFlo);

**"Tax Act"** means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

**"THC"** means Tetrahydrocannabinol, the principal psychoactive constituent of the cannabis plant;

**"TSXV"** means the TSX Venture Exchange Inc.;

**"U.S."** means the United States of America;

**"U.S. State"** or **"State"** means one of the 50 constituent political entities of United States of America that shares its sovereignty with the United States federal government;

**"Unit Warrant"** means a Common Share purchase warrant comprising the Units, each whole Unit Warrant entitling the holder thereof to acquire one additional Common Share at \$0.30 per Common Share at any time prior to the Expiry Date;

**"Unit"** means the Units offered pursuant to the Private Placement, each Unit consisting of one Common Share and one-half of one Unit Warrant;

**"Valuation Date"** means March 31, 2017; and

**"Valuation Opinion"** means that independent valuation of 1080034 as of March 31, 2017 prepared by Christopher Gulka, CPA, CA, CFA of Working Capital Corporation.

## CORPORATE STRUCTURE

Friday Night Inc. ("**Friday**" or the "**Company**") is a life sciences company engaged in the growth, production and distribution of Medical Marijuana and Recreational Marijuana in the United States, businesses which it will acquire through the BC Acquisition and the Nevada Acquisition. The Company is also engaged in the commercialization of an automated triage diagnostic imaging tool being developed for the triage of stroke patients.

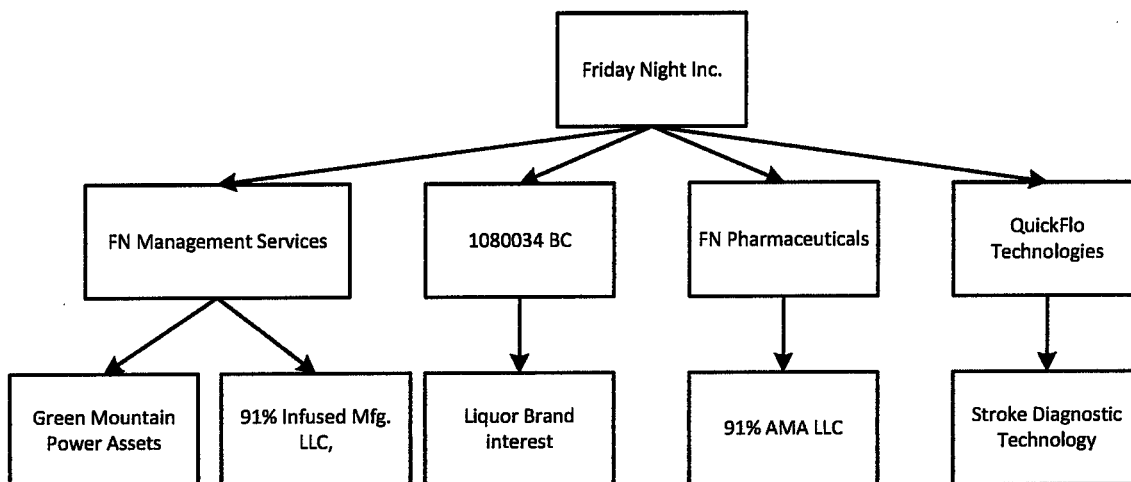
The Company was incorporated under the ABCA on January 29, 2008 and completed its initial public offering on July 10, 2008 as a capital pool company. On October 14, 2010, the Corporation changed its name from "LeBoldus Capital Inc." to "Viper Gold Ltd". On November 23, 2015, Viper Gold Ltd., completed the acquisition of QuikFlo Technologies Inc., a private Alberta company, and filed articles of amendment to change its name to "QuikFlo Health Inc." QuikFlo Technologies Inc. holds intellectual property that is being developed into an automated diagnostic tool which interprets computerized tomography scans of ischemic stroke patients and provides recommended treatment options to attending physicians.

The Company is a reporting Issuer or the equivalent thereof in Alberta, British Columbia, Saskatchewan and Ontario. The Common Shares are listed and posted for trading on the CSE under the trading symbol "TGIF". In 2007, the Company's principal business activities changed from acquiring and developing oil and gas properties in central United States and Canada to acquiring and developing mining properties in Canada. In 2015 the Company's principal business changed to the development and commercialization of an automated triage diagnostic imaging tool to be developed for the triage of stroke patients. To date the Company has not generated revenues from its operations.

In conjunction with completion of the BC Acquisition and the Nevada Acquisition, the Company changed its name to "Friday Night Inc." on June 12, 2017 and consolidated its share on a 2 old for 1 new share basis.

The head and principal office of the Company is located at Suite 734 – 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1B1 and its registered office is located at Suite 3700, 400 – 3rd Avenue S.W., Calgary, Alberta T2P 4H2.

## PROPOSED CORPORATE STRUCTURE, POST CLOSING



## GENERAL DEVELOPMENT OF THE BUSINESS

### History

The Company completed its IPO of 1,000,000 Common Shares at a price of \$0.20 per share on July 10, 2008, and the Common Shares commenced trading on the TSXV on July 25, 2008 under the trading symbol "LEB.P".

On March 17, 2010, the Company entered into the Duran Option Agreement which provided the Company with the right to acquire a 50% interest in the Duran Property. The Company and Duran amended the Duran Option Agreement effective June 22, 2010 to extend the outside date of closing to October 24, 2010 and to modify the payment schedule of exploration expenditures. In addition, the Duran Option Agreement was amended such that the Company became operator of the project. The Duran Option Agreement was amended effective August 5, 2010 to further modify the payment schedule of exploration expenditures.

The Duran transaction constituted the Qualifying Transaction of the Company pursuant to the applicable policies of the TSXV. On August 17, 2010, the Company closed its Qualifying Transaction pursuant to which it acquired the option to acquire a 50% interest in the Duran Property.

At the Company's annual and special meeting of shareholders held October 14, 2010, shareholders voted in favour of the name change from "LeBoldus Capital Inc." to "Viper Gold Ltd" and the Common Shares began trading under the symbol VPR.

On March 3, 2014, the Company entered into a conditional termination agreement with Duran which would effectively terminate the joint operating agreement between the Company and Duran resulting in the disposition of the Company's 50% interest in the Duran Property for net proceeds to the Company of approximately US\$200,000. The disposition constituted a reviewable disposition as defined in Policy 5.3 – Acquisitions and Dispositions of Non-Cash Assets of the Exchange. At the annual and special meeting of shareholders held on April 25, 2014, the Company's shareholders approved the disposition of the Duran Property and on May 8, 2014, the Company completed the disposition.

To avoid being transferred to the NEX board of the TSXV (the "NEX"), the Company was required to file an application with the TSXV in respect of a transaction that would have enabled it to meet continued listing requirements by July 30, 2014. As the Company was unable to identify a transaction that would enable it to meet continued listing required under the policies of the TSXV, on the opening of trading on August 15, 2014, the Company's stock exchange listing was transferred to the NEX under the symbol VPR.H.

On February 17, 2015, the Company completed a ten (10) for one (1) share consolidation, such that a holder of ten (10) then issued and outstanding Common Shares received one (1) new Common Share. The 18,272,000 Common Shares then issued and outstanding were consolidated into 1,827,200 new Common Shares.

On September 1, 2015, the Company entered into a share purchase agreement among the Company, QuikFlo Technologies Inc. and the shareholders of QuikFlo Technologies Inc. whereby the Company agreed to acquire all of the issued and outstanding shares of QuikFlo Technologies Inc., from its shareholders, in exchange for the issuance of Common Shares, on the basis of 30,000 Common Share for each one share in QuikFlo Technologies, issuing an aggregate of 30,000,000 Common Shares at a deemed price of \$0.10 per Common Share. See the "**Acquisition Circular**" and the "**Business Acquisition Report**" incorporated by reference herein for more information regarding the acquisition of QuikFlo Technologies Inc. Upon completion of the acquisition, QuikFlo Technologies Inc. became a wholly-owned subsidiary of the Company.

On February 6, 2017, the Company announced its intention to complete the BC Acquisition, the Nevada Acquisition and the Private Placement.

As at June 12, 2017, the Company's issued and outstanding voting shares consisted of 61,088,462 Common Shares, having issued 26,661,877 Units of the Private Placement to the date hereof.

### **Medical Technologies**

For information regarding the Company's automated triage diagnostic imaging tool, please see the Acquisition Circular, the Business Acquisition Report and the other documents incorporated by reference into this Listing Statement that are available on [www.sedar.com](http://www.sedar.com). The Company has made some progress in the development of this software, and is in discussions with possible development partners for this technology.

### **Medical and Recreational Marijuana**

On February 6, 2017, the Company announced that it had signed the BC Letter of Intent and the arms-length Nevada Letter of Intent, whereby it will complete the BC Acquisition, the Nevada Acquisition and the Private Placement, subject to regulatory approval.

The medical marijuana industry in North America is undergoing massive changes as a result of the legalization and regulation of Medical Marijuana, and in some US states, of Recreational Marijuana. As of the 2016 U.S. Federal election, Nevada, California, Maine and Massachusetts joined Alaska, Oregon and Washington as states where recreational marijuana is now legal. Medical marijuana is legal under State Law in 28 states. Despite recent opinions by several individuals in the newly-elected Trump administration, Nevada, along with other US States who have approved recreational use of marijuana, is moving ahead with its implementation of the 2016 approved measure to license to permit the sale of Recreational Marijuana to adult users. The Nevada Department of Taxation has announced its intent to begin accepting applications exclusively from those already licensed as an MME, with projected temporary approvals to be effective as early as July of 2017.

AMA is located in Las Vegas, Nevada which hosts over 45 million visitors per year. Nevada's recent approval of the recreational use of Retail Marijuana should increase the local market for both recreational and medicinal cannabis use. The Nevada Acquisition will result in the Company acquiring a 12,000 sq. ft. licensed Medical Marijuana cultivation and production facility and packaging center. In addition, the Company will acquire a Nevada based start-up company that develops and markets Hemp based CBD-Infused Products for sales across the United States.

### **The BC Acquisition and the Nevada Acquisition**

The Company has entered into definitive agreements with 1080034, and with AMA and Infused pursuant to the BC Letter of Intent and the Nevada Letter of Intent. The transactions are subject to financing and regulatory approval. There is no certainty that such transactions will close in a timely manner, or at all.

### ***The BC Acquisition***

The BC Amalgamation Agreement contemplates the acquisition by the Company of all of the issued and outstanding shares of 1080034 pursuant to which the 1080034 Shareholders will receive Common Shares in exchange for their 1080034 Shares. The Company will issue 45,175,000 Common Shares to the 1080034 Shareholders on a one for two basis. 11,900,000 warrants and 20,900,000 options of 1080034 will be converted on a two for one basis. These exchanged warrants expire 1 year from closing, at \$0.20, subject to an acceleration event in the case shares trade for \$0.40 for 7 consecutive trading days. 20,900,000 options exercisable at \$0.075 for a period of 5 years will be exchanged for 10,350,000 options of the Company exercisable at \$0.15 for 5 years. Upon closing of the BC Acquisition and the

Nevada Acquisition, the board of directors of the Company has changed to consist of Brayden R. Sutton, Brian Keane and D. Richard Skeith. See "**Directors and Officers**" below.

This is a non-arm's length transaction, but N161-101 did not apply because at the time the BC Letter of Intent, the Company was insolvent. Notwithstanding that, The Company has engaged an independent third party to provide the Valuation Opinion, which is set out below.

### ***Additional Information on 1080034 BC***

#### ***The Nevada Acquisition***

Concurrent or before the closing of the BC Acquisition, the Company will complete the Nevada Acquisition. The Nevada Letter of Intent contemplates the acquisition of the Membership Interest pursuant to the MIPSA. 1080034 has delivered a refundable deposit to the Members in the amount of USD\$100,000 in accordance with the terms of the Nevada Letter of Intent. The Members will receive 30,000,000 Common Shares and the Cash Consideration. The Company will provide a loan in the amount of USD\$500,000 within 5 days of closing of the Nevada Acquisition.

In addition, in relation to the closing of the Nevada Acquisition, the Company, through a wholly-owned Nevada subsidiary, will enter into the New Employment Agreements and the Operating Agreement on terms and conditions customary for agreements of this nature.

The Infused Letter of Intent contemplates that acquisition of the Infused Membership Interest pursuant to the IMIPSA. 1080034 has delivered a non-refundable deposit of USD\$10,000 in accordance with the terms of the Infused Letter of Intent. The members will receive 1,000,000 Common Shares and the cash consideration of \$300,000 for the transfer of the Infused Membership Interest. Additionally, the Company will provide a working capital loan to Infused in the amount of USD\$200,000.

### **VALUATION OPINION**

The board of the Company engaged Working Capital Corporation ("**WCC**") and Christopher Gulka CPA (CA), CFA to provide an independent valuation of the fair market value of 1080034.

The following is a summary of the report dated June 12, 2017, a copy of which is attached hereto as Schedule A.

In the independent Valuation Opinion, fair market value is defined as the highest price available in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act, expressed in terms of cash.

#### **Valuation Methodology**

Having regard to relative new and developing industry of the marijuana section, it is WCC's view that a market or sales comparison approach is the most appropriate basis to derive the range of fair market value of 1080034.

The valuations looked at the value of each of the 4 assets of 1080034 – existing working capital of \$850,000, the Liquor Brand Interests, and the value of each of the purchase agreements with AMA and Infused.

WCC undertook a market approach (or sales comparison approach) of 1080034 in order to assess its value. This involved a review of comparable public companies as well as a review of market transactions in the industry.

Based on and subject to all of the foregoing, WCC is of the opinion that the fair market value of 1080034, at the Valuation Date, is in the range of \$4.11 million to \$5.52 million, with an average value of \$4.87 million.

	<b>Low</b>	<b>High</b>	<b>Average</b>
Redundant Assets (Working Capital)	\$850,000	\$850,000	\$850,000
Liquor Brand interests	\$1,460,000	\$1,770,000	\$1,620,000
Value of Nevada Acquisition	\$1,800,000	\$2,900,000	\$2,400,000
<b>Total Value (rounded)</b>	<b>\$4,110,000</b>	<b>\$5,520,000</b>	<b>\$4,870,000</b>

### **Restrictions**

The purpose of the Valuation Opinion will be to provide a valuation on 1080034 for submission by the Company to the CSE, and to support the value of the exchange of shares of The Company for acquisition of 1080034.

This Valuation Opinion is intended for the purpose stated above and, in particular, is based on assumptions as to results that could reasonably be expected at the Valuation Date. It is not to be the basis of any subsequent valuation of this Company and is not to be reproduced or used other than for the purpose of this valuation analysis without prior written permission in each specific instance from Working Capital Corporation. If this valuation is filed with CCRA or with any entity beyond the scope as stated above, it must be explicitly understood that such filing is without consent. Working Capital Corporation disclaims any responsibility or liability for losses occasioned to any parties as a result of the circulation, publication, reproduction or use of this Report as well as to its use contrary to the provisions of this paragraph. This Valuation Opinion may not be relied upon by any other person or entity without or express prior written notice.

### **Additional Information on 1080034**

1080034 is a private holding company in Vancouver that has entered into arm's length agreements dated January 25, 2017 to acquire 91% of two US marijuana companies in Las Vegas, Nevada.

In addition to the Nevada Acquisition, 1080034 holds an 8% interest in certain liquor brands through its investment in a private New York based company.

1080034 has 8% interest in 2 liquor brand licenses, Bellissima Prosecco and BiVi Vodka, which has a cost base of \$488,861 as per its financial statements.

The first brand is Bellissima Prosecco which is built upon Christie Brinkley's identity and means "most beautiful" in Italian. The product is an organic Prosecco from Teviso, Italy and has three varieties – Brut DOC, Rose, and Zero, a zero sugar, zero carb option which is all natural and gluten free.

The second brand is BiVi Vodka, which is a brand built upon Chazz Palminteri's identity.

Iconic Brands Inc. (ICNB) is a public company trading on the OTC Pink Sheets and owns 51% of the Bellissima Prosecco and BiVi Vodka brands. On December 6, 2016, Iconic Brands, Inc. announced a letter of intent to acquire controlling interest of Bellissima Prosecco. These brands are currently available in 12 markets with 14 pending approvals and distribution through Southern Glazers, Empire Brands, Allied Distributing, Horizon Beverage Group, and Empire Distributing.



As of March 31, 2017, Iconic Brands had a market capitalization \$814.79 million, with its main assets and operations revolving around the 51% interest in the above-mentioned brands.

### Financial Statements of 1080034

The following is a summary of the balance sheet of 1080034 as at March 31, 2017. The complete audited statements for the period ending July 30, 2017 are attached as Schedule A hereto.

Below is a summary of the Statement of Financial Position of 1080034 as at March 31, 2017.

<b>Statement of Financial Position</b>	<b>As at March 31, 2017</b>	<b>As at July 31, 2016</b>
<b>ASSETS</b>		
Current Assets		
Cash	\$644,330	\$67,103
Loan receivable	121,000	-
Prepaid expenses	70,750	-
Sales tax receivable	18,269	-
Total Current Assets	<u>854,349</u>	<u>67,103</u>
Non-current Assets		
Intangible asset	488,862	277,950
Total Assets	<u>\$1,343,211</u>	<u>\$345,053</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable and accrued liabilities	4	8,113
Shareholders' Equity		
Share capital, net	1,924,284	-
Subscriptions received/(receivable)	(125,000)	345,000
Deficit	(456,077)	(8,060)
Shareholders' Equity	<u>343,207</u>	<u>336,940</u>
Total Liabilities and Shareholders' Equity	<u>\$1,343,211</u>	<u>\$345,053</u>

As at March 31, 2017, 1080034 had cash of \$664,330, total current assets of \$854,349, and working capital of \$854,345.

1080034 had Intangible assets of \$488,861, which relates to its 8% interest in its interest in 2 liquor brands, Bellissima Prosecco and BiVi Vodka.

1080034 had total assets of \$1,343,211 and negligible liabilities of \$4. Total shareholders' equity was \$1,343,207.

There are currently 90,350,001 common shares issued and outstanding in 1080034.

### NARRATIVE DESCRIPTION OF THE BUSINESS

#### Business Description

Pursuant to the BC Acquisition and the Nevada Acquisition, the Company will acquire the business of AMA. AMA currently operates in the United States Medical Marijuana sector and expects to operate in the

Recreational Marijuana sector as early as July of this year. The Company'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 Company'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 and replicate its model in other jurisdictions where permitted by law or regulation.

The Company is well positioned to take advantage of growth in the marijuana industry in the U.S. with its multi-faceted strategy and entrepreneurial management team. The Company is aware that the legal marijuana industry is in its infancy and is rapidly evolving which presents risks in addition to opportunities. The Company has retained legal counsel in each jurisdiction in which it operates. There is, however, no certainty that the Company will not be adversely affected by changes in government regulation and other factors in the future. The Company aims to mitigate these risks by closely monitoring regulatory changes with the assistance of legal counsel and by maintaining the highest standards possible 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.

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

In the U.S. States without Residency Requirements, the Company may choose to apply for a License or acquire entities with a License and produce products itself, or work with other Licensed Operators using the same model as it has developed for U.S. States with a Residency Requirement. The Licensed Operators include growers of Marijuana, marijuana product manufacturers and retail dispensaries. Ancillary service providers may include medical and educational centres and marijuana paraphernalia shops.

### **Use Cases of Marijuana**

Marijuana can be vaporized, smoked or ingested to alleviate pain and other ailments. Since 2015, AMA has been cultivating and selling marijuana within the price range from \$5 to \$20 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. The Company may also offer product for sale at wholesale prices to other Licensed Operators, which would lower both operating costs as well as margins on those sales. No such arrangements are presently in place.

The Company 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.

The Company 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 may require sampling a variety of strains, as every person is unique.

The Company's current cultivation, production, distribution and marketing business is currently focused on two main segments: Medical Segment and the CBD-Infused Products Segment, and has plans for expansion into the Recreational marijuana market segment. Currently the Company sells THC and marijuana only to licensed Retail Dispensaries and sells its hemp based, CBD infused products through Retail Dispensaries and other retail outlets or online.

## **Medical Segment**

### ***Operations, Cultivation and Distribution***

As of the date of this Listing Statement, AMA's business involves the growing of marijuana indoors through hydroponic processes for personal medicinal use. AMA began commercial production in April 2015 when it was the first MME approved for cultivation in Southern Nevada. Its first crops were harvested, dried, packaged and sold in October 2015 and it has consistently produced marijuana on a commercial scale in Nevada since that beginning.

AMA currently leases its facility in the city of Las Vegas. AMA has cost-effectively facilitated production of monthly crops of approximately 100 pounds per month, including both marijuana flower and trim, in full compliance with all state and local regulatory authorities. AMA has designed and constructed 4 indoor purpose specific grow rooms, each of which are planted monthly, and harvested at 60 days.

Each grow room is fully climate controlled, with all key growing elements monitored and computer controlled to ensure consistent production. There are production elements, which require brief manual monitoring and intervention on a daily basis, but all key environmental functions are electronically controlled. The details of the process are highly commercially sensitive and valuable, and will not be disclosed.

The facility has been built to be fully compliant with all relevant building and safety requirements. All electrical, plumbing, security, and related plant and equipment are built to full commercial standards.

### ***Specialized Skills and Knowledge***

The primary specialized skill unique to the Medical Marijuana industry is growing product. While a background in the growing of marijuana specifically may be helpful, the nature of growing marijuana does not differ substantially from the nature of growing any other greenhouse product. These skills are generally available. The Company will also require client care staff which will grow as the business of the Company grows. Customer care staff is a skillset that is also generally available in the market.

Differentiation in the strains of Medical Marijuana is primarily achieved through cross breeding to produce its own new strains of seeds, or through the acquisition of plants from certified medical marijuana patients in Nevada who are authorized to grow their own marijuana plants. Obtaining plants or seeds for growing Medical Marijuana must be done in accordance with the Division of Public Behavior and Health (DPBH) regulations. Plants and seeds must be obtained from a legal source, or acquired from a designated grower or personal use license holder under the prior medical marijuana program. Equipment used is specialized, but is readily available and not specific to the cultivation of Medical Marijuana. Subject to available funding, The Company does not anticipate any difficulty in obtaining equipment as needed.

AMA currently has approximately 12 full-time employees and 4-6 part-time trimmers or packagers as of the date of this Listing Statement.

### ***Market***

There are currently approximately 26,500 (as of February, 2017) registered Medical Marijuana users in Nevada, serviced by 45 Licensed Dispensaries in Southern Nevada. Nevada regulations allow for the sale of Medical Marijuana to anyone from out of state who can produce a valid Medical Marijuana user certificate from the home jurisdiction. There are approximately 45 million visitors to Las Vegas annually. The Company anticipates that there will be a significant portion of that number who will be recreational users to justify expanding into the Recreational Marijuana market.

### ***Market Plans and Strategies***

The Company's business model is based on servicing the existing Medical Marijuana patient base in Nevada and by years' end the Recreational Marijuana users who visit Las Vegas each year, by establishing an aggressive presence and image for its unique branded products such as Vegas J's and Canna Blends. As this branded image and reputation is established, the Company may license or acquire other marijuana businesses in other US States that have legalized Medical Marijuana and/or Recreational Marijuana to sell its specific brands that are focused on high quality marijuana specific products with recurring sales to a loyal and growing clientele.

The Company believes that constantly evolving regulatory environment for the production and distribution of Recreational Marijuana within the United States, and the dispensing of both Medical and Recreational Marijuana will be disruptive for both producers and consumers, transforming the current industry into one of commercial scale. Consumers that rely on Medical Marijuana as a form of medical treatment have been required to seek new sources of supply from a distinctly different type of supplier. The Company is developing a social media campaign to capitalize on its efforts to engender an empathetic and professional image and specific brand which will be based in Las Vegas Nevada with eventually availability in all U.S. States which approve medical and/or recreational use of marijuana.

Like other producers, the Company will develop a comprehensive media relations program to create visibility and awareness in the nascent market for commercially grown marijuana. The Company believes that its success in this market will be achieved by offering on a broad range of quality products offered at competitive prices and delivered through outstanding client service under a well identified brand. Each strain of marijuana is unique and the Company believes that carrying a consistent base of high-quality strains and cannabis products, including CBD-Infused Products and Hemp-based products, is essential to its long-term success. The Company currently has over 20 different cannabis products including; topicals, tinctures, pain creams, capsules, extracts, pre-rolls and flowers. Each of these is being formulated and branded for licensed sales in other US States which allow marijuana sales.

Additionally, the Company will work to maximize media coverage and public relations activities. Reaching potential customers through a strong online informational and educational presence and word of mouth will also be important. Indirect outreach through collaboration with key stakeholders may be undertaken to reach potential clients.

The Company may enter into a small number of wholesale arrangements with Licensed Operators who grow and produce marijuana products in other jurisdictions which, subject to the Company's quality control and unique formulations, it will license its brand in other jurisdictions.

### ***Competition***

Being the first to market has given the Company a distinct advantage and head start in developing superior relations with Retail Dispensaries and the local patient customer base. The Company is now creating and introducing its full line of products and is facing competition from major suppliers.

Fortunately, the Company has been able to establish key relationships and contracts with some of the popular brands in neighboring states such as Colorado and California, including Vader Extracts, an extremely popular brand in California. As the exclusive manufacturer and distributor in Nevada, the Company has gained a strategic advantage to showcase its high-quality extracts and other products. This area of vape pens, concentrates, extracts and other marijuana based products will become the key focus of the Company's sales moving forward. It is a rapidly growing market expected to increase upwards of 300% each year. This allows for competition in the marketplace without negatively impacting sales potential for market leaders like the Company.

### **Green Power Assets**

The Company is purchasing from a separate company, which is controlled by some of the AMA members, certain assets that are used to provide power to the grow operations of AMA. As the cost of electricity is one of the principal costs of operating a greenhouse, natural gas-fired turbines have been installed at the grow facility, which provides an estimated electrical cost savings of 50%.

The terms of the acquisition of the Green Power assets are cash on closing of US \$100,000, a US \$400,000 promissory note payable in monthly instalments and due on May 3, 2021, and the assumption of debts of US \$20,000 due June 1, 2017.

### **CBD-Infused Products Segment**

#### **Operations**

In its CBD-Infused Products Segment, the Company is focused on developing, acquiring and designing CBD-Infused Products and brands for retail sale and use in jurisdictions where permitted. As CBD-Infused Products for medicinal and/or recreational use are currently not legal in Canada, the CBD-Infused Products Segment is focused solely on the U.S. States, where permitted by law and regulation. See "*The Business – Regulatory Regimes*".

Traditionally, the female marijuana or cannabis plant was consumed by smoking. The flower of the plant is dried and smoked either through a pipe, a cigarette or a filtration device/apparatus such as a water pipe or a vaporizer.

The Company's management also has identified marijuana growers, Marijuana Concentrate extractors and suppliers in North America, which it can call on to fill the need for various expertise as such needs arise. Leafs, nodes and shake or collectively "trim" are not typically utilized for consuming cannabis through smoking, but are used in production of other products such as oil extracts. Both CBD, the principal non-psychoactive constituent of the cannabis plant, and THC are extracted in the form of Marijuana Concentrates from the plant. The Marijuana Concentrate can then be refined into individual components and used to manufacture a number of marijuana-Infused Products which in some products contain CBD only, including: Tinctures, transdermal patches, lotions, pain creams, and capsules. The Company is also working toward buying straight CBD isolates or powders which may avoid the federal prohibitions against THC marijuana. The Company intends to manufacture and distribute these and other products under 3 distinct schemes: CannaHemp; CannaHemp FS (Full Spectrum which includes natural CBD); and CannaBlends. The Hemp-only products will be sold nationwide through various retailers including Amazon and other fulfillment centers under the company brand name of "CannaHemp" and "CannaHemp FS". Additional products will be specifically infused with CBD for stronger health benefits without any psychoactive effects. These will be marketed direct to consumers in legal channels which will include online, health food stores, vape storefronts and Retail Dispensaries under the company brand name of "CannaHemp FS". The third line of company products will include products with both CBD and THC concentrates. These will be blended in pre-determined ratios, and will be distributed under the Company brand name of "CannaBlends". These blended products are considered controlled substances and will only be distributed through legal Retail Dispensaries, which have specific contracts or licenses with the Company. The Company believes branding will be important and is focusing on developing brands that it believes will resonate with consumers. The Company is now in its development stage of

product packaging. The Company will submit trademark applications in the United States, specific US States and Canada on key brand names it intends to utilize.

**Special Skills and Knowledge**

The main skill set required in the development and manufacture of CBD-Infused Products is an understanding of cosmetic chemistry. People with this education and experience are available.

**Market**

The Company's CBD-Infused Products Segment is focused exclusively in the U.S. States without any restrictions. Depending on how the current laws are interpreted and applied, at some future date the Company may need to restrict CBD-infused products to those US States that have legalized marijuana for medical or recreational uses or require manufacturers of marijuana products to hold a License issued by the applicable state authorities. The Company's business will be affected by both state and federal regulation governing the production and sale of marijuana in general, and CBD-Infused Products, in particular.

**Market Plans**

**U.S. States with Residency Requirements**

In U.S. States with Residency Requirements, the Company will work with companies or other entities that have a valid License issued by the applicable U.S. State authorities to provide an array of services as a part of its "franchise-like" model, or will work with eligible persons applying for such License. The Company has developed a business model where it is undertaking a combination of the following functions with the expectation of realizing the following respective revenue streams from such activities.

<b>Activities</b>	<b>Expected Revenue Streams</b>
Acquire and develop recipes, know-how and other intellectual property for the preparation of CBD-Infused Products and Marijuana Concentrates, for use by Royalty Producers entering into royalty agreements with the Company.	Royalty or production license fees
Develop recognizable brands for CBD-Infused Products and Marijuana Concentrates for use by Royalty Producers entering into royalty agreements with the Company..	Royalty or production license fees
Provide consulting services with respect to extraction processes, techniques, training and know-how relating to Marijuana Concentrates.	Consulting fees, Royalty fees
Acquire real estate for lease to Licensed Operators.	Leasing fees, Rent
Provide financing and equipment leasing to Licensed Operators and prospective Licensed Operators.	Interest income, Loan fees (renewal, origination, etc.), Leasing Fees
Provide financial and strategic support to Licensed Operators in securing supply of Marijuana.	Miscellaneous consulting fees

While one the Company's core strength will be the development of CBD-Infused Products and it's developing expertise in Marijuana Concentrate extraction techniques, it approaches each jurisdiction with

a tailored strategy in order to comply with the regulatory framework, while emphasizing its core competencies in the marijuana and CBD-Infused Products markets. As such, the Company may focus on different parts of the industry value chain, or focus on acquiring assets in the industries, not directly related to CBD-Infused Products or Marijuana Concentrate in order to ensure such compliance (e.g., acquisition of real estate, unsecured lending and consulting).

The Company has engaged legal counsel in Nevada to conduct appropriate corporate due diligence to ensure compliance of Licensed Operators with whom the Company conducts business. The Company will verify that Licensed Operators with whom it does business have been issued the required licenses from their state and local licenses. Any royalty agreements entered into with a Licensed Operator will be subject to the Licensed Operator maintaining its licenses in good standing with the appropriate regulatory authority and comply with applicable laws.

#### States without Residency Requirements

The Company is also considering seeking licensing to manufacture and distribute CBD-Infused Products and Marijuana Concentrates in certain U.S. States without Residency Requirements or with Residency Requirements that the Company is able to comply with. Due to U.S. federal regulations, the Company will evaluate each U.S. State in which the Company chooses to operate as a separate market and with a distinct business plan. Given market fragmentation due to the various U.S. State regulatory regimes, the Company expects that its products will be manufactured in micro-factories for distribution only in the U.S. State where the micro-factory is situated.

#### **Competition**

There are numerous small companies competing in this space. As most sales in this section would be user-based, there is a relatively low capital threshold to enter this business. There is also no regulatory or licensing requirement. As of the date hereof no large pharma or cosmetics companies have entered this market segment, but as the market develops, it would be expected that one or more of those companies may.

#### **Medical Retail Segment**

##### **Summary**

Initially, the Company plans to focus primarily on developing Medical Marijuana product lines in Nevada and once the regulatory regime for Recreational Marijuana has been fully developed, they will be modified for the purpose of marketing to the recreational markets. In the U.S. States other than Nevada, it is expected that the Company will focus primarily on developing and licensing the manufacture of CBD-Infused Products.

At this time, the Company is focused on developing its own products; however, in the future it may consider subcontracting such development, or acquiring additional product lines/brands from other companies if such is deemed synergistic with its current operations.

In addition to CBD-Infused Products, the Company is working with different marijuana growers and strain specialists across North America with a view of entering into royalty agreements with Royalty Producers in regards to the proprietary brands to be manufactured and sold by Royalty Producers, as permitted by regulation. The Company will generally only enter into royalty agreements with Royalty Producers that have the ability to produce the marijuana or CBD-Infused Products in a commercial manner. The Company will protect its intellectual property with provisions in the applicable contracts and through the enforcement of copyright law and may commence trademark infringement actions in an event of a breach of its intellectual property rights.

## **Regulatory Regime**

Changes in both state and federal law and the enforcement of those laws could have a material positive or negative impact on the Company's operations. The Company is also looking at other states for prospective business opportunities should changes in regulations occur that are favourable to the Company's business. For further discussion regarding the risk factors relating to the Company's business. See "**Risk Factors**".

### ***License and Residency Requirements***

All U.S. States that have legalized Medical Marijuana impose a range of requirements on the entities wishing to become Licensed Operators including obtaining a License from state governmental authorities. The State of Colorado, for example, imposes a Residency Requirement for Licensed Operators and their individual owners. Other states (such as Nevada, Illinois and Arizona) do not impose a Residency Requirement. The Company's strategy in the states with Residency Requirements is focused on providing services to the industry rather than directly owning production or retail operations. The Company currently is currently actively pursuing other opportunities in Nevada but will evaluate potential opportunities in other U.S. States when opportune.

### **State of Nevada Regulatory Regime**

#### ***Medical Marijuana Regulatory Regime***

Nevada's medical marijuana law is codified in Chapter 453A of the Nevada Revised Statutes ("**NRS**"), with regulations contained in the corresponding chapter of the Nevada Administrative Code ("**NAC**"). Nevada voters approved a constitutional amendment to permit Medical Marijuana in 2000. The Nevada legislature enacted laws in 2001 allowing the use of Medical Marijuana, but did not provide for a method for Medical Marijuana registered users to obtain Medical Marijuana, other than growing their own.

In 2013, the Nevada legislature approved Senate Bill 374, which directed the State's Division of Public and Behavioral Health ("**DPBH**") of the Department of Health and Human Services ("**DHHS**"), to develop regulations to allow for the licensing of establishments to produce, test and dispense medical marijuana and marijuana-infused products. The DPBH regulations took effect April 1, 2014. Local jurisdictions including counties and cities did the same and by the end of 2014 over 200 applications were approved.

The initial licensing process was somewhat convoluted, and underwent multiple changes while being implemented. The Nevada legislature approved SB 276 in 2015, which allows for greater flexibility for medical marijuana establishments, including changing locations and transfer of ownership of licenses.

Four types of medical marijuana establishments are currently regulated and require appropriate licensure in Nevada: (i) cultivation facilities; (ii) producers of edible or marijuana-infused products; (iii) dispensaries; and (iv) independent testing laboratories. To obtain licensure, an applicant must: (i) apply for and receive a registration certificate; (ii) control at least \$250,000 in liquid assets; (iii) not be located within 1,000 feet of a public or private school or 300 feet of a day care center, public park, religious worship structure, or any facility with a primary purpose of providing recreational activities to children and adolescents; (iv) not dispense, deliver or transfer cannabis to anyone not registered; (v) not acquire plants, plant material or cannabis products from anyone not registered with the DPBH.

Additionally, all company owners, officers, board members, employees and volunteers must: (i) be at least 21 years of age; (ii) submit information, including fingerprints, to the DPBH; (iii) undergo a background check; (iv) not have a prior conviction for an excluded felony offense; (v) be compliant with all child support orders; (vi) be issued agent registration cards; and (vii) not have had a prior medical marijuana establishment registration card revoked for any reason.



Nevada has set a maximum number of dispensary certificates that may be issued, on a per-county basis. The City of Las Vegas is located in Clark County, the largest county in Nevada. Clark County has been authorized to issue a maximum of 40 dispensary licenses.

The first cultivation license in Southern Nevada was issued to Alternative Medicine Association ("**AMA**") in April of 2015 which coined the hash-tag "**LasVegasOriginal**". It sold its first marijuana in October 2015 and has been legally growing and selling ever since.

All licenses are issued for 3 months at a time, and are automatically renewed for another 3 months unless the terms of the license are not met.

### ***Recreational Marijuana Regulatory Regime***

In November 2016, another ballot measure was voted on at the State level and Nevada approved the sale of marijuana and marijuana products for recreational use by adults over the age of 21 in Nevada. This ballot measure has been assigned to the Nevada Department of Taxation, which also regulates and collects taxes for alcohol sales in Nevada.

The Nevada Department of Taxation held its first public hearing on March 3, 2017, and has begun collecting data from the current MMEs regarding sales and distribution. It has stated publicly that it intends to issue preliminary or temporary permits to existing MMEs for the distribution and sale of recreational marijuana by July 2017. For the first 18 months, all applicants for a recreational license must currently hold a valid MME license. This will limit the field of potential applicants for recreational licenses and will prove to be rewarding to the existing MME license holders.

It is anticipated that the Department of Taxation's regulations will closely mirror the current regulatory regime established for Medical Marijuana. Final, permanent regulations for recreational marijuana will be finalized in 2017 and by statute, must take effect no later than January 1, 2018.

Governor Brian Sandoval, Nevada's Governor, appointed 19 members to the state's Marijuana Task Force on March 3, 2017. The Marijuana Task Force is made up of medical marijuana industry representatives, law enforcement representatives, state officials and local officials, and is scheduled to begin meeting on March 20 to develop solutions regarding cannabis sales and production, public consumption, and keeping Recreational Marijuana away from children.

### **U.S. Federal Law**

The Commerce Clause refers to Article 1, Section 8, Clause 3 of the U.S. Constitution, which gives Congress the power "to regulate commerce with foreign nations, and among the several states, and with the Indian tribes."

The Constitution enumerates certain powers for the federal government. The Tenth Amendment provides that any powers that are not delegated to Congress by the Constitution are reserved for the states. Congress has often used the Commerce Clause to justify exercising legislative power over the activities of states and their citizens, leading to significant and ongoing controversy regarding the balance of power between the federal government and the states.

While marijuana and CBD-Infused Products are legal under the laws of several U.S. States (with vastly differing restrictions), the United States Federal Controlled Substances Act classifies all "marijuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. Recently some federal officials have attempted to distinguish between medical cannabis use as necessary but recreational use as "still a violation of federal law". At the present time, the distinction between "medical marijuana" and "recreational marijuana" does not exist under U.S. federal law, if one is illegal, both are illegal.

The United States Supreme Court in a 6-3 vote, ruled in *Gonzalez vs. Raich* that the federal government and the Controlled Substances Act does not violate the federal constitution by regulating and criminalizing cannabis, even intrastate and for medical purposes only. Therefore, based on case law, federal law criminalizing the use of marijuana pre-empts state laws that legalizes its use for medicinal purposes. However, the 9<sup>th</sup> Circuit Court of Appeals held, in the case of *Hemp Association vs DEA*,<sup>1</sup> that the federal government did NOT have jurisdiction to classify certain non-psychoactive cannabis products, including industrial hemp, as "marijuana" or as "THC", as those terms are defined in the Controlled Substances Act. The DEA chose not to appeal this decision to the U.S. Supreme Court. Thus, Hemp based products, including CBD-infused Products, that contain only non-psychoactive trace amounts of THC are not considered "marijuana" or "THC", and are therefore not regulated by the CSA. In a recent action, the Hemp Association is seeking as of January 2017, to enjoin the DEA from applying the CSA to Hemp based CBD products.<sup>2</sup>

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

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

Despite overwhelming support for legalized cannabis in the United States with 28 states now recognizing some form of medical marijuana as legal, there is no guarantee that the new attorney general will not change its stated policy regarding the low-priority enforcement of U.S. federal laws that conflict with state laws. Additionally, any new U.S. federal government administration that follows could change this policy and decide to enforce the U.S. federal laws vigorously. Any such change in the U.S. federal government's enforcement of current U.S. federal laws could cause adverse financial impact to the Company's business. See "**Risk Factors**".

In February 2014, FinCEN issued guidelines allowing banks to legally provide financial services to Licensed Operators that hold a valid License ("**FinCEN Memo**"). The rules re-iterated the guidance

<sup>1</sup> See *Hemp Industries Association v. Drug Enforcement Administration*, 357 F.3d 1012 (2004).

<sup>2</sup> See Colleen Keahey, *Hemp Industries Association Sues DEA Over Illegal Attempt to Regulate Hemp Foods as Schedule I Drugs*, Hemp Industries Association (last visited March 10, 2017), <https://www.thehia.org/HIAhempnewsreleases/4594319>.

provided by the Cole Memo, stating that banks can do business with Licensed Operators and "may not" be prosecuted. The guidelines provide that "it is possible [for the banks] to provide financial services" to Licensed Operators and while remaining in compliance with federal anti-money laundering laws. The guidance falls short of the explicit legal authorization that banking industry officials anticipated and the outcome of the banks relying on this guidance in transacting with Licensed Operators is currently unclear. See "**Risk Factors**".

On December 16, 2014, President Obama signed the Omnibus Bill, approving spending for certain federal agencies through September 30, 2015. Section 583 of the Omnibus Bill prohibits the United States government from using federal funds to prevent states with medical marijuana laws from implementing state laws that authorize the use, distribution, possession, or cultivation of medical marijuana. Nevertheless, there can be no certainty that future U.S. federal funding bills will include similar provisions. See "**Risk Factors**".

## **Primary Markets and Competitive Conditions**

### *Comparison of the State of Colorado*

This information is provided for illustrative purposes only. There is no assurance that the State of Nevada will experience similar results.

The Department of Revenue of Colorado commissioned a study which estimated 2014 annual demand for marijuana for recreational use at 130.3 metric tons (total resident and visitor demand)<sup>3</sup>, with approximately 77 tons expected to be sold through Retail Marijuana stores. This indicates that approximately 53.3 tons will be provided to the market from outside of the regulatory framework – indicating a significant supply-demand imbalance, which creates an opportunity for new market entrants to fill the gap.

The statistics in the study are focused on the Retail Marijuana market, but currently provide no data specific to the Retail CBD-Infused Products. Although a portion of the market sales estimate includes edible products, the author of the report assumes all sales represented dry weight of Retail Marijuana.

Based on Colorado Department of Revenue reports, total retail sales at Medical Marijuana stores were US\$219 million and US\$319 million for the 2012 fiscal year (July 2011 to June 2012), and 2013 fiscal year (July 2012 to June 2013) respectively<sup>4</sup>. On January 1, 2014 the State of Colorado legalized sales of Retail Marijuana and CBD-Infused Products for adult recreational use. Based on quarterly reports for the first six months of the fiscal 2013-2014 year and monthly reports for the second six months of 2013-2014 fiscal year total medical marijuana and total recreational marijuana sales were US\$364 million and US\$117 million, respectively<sup>5</sup>. The Legislative Council Staff of the Colorado General Assembly, reports in its research paper on economic and revenue forecast that the expected sales tax revenues for fiscal years 2014-2015 and 2015-2016 from medical and recreational marijuana, are estimated at US\$17.2 million and US\$17.5 million, respectively<sup>6</sup>. Dividing the expected tax revenue by the sales tax rate of 2.9%, these figures extrapolate to US\$593 million and US\$603 million, respectively. The same document projects the tax revenue for recreational marijuana for fiscal years 2014-2015 and 2015-2016, at US\$5.7 million and US\$5.5 million, respectively. These figures extrapolate to US\$197 million and US\$190 million gross revenues, for the respective tax years. Though the data does not state the percentage of sales allocated to CBD-Infused Products versus Retail Marijuana, these statistics evidence the size of the potential market in the state of Colorado. The Company considers the estimates of the Legislative

<sup>3</sup> Market Size and Demand For Marijuana in Colorado, prepared by The Marijuana Policy Group for the Colorado Department of Revenue <http://1.usa.gov/1qhok6C>

<sup>4</sup> Colorado Marijuana Tax Data, <https://www.colorado.gov/pacific/revenue/colorado-marijtax-dat>

<sup>5</sup> Ibid. First half of 2013-2014 fiscal year uses actual quarterly sales figures reported by the Colorado Department of Revenue, and extrapolated tax figures for the second half of 2013-2014. The total sales figure was calculated as total Sales Tax Transfer to Marijuana Cash Fund divided by 2.9% tax rate.

<sup>6</sup> Focus Colorado: Economic And Revenue Forecast, Colorado Legislative Council Staff Economics Section, September 22, 2014, <http://www2.cde.state.co.us/artemis/gaserials/ga417internet/ga417201409internet.pdf>

Counsel Staff of the Colorado General Assembly very conservative based on monthly reports for the first five months of the 2014-2015 fiscal year of total retail Medical Marijuana and Retail Marijuana sales were US\$151 million and US\$153 million, respectively<sup>7</sup>.

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

In the United States, there are several public companies offering financing, incubation and strategic services to Licensed Operators in different U.S. States; however, few offer a similar focus on CBD-infused Products. Below is a summary of some of the competitors identified by the Company.

### **Primary Markets and Competitive Conditions - Other U.S. States**

The Company's growth plans include expansion to other U.S. States if and when legislation permits on a state-by-state basis as the Company determines that a suitable business opportunity exists. By developing product and brand designs that can be licensed to local manufacturers together with other support services, the Company believes it will be well-positioned to enter new U.S. States quickly, efficiently and to be among the first to capitalize on opportunities in the new markets in an accretive manner. To this end, the Company is currently reviewing the regulations of numerous U.S. States and has started a process of identifying suitable local partners in a number of other U.S. States. The Company is considering submitting License applications in other U.S. States which do not impose Residency Requirements.

### **Significant Events, Milestones and Business Objectives**

<b>Event</b>	<b>Date</b>	<b>Business Objective</b>
Concurrent Private Placement	June 15/17	to obtain sufficient funds to close
Regulation Approval	June 15/17	receipt of city, county and state approval of AMA acquisition, and CSE approval
Closing	June 15/17	close the Nevada Acquisition
Recreational License	July 31/17	expand into new market
Expansion Facility	Dec 1/17	identify and start construction on additional grow facilities

### **Available Funds and Principal Purposes**

The Company currently has no revenues from its operations. The estimated consolidated Working Capital as at January 31, 2017 (unaudited) was \$3,613,975, prior to completion of the Nevada Acquisition, the BC Acquisition and prior to the final closing of the Concurrent Private Placement.

### **Total Funds Available**

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

<sup>7</sup> Supra Note 2.

<b>Sources</b>	<b>Funds Available on completion of Private Placement</b>
Gross Proceeds	\$7,500,000
Net Working Capital <sup>1</sup>	nil
Finder's Commission and Costs	\$600,000
<b>Total Funds Available:</b>	<b>\$6,900,000</b>

**Notes:**

- (1) working capital of \$650,000 from 1080034 and from The Company of 3,613,975  
(2) In the event that the Private Placement is oversubscribed, additional funds will be allocated to working capital.

The Company intends to use its funds over the next 12 months as described in the table below. However, there may be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary. The actual amount that the Company spends in connection with each of the intended uses of proceeds may vary significantly from the amounts specified below, and will depend on a number of factors, including those referred to under "**Risk Factors**". At this time The Company does not intend to use the proceeds of the distribution to fund anticipated negative cash flow from operating activities, except to the extent described below.

	<b>Available Funds</b>
Cash Purchase Price (1)	\$ 5,150,000
Loans to US Operation (2)	945,000
General and Administrative	150,000
Costs of Acquisition	100,000
Stroke Software Development	300,000
Working Capital	255,000
<b>TOTAL</b>	<b>\$ 6,900,000</b>

**Notes:**

- (1) US \$3,820,000. The parties may elect to close on the basis of \$3,220,000 in cash and \$600,000 in vendor notes, due in one year's time.  
(2) US \$700,000  
(3) In the event the full amount of the Private Placement is not achieved, working will be reduced.

### SELECTED CONSOLIDATED FINANCIAL INFORMATION

The Annual Financials, Annual MD&A, Interim Financials and Interim MD&A have been incorporated by reference into this Listing Statement and can be viewed at [www.sedar.com](http://www.sedar.com).

The following is a summary of selected financial information for The Company for the periods indicated which should be read in conjunction with the unaudited interim financial statements of the Company and the notes thereto for the nine months ended April 30, 2017 and the audited financial statements of The Company and the notes thereto for the years ended July 31, 2016, 2015 and 2014.

	<b>Interim Period ended April 30, 2017</b>	<b>Financial Year ended July 31, 2016</b>	<b>Financial Year ended July 31, 2015</b>	<b>Financial Year ended July 31, 2014</b>
Net Sales	Nil	Nil	Nil	Nil
Net Income (Loss)	(\$721,597)	(\$3,674,780)	(\$40,843)	(\$88,543)
Total Assets	(\$4,002,975)	\$413,693	\$376,791	\$55,011
Total Long Term	Nil	Nil	Nil	Nil

<b>Interim Period ended April 30, 2017</b>	<b>Financial Year ended July 31, 2016</b>	<b>Financial Year ended July 31, 2015</b>	<b>Financial Year ended July 31, 2014</b>
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## Liabilities

Until recently, the Company's sole business was the development and commercialization of an automated triage diagnostic imaging tool to be developed from the for the triage of stroke patients. To date the Company has not yet generated revenues from such operations and is considered to be an early stage company.

In January of 2017, due to prevailing market conditions, the Company determined that it should pursue a line of business in the retail and medical marijuana sectors, in addition to its medical technology business. The Company will continue to evaluate other pharmaceutical and bio-medical businesses, including those involved in medical marijuana, in order to identify those entities that best fit its plans for organic growth

Below is a summary of the quarterly results of the Company, for the periods noted below.

	2016			2017		
	Q4	Q3	Q2	Q1	Q1	Q3
Net sales	Nil	Nil	Nil	Nil	Nil	Nil
Net income (Loss)	(\$113,290)	\$(2,721,208)	\$(230,757)	\$(722,815)	\$(239,089)	\$(721,597)
per share basis,	\$(0.00)	\$0.07	\$(0.01)	\$0.02	\$(0.01)	\$(0.01)
weighed average shares outstanding	39,695,950	39,377,200	39,231,644	30,602,000	39,695,950	42,296,093

## MANAGEMENTS DISCUSSION AND ANALYSIS

The Annual MD&A and Interim MD&A have been incorporated by reference into this Listing Statement and can be viewed at [www.sedar.com](http://www.sedar.com).

## MARKET FOR SECURITIES

The Common Shares are currently listed and posted for trading on the CSE under the trading symbol "TGIF".

## CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as at July 31, 2016, before and after giving effect to the Private Placement, the BC Acquisition and Nevada Acquisition.

<b>Authorized Capital</b>	<b>Jan 31, 2017 (unaudited)</b>	<b>As at Jan 31, 2017 after giving effect to the Private Placement (unaudited)<sup>(3)</sup></b>	<b>As at Jan 31, 2017, after giving effect to the Private Placement and the BC Acquisition and Nevada Acquisition (unaudited)<sup>(2)</sup></b>
Long-term debt	Nil	Nil	Nil
Common Shares (unlimited)	19,847,975 (\$2,519,715)	69,847,975 (\$10,019,715)	146,472,975 (\$16,782,215)
Options <sup>(1)</sup>	550,000	550,000	550,000
Warrants <sup>(2)</sup>	318,750	50,318,750	50,318,750

**Notes:**

- (1) Options issued with a maximum exercise price of \$0.24. See below "Options to Purchase Securities" for current options.
- (2) 159,375 of the warrants have an exercise price of \$0.40 and expire from April 30, 2017 to August 25, 2017. 11,900,000 warrants are from the BC acquisition – expiring in 1 year at \$0.10. The balance are Warrants issued as part of the Private Placement, exercisable at \$0.30.
- (3) Private placement of \$7.5 million at \$0.015 per Unit.
- (4) 46,625,000 common shares issued at deemed price of \$0.10 per share in respect to the BC acquisition and 30,000,000 common shares at a deemed price of \$0.07 in respect to the Nevada Acquisition.

## OPTIONS TO PURCHASE SECURITIES

Upon completion of the Transaction, an aggregate of 17,507,500 Common Shares are reserved for issuance pursuant to Options as set forth below.

<b>Type of Option</b>	<b>Common Shares Issuance</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Incentive Stock Option	237,500	0.50	Nov 14, 2020
Incentive Stock Option	37,500	0.64	Jan 1, 2021
Incentive Stock Option	62,500	0.20	May 26, 2021
Exchanged Stock Option	10,350,000	0.15	June 12, 2022
Incentive Stock Option	6,264,000	0.15	June 12, 2020

The Company's fixed number Option Plan was adopted by the Board effective October 30, 2015. Pursuant to the terms of the Option Plan, the Board of Directors may from time to time, in its discretion, and in accordance with the requirements of the TSXV, grant to directors, officers, employees, consultants or other personnel of the Company, non-transferable Options to purchase Common Shares, provided that the number of Common Shares reserved for issuance pursuant to the Option Plan and all other security based compensation arrangements of the Company will not exceed, in the aggregate, 7,715,440 Common Shares. Each Option will be exercisable for a period of time set out in the respective stock option agreement between the Company and each optionee. The number of Common Shares reserved for issuance to any individual director or officer will not exceed 5% of the number of Common Shares issued and outstanding from time to time and the number of Common Shares reserved for issuance to all employees and consultants will not exceed 2% percent of the number of Common Shares issued and outstanding from time to time.

- Options issued by the 1080034 will be exchanged for Options of the Company on a 2 for 1 basis, resulting in 10,350,000 options exercisable for 5 years.

- Options were issued to employees and consultants in conjunction with the Nevada Acquisition, exercisable at \$0.15 for 5 years.

Options may be exercised within 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, employment or technical consulting arrangement was by reason of death, the Option may be exercised within a maximum period of one year after such death, subject to the expiry date of such Option.

## DESCRIPTION OF SECURITIES

### Common Shares

The authorized capital of the Company includes an unlimited number of Common Shares without nominal or par value of which, as at the date hereof, 104,010,394 Common Shares are issued and outstanding as fully paid and non-assessable. In addition, 6,601,500 Common Shares are reserved for issuance under stock options granted to directors and officers and 4,836,246 Common Shares purchase warrants are outstanding.

The holders of Common Shares are entitled to dividends, if, as and when declared by the Board of Directors, to receive notice of and one vote per Common Share at meetings of the shareholders of the Corporation and, upon liquidation, to share equally in such assets of the Corporation as are distributable to the holders of Common Shares subject to the rights of holders of shares of any class ranking in priority to the Common Shares.

### PRIOR SALES

The following table summarizes the issuances of Common Shares or securities convertible into Common Shares for the 12 month period prior to the date of the Listing Statement.

<u>Date Issued</u>	<u>Securities</u>	<u>Number of Common Shares Issued/Issuable</u>	<u>Price/Deemed Price/Exercise Price of Security</u>
September 13, 2017 <sup>(1)</sup>	Units	159,375	\$0.16
March 22, 2017	Units	17,578,611	\$0.15
March 22, 2017	Broker Warrants <sup>(2)</sup>	1,866,565	\$0.30
April 24, 2017	Units	4,426,253	\$0.15
April 24, 2017	Broker Warrants	269,665	\$0.30
May 17, 2017	Units	4,657,013	\$0.15
May 17, 2017	Broker Warrants	54,667	\$0.30

#### Notes:

- (1) Each unit was comprised of one Common Share and one half of a Common Share purchase warrant with each whole warrant entitling the holder to purchase one Common Share at an exercise price of \$0.40 for 24 months from closing
- (2) Each broker warrant entitles the holder to 1 share at \$0.30 for 2 years from closing

### Stock Exchange Price

The Common Shares were listed and posted for trading on the TSXV under the trading symbol "QF" until June 12, 2017. On June 16, 2017 they will start trading on the CSE under the Symbol "TGIF". The following table sets forth the daily high and low closing trading prices and the volume of the trading of the Common Shares, on days which there was trading activity, on the TSXV for the periods indicated.

<u>Date</u>	<u>Open</u>	<u>Price Range Per Common Share</u>			<u>Adj Close*</u>	<u>Volume</u>
		<u>High</u>	<u>Close</u>			
Jan 31, 2017	0.06	0.06	0.05	0.10	0.10	50,000
Mar 01, 2017	0.05	0.05	0.05	0.10	0.10	-



Date	Price Range Per Common Share					Volume
	Open	High	Close	Adj Close*		
Feb 01, 2017	0.05	0.05	0.05	0.10	0.10	-
Jan 01, 2017	0.05	0.06	0.05	0.10	0.10	111,400
Dec 01, 2016	0.06	0.06	0.05	0.10	0.10	282,300
Nov 01, 2016	0.06	0.06	0.06	0.12	0.12	30,400
Oct 01, 2016	0.06	0.09	0.06	0.12	0.12	79,000
Sep 01, 2016	0.04	0.12	0.04	0.12	0.12	1,260,100
Aug 01, 2016	0.03	0.04	0.03	0.08	0.08	374,800
Jul 01, 2016	0.05	0.05	0.03	0.08	0.06	1,250,000
Jun 01, 2016	0.08	0.08	0.05	0.10	0.10	834,000
May 01, 2016	0.13	0.14	0.05	0.16	0.16	1,020,400
Apr 01, 2016	0.17	0.17	0.12	0.30	0.30	876,600

\* Close price adjusted for splits and consolidation.

### ESCROWED SECURITIES

The following Common Shares are currently held in escrow pursuant to the policies of the CSE Venture Exchange:

Designation of class held in escrow	Number of Escrow Securities	Percentage of Class <sup>(2)</sup>
Common Shares	9,664,200 <sup>(1)</sup>	
Common Shares	22,260,000 <sup>(3)</sup>	
Total	31,924,200	21.8%

**Notes:**

- (1) These shares are releasable on the basis of 15% every six months for the next 18 months..
- (2) Assumes the closing of the BC Acquisition, the Nevada Acquisition and the Private Placement.
- (3) These shares are held pursuant to TSVX escrow agreements extend into on November 23, 2015. The last share release will occur on Nov 23, 2018, with regular releases every 6 months prior to that.

### PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and executive officers of the Corporation, no person, firm or corporation beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation other than the following:

As at the date of this Information Circular and assuming the Closing of the BC Acquisition, the directors and officers as a group owned beneficially, directly and indirectly, 9,162,333 Common Shares of the Corporation, representing approximately 7.4% of the presently issued and outstanding Common Shares.

## DIRECTORS AND OFFICERS

The following table sets forth the names and location of residence of the officers and directors of the Company, their positions and their principal occupations.

Name and Municipality of Residence	Position with the Company <sup>(1)</sup>	Number of Common Shares	Principal Occupation for the Past 5 Years
Brayden R. Sutton <sup>(1)(2)</sup> Chilliwack, B.C.	Chief Executive Officer and Director	1,716,500 plus 133,250 warrants	CEO of the Company since May 15, 2017. Prior there to business consultant
Brian Keane <sup>(1)(2)</sup> New York, N.Y.	Director	191,333 plus 95,667 warrants	Self-employed financial consultant. Recently acted as Interim President of M Pharmaceuticals Inc.
D Richard Skeith <sup>(2)</sup> Calgary, Alberta	Director	7,254,500	Partner at Norton Rose Fulbright Canada LLC
Michael Hopkinson Vancouver, B.C.	Chief Financial Officer	nil	Mr. Hopkinson has been a Manager at Ernst & Young, chartered accountants, since 2013 and prior to that was a Manager at Davidson & Co, LLP, chartered accountants, since 2009.
<b>Total</b>			

**Notes:**

- (1) Messrs. Sutton and Keane were appointed directors on June 11, 2017. Mr. Skeith has been a director since November 23, 2015. The term of office of each director expires at the next annual meeting of shareholders of the Company.
- (2) Each director is a member of the Audit Committee.
- (3) Mr. Hopkinson was appointed as Chief Financial Officer on November 23, 2015.

The following are brief profiles of the management of the Company, including a description of each individual's principal occupation within the past five years.

***Brayden R. Sutton – Chief Executive Officer and Director (Age 33)***

Mr. Sutton brings a successful track record of managing a diverse portfolio of investments through Sutton Ventures Ltd., his wholly owned merchant bank. His sectors of specialization over the past 14 years include technology, media and personal health. Mr. Sutton served as the Executive Vice President for Supreme Pharmaceuticals Inc. (SL.C). Brayden's expertise within the legal cannabis sector has resulted in additional executive positions, with both public and private companies, at the leading edge of the emerging cannabis industry, including Invictus MD (IMH.C), Aurora Cannabis (ACB.V) and CannaRoyalty (CRZ.C).

***Brian Keane, Director (Age 41)***

Mr. Keane has over 18 years of capital markets, investing and C-level consulting experience in over 100 emerging growth companies in the US, Canada, Caribbean and Asia, transacting over \$2 billion in deal value. His previous Wall Street experience includes: Rodman & Renshaw, LLC, Ladenburg Thalmann & Co, TechVest, & Qualified Capital where he focused on life science, biotech, mining and emerging growth companies. He earned a BS from University of Scranton and a JD from New York Law School.

***D Richard Skeith, Director (Age 64)***

Mr. Skeith is a partner with the law firm of Norton Rose Fulbright Canada-LLC in Calgary, Alberta where he practices in the corporate securities area. He has been or is a director or officer of various public companies in a wide variety of industries, including pharmaceuticals, natural resources and real estate.

***Michael Hopkinson - Chief Financial Officer and Corporate Secretary (Age 58)***

Mr. Hopkinson is a US Certified Public Accountant (CPA) licensed in the state of New Hampshire. He has extensive corporate and cross border tax compliance and planning experience. He specializes in corporate compliance and planning, and has over 18 years of experience. He has developed his skills under such notable public accounting firms as Arthur Andersen LLP, PricewaterhouseCoopers LLP and Ernst & Young LLP. He has served several public companies as clients and has previous CFO experience with Guerrero Exploration Inc.

**Penalties Or Sanctions**

No director or officer of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority. Nor has any proposed director ever entered into a settlement agreement with a securities regulatory authority.

**Corporate Cease Trade Orders or Bankruptcies**

Except as disclosed below, no director or officer of the Company has, within the ten years prior to the date of this Information Circular, been a director, chief executive officer or chief financial officer of any company that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity) was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days.

Except as disclosed below, no director or officer of the Company has, within the ten years prior to the date of this Information Circular, been a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

D. Richard Skeith was the corporate secretary of Canaf Group Inc. and was subject to a management cease trade order on March 5, 2008, when that company was late with its financial filings. These were subsequently filed and the management cease trade order was revoked on June 20, 2008. He was the corporate secretary of MegaWest Energy Corp. when it was subject to a cease trade order from September 7, 2010 until October 22, 2010 for failure to file financial information on a timely basis. Subsequent to Mr. Skeith's resignation as the corporate secretary of Cheyenne Energy Inc. ("Cheyenne") in January, 2008, a receiver was appointed by Cheyenne's bank and its assets sold to pay its bank debts. Subsequent to his resignation as a director of Leader Energy Services Ltd. on February 17, 2015, that company filed for creditor protection.

**Conflicts of Interest**

Certain officers and directors of the Company are also officers and/or directors of other entities engaged in the natural resources or the pharmaceutical and biomedical device businesses generally. As a result, situations may arise where the interest of such directors and officers conflict with their interests as directors and officers of other companies. The resolution of such conflicts is governed by applicable corporate laws, which require that directors act honestly, in good faith and with a view to the best interests of the Company. Conflicts, if any, will be handled in a manner consistent with the procedures and remedies set forth in the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

## CAPITALIZATION

	Number of Common Shares (non- diluted)	Number of Common Shares (fully diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
<b><u>Public Float</u></b>				
Total Outstanding (A)	130,337,210 <sup>(1)</sup>	146,994,609	100	100
Held by Related Persons or employees 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)	39,639,500 <sup>(2)</sup>	40,189,500	30.4	27.3
Total Public Float [(A)-(B)]	90,697,710	106,865,100	69.6	72.7
<b><u>Freely-Tradeable Float</u></b>				
Number of outstanding common shares subject to resale restrictions, including restrictions imposed by polling or other arrangements or in a shareholder agreement and securities held by control block holders	64,437,987	80,545,386	49.4	75.4
Total Tradeable Float	65,899,223	66,449,223	50.6	24.6

**Notes:**

(1) As of June 1, 2017 including shares to be issued on the Nevada and BC acquisition but no further issuances on the Private Placement.

**Public Securityholders (Registered and Beneficial)<sup>(1)</sup>**

Size of Holding	Number of Holders	Total Number of Common Shares
1 - 99 Common Shares	3	75
100 - 499 Common Shares	23	2,550
500 - 999 Common Shares	52	13,535
1,000 - 1,999 Common Shares	19	11,200
2,000 - 2,999 Common Shares	6	6,710
3,000 - 3,999 Common Shares	4	6,400
4,000 - 4,999 Common Shares	6	12,600
5,000 or more Common Shares	387	40,485,117

**Notes:**

(1) As of March 29, as reported by Broadridge Financial Solutions Inc. does not include Common Shares issued on the exercise of warrants not yet processed by the Company's transfer agent and Non-Public Securityholders.

## Non-Public Security holders (Registered)

<u>Size of Holding</u>	<u>Number of Holders</u>	<u>Total Number of Common Shares</u>
1 - 99 Common Shares	-	-
100 - 499 Common Shares	-	-
500 - 999 Common Shares	-	-
1,000 -1,999 Common Shares	-	-
2,000 - 2,999 Common Shares	-	-
3,000 - 3,999 Common Shares	-	-
4,000 - 4,999 Common Shares	-	-
5,000 - or more Common Shares	6	39,639,500

## Convertible and Exchangeable Securities

<u>Description of Security (Including conversion/exercise/terms. including exercise/conversion price)</u>	<u>Number of convertible/exchangeable securities outstanding</u>	<u>Number of listed securities issuable upon conversion/exercise</u>
Incentive options (\$0.20)	62,500	62,500
Incentive options (\$0.50)	237,500	237,500
Incentive options (\$0.64)	37,500	37,500
Warrants (\$0.30)	35,771,810	35,771,810
Warrants (\$0.10)	12,900,000	12,900,000
Incentive Option (0.15)	17,170,000	17,170,000

### Notes:

- (1) Each Incentive option is exercisable for one Common Share for a 5 year term from issuance.
- (2) Each Warrant is exercisable for one Common Share at a price of \$0.30 per share with the expiration date from March 23, 2019 and June 15, 2019.
- (3) 12,900,000 warrants exercisable at a price of \$0.10 per share until June 15, 2018.

## EXECUTIVE COMPENSATION

The disclosure required by Form 51-102F6 - *Statement of Executive Compensation* under National Instrument 51-102 *Continuous Disclosure Obligations* is provided in the Information Circular incorporated by reference into this Listing Statement. The Company has no intention of making any material changes to the compensation structure described in such document.

### Assessment of Expected Compensation for 2017

Basic compensation of the named executive officers (the "**Named Executive Officers**") through the payment of the base salary will be targeted to be competitive against similarly sized companies within the industry, and will take into account the current and future financial condition of the Company. Although the Company expects to be in a position compensate the Named Executive Officer's within industry expectations, the Board believes that the base salary may have to be reviewed over the course of the 2017 fiscal year depending on the results of operations.

The anticipated initial base salary for the proposed Named Executive Officers of the Company for the next 12 months is as set out below. Other elements of compensation, and the total compensation payable to the proposed Named Executive Officers of the Company for the months following the date of this Listing Agreement will be provided in the management information circular sent to shareholders for the annual meeting of shareholder for the year ended July 31, 2017. For details of the options held by the officers and directors of the Company as at the date of this Listing Agreement see "Options to Purchase Securities" above.

Name and Proposed Principal Position	Fiscal Year Ending July 31, 2017	Salary per month (\$)
Brayden R. Sutton Chief Executive Officer	2017	\$12,500 <sup>(1)</sup>
Michael Hopkinson Chief Financial Officer	2017	\$4,000 <sup>(1)</sup>

**Notes:**

(1) Represents the proposed initial monthly base salary for fiscal 2017 and will be reviewed by the Board prior to the next annual meeting of shareholders.

**Pension Plan Benefits**

It is not anticipated that the Company will establish a pension plan, a defined benefit plan or any retirement savings programs for the Named Executive Officers or other employees of the Company within the next 12 months.

**Deferred Compensation Plans**

It is not anticipated that the Company will establish a deferred compensation plan for the Named Executive Officers or other employees of the Company within the next 12 months.

**Termination and Change of Control Benefits**

Arrangements with the Named Executive Officers that provide for payments to such individuals in connection with any termination, resignation, retirement or change in control may be negotiated in the future.

**Compensation of Directors**

Compensation is not anticipated to be paid to directors who are not executive officers for their services as directors under the same terms and conditions as provided for currently by the Company. Directors may also be eligible to receive grants of stock options from time to time.

No base salary is contemplated for non-employee Directors of the Company for the next 12 months.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No director, executive officer, employee or former director, executive officer or employee of the Company was indebted to the Company as at the date hereof or at any time during the most recently completed financial year of the Company. None of the proposed nominees for election as a director of the Company, or any associate or affiliate of any director, executive officer or proposed nominee, was indebted to the Company as at the date hereof or at any time during the most recently completed financial year.

The Company has not provided any guarantees, support agreements, letters of credit or other similar arrangement or understanding for any indebtedness of any of the Company's directors, executive officers,

proposed nominees for election as a director, or associates or affiliates of any of the foregoing individuals as at the date hereof or at any time during the most recently completed financial year of the Company

## RISK FACTORS

***An investor should carefully consider the following risk factors in addition to the other information contained in this Listing Statement. The risks and uncertainties below are not the only ones related to the Company. There are additional risks and uncertainties that the Company does not presently know of or that the Company currently considers immaterial which may also impair the Company's business operations. If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly. The risk factors presented below related exclusively to the Company's additional line of business. For risk factors relevant to the Company's mineral resources exploration and development business see the Annual MD&A, which is incorporated by reference into this Listing Statement.***

The Company has a very limited operating history in an emerging area of business and had negative cash flows from operations in its most recently completed financial year.

The Company has a very limited history of operations, is in the early stage of development and must be considered a start-up. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Company has no history of earnings. The purpose of the Offering is to raise funds to execute on the Company's business plan set out in this Listing Statement.

Because the Company has a limited operating history in emerging area of business, you should consider and evaluate its operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that it may not have sufficient capital to achieve its growth strategy;
- risks that it may not develop its product and service offerings in a manner that enables it to be profitable and meet its customers' requirements;
- risks that its growth strategy may not be successful;
- risks that fluctuations in its operating results will be significant relative to its revenues; and
- risks relating to an evolving regulatory regime.

The Company's future growth will depend substantially on its ability to address these and the other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

### *The Company relies on securing agreements with Royalty Producers*

In most U.S. States, the Company is not eligible to obtain a License to grow, store and sell marijuana products, and must secure agreements with Royalty Producers in the targeted jurisdictions that have been able to obtain a License with the appropriate regulatory authorities. Failure of a Royalty Producer to comply with the requirements of their License or any failure to maintain their License would have a material adverse impact on the business, financial condition and operating results of the Company. Should the regulatory authorities not grant a License or grant a License on different terms unfavorable to the Royalty Producers, and should the Company be unable to secure alternative Royalty Producers, the

business, financial condition and results of the operation of the Company would be materially adversely affected.

If the Royalty Producers which have entered with royalty agreements with the Company were forced to cease their operations due to changes in the federal government's approach to the enforcement of laws relating to marijuana, the Company would need to seek to replace those agreements. It is likely that the Company would realize an economic loss on its capital acquisitions and improvements made to its capital assets specific to the marijuana industry, and the Company would likely lose all or substantially all of its investments in the markets affected by such regulatory changes.

*Non-compliance with federal, provincial or state laws and regulations, or the expansion of current, or the enactment of new laws or regulations, could adversely affect the Company's business.*

The activities of the Company are subject to regulation by governmental authorities. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. 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 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.

Under the CSA, the policies and regulations of the United States Federal Government and its agencies are that cannabis has no medical benefit and a range of activities including cultivation and the personal use of cannabis is prohibited. Unless and until the United States Congress amends the CSA with respect to medical marijuana, as to the timing or scope of any such potential amendments there can be no assurance, there is a risk that federal authorities may enforce current federal law, and the business of the Company may be deemed to be producing, cultivating or dispensing marijuana in violation of federal law in the United States

*The Company may become subject to additional government regulation and legal uncertainties that could restrict the demand for its services or increase its cost of doing business, thereby adversely affecting its financial results.*

The Company's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of Marijuana but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. The Company is currently in compliance with all such laws. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to the Company's operations.

While the impact of the changes are uncertain and are highly dependent on which specific laws, regulations or guidelines are changed and on the outcome of any such court actions, it is not expected that any such changes would have an effect on the Company's operations that is materially different than the effect on similar-sized companies in the same business as the Company.

Local, state and federal laws and regulations governing marijuana for medicinal and recreational purposes are broad in scope and are subject to evolving interpretations, which could require the Company to incur substantial costs associated with bringing the Company's operations into compliance. In addition, violations of these laws, or allegations of such violations, could disrupt the Company's operations and result in a material adverse effect on its financial performance. It is beyond the Company's scope to predict the nature of any future change to the existing laws, regulations, policies, interpretations or applications, nor can the Company determine what effect such changes, when and if promulgated, could have on the Company's business.



While the Company does not intend to harvest, distribute or sell cannabis, by leasing facilities to Licensed Operators or Royalty Producers, as the case may be, the Company could be deemed to be participating in marijuana cultivation, which remains illegal under federal law, and exposes the Company to potential criminal liability, with the additional risk that the Company's assets and properties could be subject to civil forfeiture proceedings.

#### *Regulatory Approvals and Permits*

The Company and its owners may be required to obtain and maintain certain permits, licenses and approvals in the jurisdictions where their products are licensed, although the Company does not anticipate such approvals will be necessary. Moreover, to the extent the Company loans funds to Licensed Operators or Royalty Producers, such loans must be disclosed to regulatory authorities. There can be no assurance that the Company will be able to receive and/or maintain the necessary permits, licenses and approvals. Any material delay or failure to receive these items would delay and/or inhibit the Company's ability to conduct its business and would adversely affect the Company's business, financial condition and results of operations.

#### *U.S. Federal Laws*

The concepts of "medical marijuana" and "recreational marijuana" do not exist under U.S. federal law. The Federal Controlled Substances Act classifies "marihuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in United States, and a lack of safety for the use of the drug under medical supervision. As such, marijuana-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of marijuana are illegal under U.S. federal law. Strict compliance with state laws with respect to marijuana will neither absolve the Company of liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company. While U.S. Department of Justice has instructed U.S. Attorneys that they need not expend resources with respect to entities selling marijuana pursuant to strict U.S. State licensing regimes, this directive can change, and U.S. Attorneys have discretion to interpret the Cole Memo as they see fit. Moreover, U.S. Attorneys have significant discretion with respect to the activities they seek to prosecute, regardless of any directive from the Department of Justice.

On December 16, 2014, President Obama signed the Omnibus Bill, approving spending for certain federal agencies through September 30, 2015. Section 583 of the Omnibus Bill prohibits the United States government from using federal funds to prevent states with medical marijuana laws from implementing state laws that authorize the use, distribution, possession, or cultivation of medical marijuana. Nevertheless, there can be no certainty that future U.S. federal funding bills will include similar provisions.

*Changes resulting from the change in U.S. Administrations may result in legislative and regulatory changes that could have an adverse effect on the Company.*

As a result of the 2016 U.S. presidential election and the related change in political agenda, coupled with the transition of administration, there is uncertainty as to the position the United States will take with respect to world affairs and events. This uncertainty may include issues such as enforcement of the U.S. federal laws. Implementation by the U.S. of new legislative or regulatory regimes could impose additional costs on the Company, decrease U.S. demand for the Company's services or otherwise negatively impact the Company, which may have a material adverse effect on the Company's business, financial condition and operations.

#### *Regulation that may hinder the Company's Ability to Establish and Maintain Bank Accounts*

The U.S. federal prohibitions on the sale of marijuana may result in Royalty Producers being restricted from accessing the U.S. banking system and they may be unable to deposit funds in federally insured and

licensed banking institutions. While the Company does not anticipate dealing with banking restrictions directly relating to its business, banking restrictions could nevertheless be imposed due to the Company's banking institutions not accepting payments from Royalty Producers. Royalty Producers at times do not have deposit services and are at risk that any bank accounts they have could be closed at any time. Such risks increase costs to the Company and Royalty Producers. Additionally, similar risks are associated with large amounts of cash at these businesses. These businesses require heavy security with respect to holding and transport of cash, whether or not they have bank accounts.

The guidance provided in the FinCEN Memo may change depending on the incumbent U.S. government administration and is subject to revision or retraction in the future, which may restrict the Company's or Royalty Producers' access to banking services. The inability of Royalty Producers to access banking services can make it difficult to structure royalty agreements in a manner acceptable to the Company.

In the event financial service providers do not accept accounts or transactions related to the marijuana industry, it is possible that Royalty Producers may seek alternative payment solutions, including but not limited to crypto currencies such as Bitcoin. There are risks inherent in crypto currencies, most notably its volatility and security issues. If the industry was to move towards alternative payment solutions and accept payments in crypto currency the Company would have to adopt policies and protocols to manage its volatility and exchange rate risk exposures. The Company's inability to manage such risks may adversely affect the Company's operations and financial performance.

#### *Product Liability, Operational Risk*

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

#### *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 labeling disclosure. If any of the products developed by the Company and sold by Royalty Producers are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense relating to the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of revenue due to a loss of and may not be able to replace that revenue at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company is establishing procedures to test finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's significant

brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by the regulatory agencies, requiring further management attention and potential legal fees and other expenses.

The Company's operations can also be substantially affected by adverse publicity resulting from quality, illness, injury, health concerns, public opinion, or operating issues. The Company will attempt to manage these factors, but the occurrence of any one or more of these factors could materially and adversely affect the Company's business, financial condition and results of operations.

#### *Risks Inherent in an Agricultural Business*

The Company's business will involve the growing of marijuana, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Company expects that its products will be grown indoors under climate controlled conditions, carefully monitored by trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of its products.

#### *Vulnerability to Rising Energy Costs*

Marijuana growing operations consume considerable energy, making such operations vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of Supreme and its ability to operate profitably.

#### *Transportation Disruptions*

Due to the perishable and premium nature of agricultural products, the Company will depend on fast and efficient courier services to distribute its product. Any prolonged disruption of this courier service could have an adverse effect on the financial condition and results of operations of the Company. Rising costs associated with the courier services used by the Company to ship its products may also adversely impact the business of the Company and its ability to operate profitably.

#### *Unfavourable Publicity or Consumer Perception*

The Company believes the marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana produced. Consumer perception of marijuana products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company'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 Company, the demand for medical marijuana products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or the Company's products specifically, or associating the consumption of medical marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

### *Uninsurable Risks*

The medical and retail marijuana business is subject to several risks that could result in damage to or destruction of properties or facilities or cause personal injury or death, environmental damage, delays in production and monetary losses and possible legal liability. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not currently have any insurance policies covering its properties or the operation of its business and any liabilities that may arise as a result any of the above noted risks may cause a material adverse effect on the financial condition of the Company.

### *Enforcement Risk*

The sale and distribution of marijuana in certain U.S. States is legal subject to compliance with applicable state regulatory regimes. U.S. federal law currently classifies marijuana as a controlled substance and its manufacture, sale, distribution, and use is illegal under U.S. federal law. The U.S. Department of Justice has indicated in the Cole Memo that it does not intend to interfere with the sale or distribution of marijuana in U.S. States where such sale and distribution is legal provided the regulations are complied with.

The Company operates in the Medical Marijuana and soon, the Recreational Marijuana industries in the United States and is exploring opportunities in the Medical Marijuana industry in Canada. Certain U.S. States have recently legalized Medical Marijuana. Certain U.S. States have further legalized the recreational use of marijuana. The Company'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.

This Listing Statement relates to the listing of an entity that derives a substantial portion of its revenues by growing, selling, packaging, recipes and other inputs to the Recreational Marijuana industry in certain U.S. States.

While the marijuana industry is legal in certain U.S. States, it is regulated differently. Consequently, certain activities conducted by the Company may be permissible under one regulatory regime while not under another. In the past, Canadian courts and regulatory authorities have taken the view that it is not contrary to Canadian or provincial law for an entity to hold interests in affiliates that are engaged in regulated activities where such activities may be regulated differently than in the home jurisdictions and have enforced extra-territorial laws even where such laws (or regulatory regimes applicable to certain activities or industries) differs from those in the Canadian jurisdiction. There is a risk; however, that the courts may take contrary view in the future.

Additionally, because marijuana is illegal under U.S. federal law, the courts in the U.S. may take the position that parties to contracts involving marijuana, whether directly or indirectly, may not enforce such contracts because they concern an illegal product or activity.

*The Company may not be able to accurately predict its future capital needs and it may not be able to secure additional financing.*

The Company may need to raise significant additional funds (other than through the Private Placement) in order to support its growth, develop new or enhanced services and products, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing in order to meet its plans for expansion. The Company cannot be sure that this additional financing, if needed, will be available on acceptable terms, or at all. Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage

ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders. If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

#### *Market Volatility*

The holding of Common Shares and Unit Warrants involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Common Shares and Unit Warrants should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

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

*There can be no assurance that the Company's shareholders or purchasers of the Units will be able to resell their securities at prices equal to or greater than their cost.*

The market price of the Common Shares could be subject to significant fluctuations in response to various factors, many of which are beyond the Company's control. In addition, the stock markets have experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of many companies and that often have been unrelated to the operating performance of such companies. These broad market fluctuations may adversely affect the market price of the Common Shares. There can be no assurance that the holders or purchasers of the Company's Common Shares will be able to resell their shares at prices equal to or greater than their cost.

#### *Taxes*

Federal prohibitions on the sale of marijuana may result in the Company not being able to deduct certain costs from its revenue for U.S. Federal taxation purposes if the U.S. Internal Revenue Service determines that revenue sources of the Company are generated from activities which are not permitted under U.S. Federal law.

#### *Illegal Drug Dealers Could Pose Threats*

Currently, there are many drug dealers and cartels that cultivate, buy, sell and trade marijuana in the United States, Canada and worldwide. Many of these dealers and cartels are violent and dangerous, well financed and well organized. It is possible that these dealers and cartels could feel threatened by legalized marijuana businesses such as those with whom the Company does business and could take action against or threaten the Company, its principals, employees and/or agents and this could negatively impact the Company and its business.

#### *Reliance on Management*

The success of the Company is currently dependent on the performance of its Chief Executive Officer and board of directors. The loss of the services of these persons would have a material adverse effect on

the Company's business and prospects in the short term. There is no assurance the Company can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

*Factors which may Prevent Realization of Growth Targets*

The Company is currently in the early development stage. There is a risk that the additional resources will be needed and milestones will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following as it relates to the Company and its Licensed Operators or Royalty Producers, as the case may be:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- facility design errors;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labor costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- labour disputes, disruptions or declines in productivity;
- inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

*The Company may face intense competition and expects competition to increase in the future, which could prohibit its development of customer base and generating revenue.*

The marijuana industry is highly competitive. The Company will compete with numerous other businesses in the medicinal and recreational industry, many of which possess greater financial and marketing resources and other resources than the Company. The marijuana business is often affected by changes in consumer tastes and discretionary spending patterns, national and regional economic conditions, demographic trends, consumer confidence in the economy, traffic patterns, local competitive factors, cost and availability of raw material and labour, and governmental regulations. Any change in these factors could materially and adversely affect the Company's operations.

Due to the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. If the number of legal users of marijuana in its target jurisdictions increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a

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

#### *The Products Sold Become Subject to Regulation Governing Food and Related Products*

Should the Federal government legalize marijuana for medical or recreational use nation-wide, it is possible that the U.S. Food and Drug Administration ("FDA") would seek to regulate the products under the Food, Drug and Cosmetics Act of 1938. FDA may issue rules and regulations including certified good manufacturing practices related to the growth, cultivation, harvesting and processing of Medical Marijuana and CBD-Infused Products. Clinical trials may be needed to verify efficacy and safety of the Medical Marijuana. It is also possible that the FDA would require that facilities where Medical Marijuana is cultivated be registered with the applicable government agencies and comply with certain federal regulations. In the event any of these regulations are imposed, The Company cannot foresee the impact on its operations and economics. If the Company or the Royalty Producers are unable to comply with the regulations and or registration as prescribed by the FDA or another federal agency, the Company or the Royalty Producer may be unable to continue to operate in its current form or at all.

#### *Environmental and Employee Health and Safety Regulations*

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

#### *Difficult to Forecast*

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

#### *Holding Company*

As a holding company with no material assets other than the stock of the Company's operating subsidiaries and intellectual property, nearly all of the Company's funds generated from operations will be generated by the Company's operating subsidiaries. The Company's subsidiaries are subject to requirements of various regulatory bodies, both domestically and internationally. Accordingly, if the Company's operating subsidiaries are unable, due to regulatory restrictions or otherwise, to pay the Company's dividends and make other payments to the Company when needed, the Company may be unable to satisfy the Company's obligations when they arise.

#### *Management of Growth*

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

### *Dividends*

The Company has no earnings or dividend record, and does not anticipate paying any dividends on the Common Shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

### *Currency Exchange Rates*

Exchange rate fluctuations may adversely affect the Company's financial position and results. It is anticipated that a significant portion of the Company's business will be conducted in the United States using U.S. dollars. The Company's financial results are reported in Canadian Dollars and costs are incurred primarily in U.S. dollars in its marijuana and CBD-Infused Products Segment. The depreciation of the Canadian Dollar against the U.S. Dollar could increase the actual capital and operating costs of the Company's U.S. operations and materially adversely affect the results presented in the Company's financial statements. Currency exchange fluctuations may also materially adversely affect the Company's future cash flow from operations, its results of operations, financial condition and prospects.

### *Enforcement of Legal Rights*

In the event of a dispute arising from the Company's foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada. Similarly, to the extent that the Company's assets are located outside of Canada, investors may have difficulty collecting from the Company any judgments obtained in the Canadian courts and predicated on the civil liability provisions of securities provisions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental entity or instrumentality because of the doctrine of sovereign immunity.

### *Future Sales of Common Shares by Existing Shareholders*

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares.

### *Volatile global financial and economic conditions may negatively affect the Company's operations.*

Current global financial and economic conditions remain extremely volatile. Access to public and private capital and financing continues to be negatively impacted by many factors as a result of the global financial crisis and global recession. Such factors may impact the Company's ability to obtain debt and equity financing in the future on favorable terms or obtain any financing at all. Additionally, global economic conditions may cause a long term decrease in asset values. If such global volatility, market turmoil and the global recession continue, the Company's operations and financial condition could be adversely impacted.

## **PROMOTERS**

George Tsafalas is considered to be a promoter of the Company in that he initiated its change of business transaction. Mr. Tsafalas currently holds 5,710,000 (4.6%) of the Common Shares and 100,000 options.

## **LEGAL PROCEEDINGS**

There are no claims, actions, proceedings or investigations pending against the Company or, to the knowledge of the Company, threatened against the Company that, individually or in the aggregate, are material to the Company or would prevent or materially delay the Transaction or the Offering. Neither the



Company nor its assets and properties is subject to any outstanding judgment, order, writ, injunction or decree that has had or would be reasonably expected to have a material adverse effect on the Company or that would prevent or materially delay the Transaction or the Offering.

### **INTEREST IN MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as previously described herein, management of the Company is not aware of a material interest, direct or indirect, of any director or officer of the Company, any director or officer of a body corporate that is itself an insider of the Company, any proposed nominee for election as a director of the Company, any principal shareholder, or any associate or affiliate of any such person, in any transaction for the 36 months preceding the date of this Listing Statement or in any proposed transaction which has materially affected or would materially affect the Company.

### **AUDITOR, TRANSFER AGENTS AND REGISTRARS**

The auditor of the Company is BDO Canada LLP, Chartered Accountants, at its principal office in Vancouver, British Columbia. BDO is the successor auditor to McGovern, Hurley, Cunningham, LLP, Chartered Accountants and was first appointed as auditor of the Company on December 10, 2015.

The Company's transfer agent and registrar is TSX Trust Company of Canada at its principal offices in Calgary, Alberta.

### **MATERIAL CONTRACTS**

Other than as set forth elsewhere in this Listing Statement, the Company has not entered into any contracts material to investors in the Common Shares, other than the BC Letter of Intent and the Nevada Letter of Intent.

Copies of these agreements will be available for inspection at the offices of Norton Rose Fulbright Canada LLP, counsel to the Company, Suite 3700, 400 – Third Avenue S.W., Calgary, Alberta T2P 4H2, during ordinary business hours.

### **INTEREST OF EXPERTS**

Other than Chris Guka, who has no interest in any of the entities referred to herein, no expert has prepared or certified a report or valuation described or included in this Listing Statement.

### **OTHER MATERIAL FACTS**

There are no material facts not otherwise disclosed elsewhere in this Listing Statement.

### **FINANCIAL STATEMENTS**

The audited financial statements for AMA, Infused and 1080034 BC are attached hereto as schedules:

Schedule B – audited financial statements of AMA for the period ending December 31, 2016

Schedule C – audited financial statements of Infused for the period ending December 31, 2016

Schedule D – audited financial statement of 1080034 BC for the period ending January 31, 2017 and the year ended July 31, 2017

Schedule E – Pro forma statements

**CERTIFICATE OF FRIDAY NIGHT INC.**

Pursuant to a resolution duly passed by its Board of Directors, the Friday Night Inc., hereby applies for the listing of the above mentioned securities on CNSX. The foregoing contains full, true and plain disclosure of all material information relating to Friday Night Inc. 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 Calgary, Alberta, this 12<sup>th</sup> day of June, 2017.

"Brayden R Sutton"  
Brayden R. Sutton  
Chief Executive Officer

"Michael Hopkinson"  
Michael Hopkinson  
Chief Financial Officer

*And on behalf of the Board  
of Directors by*

" D Richard Skeith "  
D. Richard Skeith  
Director

" Brian Keane "  
Brian Keane  
Director

# **VALUATION REPORT**

**1080034 BC Ltd.**

**Prepared for QuikFlo Health Inc.**

**Calgary, Alberta**

**March 31, 2017**



**WORKING CAPITAL CORPORATION**

# VALUATION REPORT

1080034 BC Ltd.

Prepared for QuikFlo Health Inc.

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**1.0 BACKGROUND**

**1.1 Background of the Assignment**

Working Capital Corporation (“WCC”) understands that QuikFlo Health Inc., a company currently listed on the TSX Venture Exchange (“QuikFlo” or “Pubco”) has entered into a Letter of Intent to acquire 1080034 BC Ltd. (“Priveco” or the “Company”), a non-arm’s length private company. WCC also understands that QuikFlo’s intent is to delist from the TSX Venture Exchange and list on the Canadian Securities Exchange.

WCC understands that Priveco has arms’ length agreements dated January 25, 2017 in place to acquire 91% of two US marijuana companies in Las Vegas, Nevada (the “Targetcos”). WCC understands that the first acquisition is of Alternative Medicine Association LLC., (“AMA”) a medical marijuana production facility company that includes a 12,000-square foot licensed medical marijuana cultivation/production facility and packaging center with over \$1 million in medicinal sales in its first year of operation. WCC also understands that the second acquisition is Infused Mfg LLC, (“Infused”), a start-up company that develops and markets hemp based and CBD infused products for sales nationwide in the US.

QuikFlo will acquire pursuant to a three-corner amalgamation or other business combination pursuant to which shareholders of Priveco will receive QuikFlo common shares in exchange for the Priveco shares. It is currently expected that QuikFlo will issue 90,350,001 common shares to the Priveco shareholders.

Accordingly, QuikFlo has engaged WCC to prepare a Valuation Report (the “Valuation” or “Report”) to provide an independent valuation of the fair market value of Priveco to support the value of the agreed terms of the acquisition.

The purpose of the Report will be to provide a valuation on the Priveco for submission by QuikFlo to the Canadian Securities Exchange, to support the value of the exchange of shares of QuikFlo for acquisition of Priveco.

As WCC has relied extensively on information, materials and representations provided to us by QuikFlo’s and Priveco’s management and associated representatives, WCC will require that management of QuikFlo and Priveco confirm to WCC in writing that it has reviewed the Report in detail and that the information and management’s representations contained in the Report are



accurate, correct and complete and that there are no material omissions of information that would affect the conclusions contained in the Report. WCC, its staff, associates and directors, will not assume any responsibility or liability for losses incurred by QuikFlo, Priveco, Targetcos, or any other parties as a result of the circulation, publication, reproduction, or use of the Report, or any excerpts thereto, as well as to the use of the Report, or its use contrary to the provisions of this section of the Report.

WCC reserves the right to review all calculations included or referred to in the Report and, if WCC considers it necessary, to revise the Report in the light of any information existing at the Valuation Date which becomes known to WCC after the date of the Report.

**For the purpose of this Report, the valuation date is March 31, 2017 (the “Valuation Date”).**

The Report has been prepared for QuikFlo and may not be relied upon by any other person or entity other than those defined in the Engagement Letter.

All dollar amounts referred to in this report are in Canadian currency unless otherwise indicated.

## **1.2 Background of the Company**

1080034 BC Ltd. (“Priveco” or the “Company”) is a private holding company in Vancouver, British Columbia, that has entered into arm’s length agreements dated January 25, 2017 to acquire 91% of two US marijuana companies in Las Vegas, Nevada (the “Targetcos”). The first acquisition is of Alternative Medicine Association LLC, a Nevada limited liability company that owns a 12,000-square foot licensed medical marijuana cultivation/production facility and packaging center with over US\$1 million in medicinal sales in its first year of operation. Priveco has delivered a refundable deposit to the AMA in the amount of USD\$100,000 in accordance with the terms of its letter of intent. AMA will receive 60,000,000 common shares of QuikFlo and cash consideration of US\$3.4 million from QuikFlo as part of the acquisition.

The second acquisition is of Infused Mfg LLC, a Nevada limited liability company that is a start-up company that develops and markets hemp based and CBD infused products for sales nationwide. Priveco has delivered a non-refundable deposit of USD\$10,000 to Infused in accordance with the terms of its letter of intent. Infused will receive 2,000,000 common shares of QuikFlo and cash consideration of US\$300,000 from QuikFlo as part of the acquisition.



Priveco was incorporated on June 20, 2016 pursuant to the provisions of the Business Corporations Act (BC) as 1080034 BC Ltd. The head office is at Suite 734, 1055 Dunsmuir Street, Vancouver, BC, V7X 1B1. Priveco is currently owned 100% by private shareholders, with a total of 90,350,001 shares issued and outstanding.

**2.0 SCOPE OF VALUATION REVIEW**

In reaching its opinion WCC has relied on the following:

- Letter of Intent dated January 24, 2017, between 1080034 BC Ltd. and Alternative Medicine Association LLC.;
- Letter of Intent dated January 25, 2017, between 1080034 BC Ltd. and Infused Mfg LLC.;
- Draft listing statement of QuikFlo Health Inc. for submission to the Canadian Securities Exchange;
- Central Securities Register of 1080034 BC Ltd.;
- Management prepared information and promotional materials of Friday Night liquor brands, which are owned by Priveco;
- Audited financial statements of Alternative Medicine Association, LLC for the years ended December 31, 2016 and 2015;
- Audited financial statements of Infused MFG, LLC for the year ended December 31, 2016;
- Unaudited financial statements of 1080034 BC Ltd. for the six-month period ended January 31, 2017 and audited financial statements for the period ending July 31, 2016;
- Management prepared financial statements of 1080034 BC Ltd. for the eight-month period ended March 31, 2017;
- Industry data obtained from both primary and secondary market research, including searches of relevant U.S. and Canadian trade and industry publications, government reports and statistics, and online databases;
- Certain current and historical public stock market and financial data on comparable publicly traded companies, and other relevant current and relevant historical stock market data;



**3.0 ASSUMPTIONS**

- At the Valuation Date, there were no material contingent liabilities, unusual contractual obligations or substantial commitments other than in the ordinary course of business against the Company, and there was no material litigation threatened or pending that would affect the conclusions other than as described in this Report.
- The Company continues to have available to it adequate working capital and financial resources to continue to develop and commercialize its technology over the short and long term.

**4.0 LIMITATIONS**

- The Valuation Report was prepared pursuant to the terms of the engagement letter dated February 16, 2017.
- A site visit of the Las Vegas companies was not completed; as a result, WCC has not verified the physical existence of the Targetcos, but relied on the audited financial statements, representations of management of QuikFlo and Priveco, and other publicly verified data.
- WCC relied on the financial information provided to it by management of Priveco and QuikFlo. WCC's conclusions are based on that financial information and may be different if there are material errors or omissions in that information.
- WCC has not carried out any audit procedures on the financial information, nor has WCC examined the financial accounts of the Priveco or QuikFlo. Accordingly, the authors of the Report reliance on the financial information is based solely on the representations of Priveco's and QuikFlo's management, auditors, and legal counsel.

**5.0 DEFINITION OF FAIR MARKET VALUE**

In this Report, fair market value is defined as the highest price available in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act, expressed in terms of cash.





With respect to the market for assets and businesses there are, in essence, as many “prices” for any asset(s) or business(es) as there are purchasers and each purchaser for a particular “pool of assets”, be it represented by overlying shares or the assets themselves, can likely pay a price unique to it because of its ability to utilize the assets in a manner peculiar to it.

In any open market transaction, a purchaser will review a potential asset acquisition in relation to what economies of scale (e.g., reduced or eliminated competition, ensured source of material supply or sales, cost savings arising on business combinations following acquisitions, and so on), or “synergies” that may result from such an acquisition.

Theoretically, each purchaser can be presumed to be able to enjoy such economies of scale in differing degrees and therefore each purchaser could pay a different price for a particular pool of assets than can each other purchaser.

Based on WCC’s experience, it is only in negotiations with such a special purchaser that potential synergies can be quantified and even then, the purchaser is generally in a better position to quantify the value of any special benefits than is the vendor. Also, the management of the Company has not been able to identify to WCC any specific special purchasers as of the Valuation Date. Accordingly, WCC have not reflected any special purchaser considerations in the assessments of the indication of value of the Company.

## **6.0 BUSINESS OVERVIEW**

### **6.1 Business of Priveco**

Priveco is a private holding company in Vancouver that has entered arms-length agreements dated January 25, 2017 to acquire 91% of two US marijuana companies in Las Vegas, Nevada. Priveco was incorporated to acquire certain interests in liquor brands as detailed below, to acquire the Targetcos, to raise the initial seed capital, and to facilitate the vend-in into QuikFlo.



**6.2 Business of Targetcos**Alternative Medicine Association LLC

AMA is located in Las Vegas, Nevada and owns and operates a 12,000-square foot licensed medical marijuana cultivation and production facility and packaging center. It has generated over US\$1 million in medicinal sales in its first year of operation.

AMA currently operates in the United States medical marijuana sector and expects to operate in the recreational marijuana sector as early as July of this year. AMA'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. Its 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 and replicate its model in other jurisdictions where permitted by law or regulation.

Since 2015, AMA has been cultivating and selling marijuana within the price range from \$5 to \$20 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. The company may also offer product for sale at wholesale prices to other licensed operators, which would lower both operating costs as well as margins on those sales. No such arrangements are presently in place.

AMA's current cultivation, production, distribution and marketing business is currently focused on two main segments: medical segment and the CBD-infused products segment, and has plans for expansion into the recreational marijuana market segment. Currently the company sells THC and marijuana only to licensed retail dispensaries and sells its hemp based, CBD infused products through retail dispensaries and other retail outlets or online.

As of the date of this Report, AMA's business involves the growing of marijuana indoors through hydroponic processes for personal medicinal use. AMA began commercial production in April 2015 when it was the first MME approved for cultivation in southern Nevada. Its first crops were harvested, dried, packaged and sold in October 2015 and it has consistently produced marijuana on a commercial scale in Nevada since that beginning.



AMA currently leases its facility in the city of Las Vegas. AMA has cost-effectively facilitated production of monthly crops of approximately 100 pounds per month, including both marijuana flower and trim, in full compliance with all state and local regulatory authorities. AMA has designed and constructed 4 indoor purpose specific grow rooms, each of which are planted monthly, and harvested at 60 days.

Each grow room is fully climate controlled, with all key growing elements monitored and computer controlled to ensure consistent production. There are production elements, which require brief manual monitoring and intervention on a daily basis, but all key environmental functions are electronically controlled.

AMA currently has approximately 12 full-time employees and 4-6 part-time trimmers or packagers as of the date of this Report.

#### Infused Mfg LLC

Priveco also entered in an agreement to acquire a Nevada based start-up company that develops and markets hemp based and CBD-infused products for sales across the United States.

Infused is focused on developing, acquiring and designing CBD-infused products and brands for retail sale and use in jurisdictions where permitted. As CBD-infused products for medicinal and/or recreational use are currently not legal in Canada, the CBD-infused products segment is focused solely on the U.S. States, where it is fully permitted.

The company's management also has identified marijuana growers, marijuana concentrate extractors and suppliers in North America, which it can call on to fill the need for various expertise as such needs arise. Leafs, nodes and shake or collectively "trim" are not typically utilized for consuming cannabis through smoking, but are used in production of other products such as oil extracts. Both CBD, the principal non-psychoactive constituent of the cannabis plant, and THC are extracted in the form of marijuana concentrates from the plant. The marijuana concentrate can then be refined into individual components and used to manufacture a number of marijuana-infused products which in some products contain CBD only, including: tinctures, transdermal patches, lotions, pain creams, and capsules. Infused is also working toward buying straight CBD isolates or powders which may avoid the federal prohibitions against THC marijuana. Infused intends to manufacture and distribute these and other products under 3



distinct schemes: CannaHemp; Canna-CBD; and CannaBlends. The hemp-only products will be sold nationwide through various retailers including Amazon and other fulfillment centers under the company brand name of “CannaHemp”. Additional products will be specifically infused with CBD for stronger health benefits without any psychoactive effects. These will be marketed direct to consumers in legal channels which will include online, health food stores, vape storefronts and retail dispensaries under the company brand name of “Canna-CBD”. The third line of company products will include products with both CBD and THC concentrates. These will be blended in pre-determined ratios, and will be distributed under the company brand name of “CannaBlends”. These blended products are considered controlled substances and will only be distributed through legal retail dispensaries, which have specific contracts or licenses with the company. The company believes branding will be important and is focusing on developing brands that it believes will resonate with consumers. The company is now in its development stage of product packaging. The company has submitted trademark applications in the United States, specific US States and Canada on key brand names it intends to utilize.

## **7.0 INDUSTRY OVERVIEW**

The medical marijuana industry in North America is undergoing massive changes as a result of the legalization and regulation of medical marijuana, and in some US states, of recreational marijuana. As of the 2016 U.S. federal election, Nevada, California, Maine and Massachusetts joined Alaska, Oregon and Washington as states where recreational marijuana is now legal. Medical marijuana is legal under state law in 28 states. Despite recent opinions by several individuals in the newly-elected Trump administration, Nevada, along with other US States who have approved recreational use of marijuana, is moving ahead with its implementation of the 2016 approved measure to license and permit the sale of recreational marijuana to adult users. The Nevada Department of Taxation has announced its intent to begin accepting applications exclusively from those already licensed as an MME, with projected temporary approvals to be effective as early as July of 2017.

Las Vegas, Nevada hosts over 45 million visitors per year. Nevada’s recent approval of the recreational use of retail marijuana should increase the local market for both recreational and medicinal cannabis use.



## **8.0 REVIEW OF FINANCIAL OPERATIONS**

### **8.1 Financial Statements - Priveco**

WCC reviewed the audited financial statements of Priveco for the period from incorporation (June 20, 2016) to July 31, 2016 and the unaudited financials for the six months ended January 31, 2017.

Below is a summary of the Statement of Financial Position as at January 31, 2017 and July 31, 2016.

1080034 BC LTD. Statement of Financial Position	As at 31-Jan-17 (Unaudited)	As at 31-Jul-16 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ -	\$ 67,104
Accounts receivable	11,861	-
Prepaid expenses	125,838	-
Due from related party	16,000	-
<b>Total Current Assets</b>	<b>153,699</b>	<b>67,104</b>
<b>Non-current Assets</b>		
Long-term investment	475,575	277,950
<b>Total Assets</b>	<b>\$ 629,274</b>	<b>\$ 345,054</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Bank indebtedness	68,464	-
Accounts payable and accrued liabilities	22,439	8,114
Subscription obligation	195,000	345,000
	285,903	353,114
<b>Shareholders' Equity</b>		
Share capital	649,284	-
Deficit	(305,913)	(8,060)
<b>Total Shareholders' Equity</b>	<b>343,371</b>	<b>(8,060)</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 629,274</b>	<b>\$ 345,054</b>



Priveco had a long-term investment of \$475,575, of which \$343,775 relates to its 8% interest in 2 liquor brands, Bellissima Prosecco and Bivi Vodka, and the balance relates to its deposits to the Targetco's as per the letter of intents.

As at January 31, 2017, Priveco issued share capital in the amount of \$649,284. Subsequent to January 31, 2017, Priveco completed multiple private placements, for a total cash consideration of \$995,000. Since incorporation, Priveco has been financed via private placements to the amount of \$1,644,284.

WCC also reviewed management prepared financial statements of Priveco for the period from incorporation (June 20, 2016) to March 31, 2017. Below is a summary of the Statement of Financial Position as at March 31, 2017 and July 31, 2016.

1080034 BC LTD. Statement of Financial Position	As at 31-Mar-17	As at 31-Jul-16
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 644,330	\$ 67,103
Loan receivable	121,000	-
Prepaid expenses	70,750	-
Sales tax receivable	18,269	-
<b>Total Current Assets</b>	<b>854,349</b>	<b>67,103</b>
<b>Non-current Assets</b>		
Intangible asset	488,862	277,950
<b>Total Assets</b>	<b>\$ 1,343,211</b>	<b>\$ 345,053</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	4	8,113
<b>Shareholders' Equity</b>		
Share capital, net	1,924,284	-
Subscriptions received/(receivable)	(125,000)	345,000
Deficit	(456,077)	(8,060)
<b>Total Shareholders' Equity</b>	<b>1,343,207</b>	<b>336,940</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,343,211</b>	<b>\$ 345,053</b>



As at March 31, 2017, Priveco had cash of \$644,330, total current assets of \$854,349, and working capital of \$854,345.

Below is a summary of the Statement of Loss and Comprehensive Loss for the six and three months ended at January 31, 2017.

1080034 BC LTD. Statement of Loss and Comprehensive Loss Expressed in Canadian Dollars	Six Months Ended 31-Jan-17	Three Months Ended 31-Jan-17
<b>Expenses</b>		
Bank charges	\$ 395	\$ 205
Meals & Entertainment	19,455	8,101
Travel Expense	79,159	62,403
Office Supplies	14,686	5,860
Accounting and legal	6,527	5,250
Professional fees	8,075	8,075
Consulting fees	169,556	104,933
Foreign Exchange	-	(200)
<b>Net loss and comprehensive loss for the period</b>	<b>\$ 297,853</b>	<b>\$ 194,627</b>

For the six months ended January 31, 2017, Priveco did not generate any revenue and incurred a loss of \$297,853 due to consulting fees, travel expenses, professional fees, and other general and administrative expenses. The majority of these costs were incurred to identify potential deals in the cannabis industry, and to complete due diligence on such deals, and eventually to negotiate the acquisition of the Targetcos.



**8.2 Financial Statements - Infused**

WCC reviewed the audited financial statements of Infused for the year ended December 31, 2016.

Below is a summary of the audited Balance Sheet as at December 31, 2016.

Infused MFG, LLC Balance Sheet	As at 31-Dec-16
	US\$
<b>ASSETS</b>	
Current Assets	
Cash	\$ 1,309
Accounts receivable	675
Inventory	2,797
<b>Total Assets</b>	<b>\$ 4,781</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>	
Current Liabilities	
Accounts payable	\$ 2,896
Accrued interest	78
Loan payable	5,000
<b>Total current liabilities</b>	<b>\$ 7,974</b>
Members' Deficit	(3,193)
<b>Total Liabilities and Members' Equity</b>	<b>\$ 4,781</b>





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PREPARED FOR QUIKFLO HEALTH INC.****March 31, 2017**

Below is a summary of the audited Statement of Loss and Members' Equity for the period ended December 31, 2016.

Infused MFG, LLC Statement of Loss & Members' Equity	For the Four Months and Three Days ended 31-Dec-16
	US\$
Revenues	\$ 12,581
Cost of Goods Sold	<u>16,318</u>
Gross Profit	<u>(3,737)</u>
<b>General and Administrative Expenses:</b>	
Bank charge	82
Commissions	2,000
Office	2,560
Promotion	150
Printing	512
Tax and license	440
Utilities	34
Total operating expenses	<u>5,778</u>
Loss from operations	<u>(9,515)</u>
<b>Other Income (Expense)</b>	
Interest expense	<u>(78)</u>
Net Loss	\$ (9,593)
Members' Equity, Beginning	-
Members' Contributions	<u>6,400</u>
Member's Equity, Ending	<u>\$ (3,193)</u>

For the period ended, December 31, 2016, Infused generated revenues of \$16,318 and incurred a small loss of \$9,593.



**8.3 Financial Statements - AMA**

WCC reviewed the audited balance sheets of AMA for the years ended December 31, 2016 and 2015.

Alternative Medicine Association, LLC Balance Sheets	As at 31-Dec-16	As at 31-Dec-15
	US\$	US\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 97,136	\$ 67,708
Accounts receivable	14,063	3,918
Employee receivable	200	-
Prepaid expenses	9,040	-
Inventory	272,272	78,441
<b>Total Current Assets</b>	<b>392,711</b>	<b>150,067</b>
<b>Fixed Assets</b>		
Property and equipment	594,480	346,931
Less: accumulated depreciation	(107,980)	(35,236)
<b>Total fixed assets</b>	<b>486,500</b>	<b>311,695</b>
<b>Other Assets</b>		
Deposits	37,660	37,660
<b>Total Assets</b>	<b>\$ 916,871</b>	<b>\$ 499,422</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	182,053	31,983
Accrued expenses	32,760	-
Accrued interest	31,445	19,701
Lines of credit to related parties	438,800	240,000
	685,058	291,684
<b>Members' Equity</b>	<b>231,813</b>	<b>207,738</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$ 916,871</b>	<b>\$ 499,422</b>



WCC reviewed the audited Statement of Loss and Members' Equity of AMA for the years ended December 31, 2016 and 2015.

Alternative Medicine Association, LLC Statement of Loss and Members' Equity	For the Years ended	
	31-Dec-16	31-Dec-15
	US\$	US\$
Revenues	\$ 1,120,102	\$ 310,420
Cost of Good Sold	927,115	283,272
Gross Profit	<u>192,987</u>	<u>27,148</u>
<b>General and Administrative Expenses:</b>		
Advertising	11,545	269
Contributions, political	25,000	1,000
Depreciation	72,744	35,236
Insurance	16,086	6,890
Meals and entertainment	4,245	1,251
Office expenses	3,784	4,394
Product development and licensing	-	29,268
Professional fees	35,755	8,880
Rent	73,418	66,361
Repairs and maintenance	8,635	305
Taxes and licenses	22,648	4,139
Telephone and internet	2,743	1,601
Travel	3,536	456
Other	7,722	6,522
Total operating expenses	<u>287,861</u>	<u>166,572</u>
Loss from operations	<u>(94,874)</u>	<u>(139,424)</u>
<b>Other Income (Expense)</b>		
Interest expense	<u>(31,051)</u>	<u>(19,686)</u>
Net loss	<u>\$ (125,925)</u>	<u>\$ (159,110)</u>
Members' Equity, Beginning	207,738	51,848
Members' Contributions	150,000	315,000
Member's Equity, Ending	<u>\$ 231,813</u>	<u>\$ 207,738</u>

AMA generated revenues of over US\$1 million in the last fiscal year, an increase of nearly 300% from the prior year.



**9.0 VALUATION METHODOLOGIES**

In valuing a company, there is no single or specific mathematical formula. The particular approach and the factors to consider for each business will vary in each case. Valuation approaches are primarily income based or asset based.

Income based approaches are appropriate where an enterprise's future earnings are likely to support a value in excess of the value of the net assets employed in its operation. Commonly used income based approaches are the capitalization of indicated earnings or cash flow and discounted cash flow and discounted earnings.

Asset based approaches can be founded on either going concern assumptions (i.e. an enterprise is viable as a going concern but has no commercial goodwill) or liquidation assumptions (i.e. an enterprise is not viable as a going concern, or going concern value is closely related to liquidation value).

Valuation approaches applicable to companies can be grouped into three general categories: (1) cost approach; (2) market approach (or sales comparison approach); and (3) income-based approach.

While there are many definitions of cost, the cost approach generally reflects the original cost or cost to reproduce the asset. This approach is premised on the principle that the most an investor or notional purchaser will pay for an investment is the cost to obtain an investment of equal utility (whether by purchase or reproduction). With respect to an investment, the most that an intrinsic, notional purchaser would pay is the costs related to being able to put oneself in the same situation, at the Valuation Date, as implied in an option agreement, legal contract and/or earn-out situation, where there is some reasonable expectation of future cash flows to be generated from such an agreement(s).

The market or sales comparison approach uses the sales price of comparable assets as the basis for determining value. If necessary, the market transaction data is adjusted to improve its comparability and applicability to the asset being valued.

The income-based approach considers the expected future earnings to be derived through the use of the asset. The present value of the expected future earnings is determined with the application of a discount or capitalization rate, reflecting the investor's required rate of return on investment.



Having regard to relative new and developing industry of the marijuana section, it is WCC's view that a market or sales comparison approach, is the most appropriate basis to derive the range of fair market value of the Company.

## **10.0 MARKET APPROACH**

WCC undertook a market approach (or sales comparison approach) of Priveco in order to assess the value of the Company. This involved a review of comparable public companies as well as a review of market transactions in the industry.

### **10.1 Comparable Companies**

WCC reviewed and analyzed public companies in the industry to find comparable companies to Priveco. As QuikFlo will trade in Canada, only Canadian listed companies were considered.

Schedule 1 contains a summary of the public companies in the similar industry of Priveco. This schedule includes most of the publicly listed companies in the marijuana, cannabis, and hemp markets that are not currently licensed producers. Their market capitalizations range from \$3.68 million to over \$116 million. The average market capitalization of this sector of public companies is in the \$31 million range. Most of these companies do not currently have any revenue, and some of limited capital resources. Most of these companies are at the early stage of development similar to Infused.

Schedule 2 and below is a summary of the public companies that are licensed producers of medical marijuana for resale or for research. These companies provide good public company comparables for AMA.



Licensed Producers (LP)				Market Cap	
Exchange	Symbol	Company Name	Stock Price	(\$MM)	
TSX	APH	Aphria Inc	\$ 6.71	836.50	
TSX.V	ACB	Aurora Cannabis Inc	\$ 2.58	820.01	
TSX	WEED	Canopy Growth Corp	\$ 10.65	1,722.40	
TSX.V	MJN	Cronos Group Inc	\$ 2.78	366.35	
TSX.V	EMC	Emblem Corp	\$ 2.31	154.59	
TSX	CMED	CANNIMED THERAPEUTICS INC	\$ 11.65	261.97	
TSX.V	EMH	EMERALD HEALTH THERAPEUTICS	\$ 1.28	100.07	
TSX.V	OGI	ORGANIGRAM HOLDINGS INC	\$ 2.55	257.90	
CSE	SL	Supreme Pharmaceuticals Inc	\$ 1.50	232.11	
CSE	THC	THC BIOMED INTERNATIONAL LTD	\$ 0.75	77.32	
TSX.V	IMH	INVICTUS MD STRATEGIES CORP	\$ 1.63	62.04	
Average				444.66	

The market capitalizations range from \$77 million to over \$1.7 billion. The average market capitalization of this sector of public companies is in the \$445 million range. Most of these companies are significantly larger than AMA by size of facilities and by revenue, and are well financed. Most of them operate in the Canadian marketplace. As a result of these factors, it is difficult to come to any reasonable valuation metrics on the value AMA based on these comparable companies.

## 10.2 Market Transactions

WCC reviewed and analyzed transactions and acquisitions in the industry to determine an appropriate market valuation of AMA.

WCC reviewed recent acquisitions in the market place of both licensed producers and companies in the pre-build certification stage of becoming a licensed producer.

Date	Acquirer	Symbol	Target	Value	Square Feet	\$/Sqft
03-Apr-17	Canopy Growth	WEED	rTrees	\$ 35,574,061	90,000	\$ 395.27
04-Apr-17	Aurora	ACB	Peloton Pharmaceuticals Inc.	\$ 7,000,000	40,000	\$ 175.00
31-Jan-17	Canopy Growth	WEED	Mettrum Health Corp	\$ 430,000,000	90,000	\$ 4,777.78
Average						\$ 1,782.68
AMA - comparable value				\$ 57,333,333	12,000	\$ 4,777.78
AMA - comparable value				\$ 21,392,180	12,000	\$ 1,782.68



The first 2 acquisitions in the table are of Health Canada applicants that have not yet completed the construction of their facilities, so have not yet become a licensed producer. Yet, the companies have been bought out for millions of dollars by existing licensed producers. Mettrum, on the other hand, is a licensed producer that was acquired for approximately \$430 million, and had producing facilities under 90,000 square feet, or \$4,778 per square foot. If AMA were to be purchased for \$4,778 per square foot, that would equate to over \$57 million in value. If one were take the average value per square foot of the acquisitions, which included the non-licensed producers, a value of \$21.4 million could potentially be justified for AMA in the Canadian marketplace. However, since AMA operates in the US and is a significantly smaller company than Mettrum, the above numbers would be seen as extreme and not appropriate valuation range.

### **11.0 VALUATION CONCLUSIONS**

In determining the value of Priveco, WCC had to value each of its segments of the company: redundant assets, liquor brands, acquisition agreement of AMA, and acquisition agreement of Infused. Each segment required a different valuation approach, and the combined valuation of each segment determined the overall value of Priveco.

#### **11.1 Redundant Assets**

As Priveco is being acquired by QuikFlo, the working capital on hand in Priveco, which is made up of cash and cash equivalents, becomes a redundant asset in the purchase. That is QuikFlo will be acquiring a significant amount of cash and cash equivalents its acquisition of Priveco.

As per the financial statements of Priveco as at March 31, 2017, below is a listing of the redundant assets.

<b><u>Redundant Assets</u></b>	
Cash	\$ 644,330
Loan receivable	121,000
Prepaid expenses	70,750
Sales tax receivable	18,269
Current liabilities	(4)
Total working capital	<u>\$ 854,345</u>
Rounded	<u>\$ 850,000</u>



As at March 31, 2017, Priveco had cash on hand of \$644,330, other prepaids and receivables of \$210,014, net of current liabilities, for total working capital of \$854,345. Thus, built into the purchase price of Priveco, is approximately \$850,000 of cash and cash equivalents that QuikFlo will receive. This is \$850,000 of value over and above the value of the rest of the assets of Priveco.

### **11.2 Value of Liquor Brands**

On July 29, 2016, Priveco entered into an agreement that granted it the right to acquire an interest up to 15% in BiVi LLC and an interest in Bellissima LLC up to 15%, for total purchase price of US \$500,000. The full 15% interest acquired in the entities will vest upon payment of US \$500,000. As per the agreements, provided that the Priveco makes partial payments, Priveco will acquire a pro rata interest in both BiVi LLC and Bellissima LLC, which shall vest forthwith upon making such payments. As at January 31, 2017 Priveco had acquired a total of 8% interest in BiVi LLC and a 8% interest in Bellissima LLC, for total consideration of US \$260,687, (CND \$343,775).

Bellissima LLC owns the Bellissima Prosecco brand which is built upon Christi Brinkley's identity and means "most beautiful" in Italian. The product is an organic Prosecco from Teviso, Italy and has three varieties – Brut DOC, Rose, and Zero.

BiVi LLC owns the Bivi Vodka brand, which is a premium vodka brand built upon Chazz Palmiteri's identity.

Iconic Brands Inc. (ICNB) is a public company trading on the OTC Pink Sheets and owns 51% of the Bellissima Prosecco and Bivi Vodka brands. On December 6, 2016, Iconic Brands, Inc. announced a letter of intent to acquire controlling interest of Bellissima Prosecco, developed by CEO Richard DeCicco in conjunction with international celebrity and entrepreneur Christie Brinkley. According to the company's website and news releases, Bellissima is a line of organic Prosecco second to none; the brand has seen unprecedented positive reception since launching a few months ago, with demand already outpacing expectations. The line includes a DOC Brut, Sparkling Rose and a Zero Sugar, Zero Carb option which are all natural and gluten free with all certified organic and vegan. The brand is currently available in 12 markets with 14 pending approvals and distribution through Southern Glazers, Empire Brands, Allied Distributing, Horizon Beverage Group, and Empire Distributing.





As of March 31, 2017, Iconic Brands had a market capitalization \$814.79 million, with its main assets and operations revolving around the 51% interest in the above-mentioned brands.

WCC used this market comparable to determine the value of an 8% interest in these brands, which Priveco owns.

	% Interest In liquor brands	31-Mar-17 Share Price (US\$)			Shares o/s (MM)	Market Capitalization (US\$MM)		
		Low	High	Close		Close	Low	High
ICONIC BRANDS (ICNB:OTC Pink)	51%	\$ 0.0172	\$ 0.0208	\$ 0.0175	\$ 814.79	\$ 14.26	\$ 14.01	\$ 16.95
Value of 100% ownership	100%					\$ 27.96	\$ 27.48	\$ 33.23
1080034 BC LTD.	8%					\$ 2.24	\$ 2.20	\$ 2.66
Discount due to minority interest	50%					\$ 1.12	\$ 1.10	\$ 1.33
Estimated Fair market value (US\$)						\$ 1.12	\$ 1.10	\$ 1.33
Estimated Fair market value (CDN\$)	\$ 1.33 exchange rate					\$ 1.49	\$ 1.46	\$ 1.77
Average fair market value							\$ 1.62	

Based on the market capitalization of Iconic Brands, an 8% interest in the liquor brands would be worth US\$2.2 million to US\$2.66 million. However, since Priveco is currently not a public company and owns a minority interest of 8% of the brands, a discount needs to be applied to this. WCC estimated that this discount should be 50% of the value, which would give a valuation range of US\$1.1 million to US\$1.77 million. In Canadian dollars, this converts to \$1.49 to \$1.77 million, with an average of \$1.62 million.

WCC have also considered the following risk factors in determining the discount factor of the minority interest. These factors are:

- Priveco does not control the sales, pricing, or marketing of the liquor brands so is at the mercy of the majority owner
- Iconic Brands is a public company trading on the OTC Pink sheets, which tends to be very volatile. As a result, the market capitalization of the company can vary significantly, even on a daily basis.
- Iconic Brands has nearly 815 million shares outstanding, and the stock trades between 1 and 3 cents. As a result of the number of shares and low trading range, the market capitalization can swing materially based on fractions of penny,
- Iconic Brands is a public company and there is a public company premium associated to this.
- Even though the liquor brands are Iconic Brands' major assets, the market may still be giving some value to some of its other non-operating assets.



Due to the above risk factors in valuing the liquor brands, WCC also compared this valuation to the book value of the liquor brands on the books of Priveco. As the book value of the brands is \$343,775, WCC felt it appropriate to apply a premium to the book value of 3 to 5 times, since the sales of the brand is increasing, thus obtaining higher market penetration, and thus increasing the value of the brands.

	Low	High	Average
Book value of liquor brands	\$ 343,775	\$ 343,775	\$ 343,775
Premium applied to book value	3	5	4
Estimated Fair market value	<u>\$1,031,325</u>	<u>\$1,718,875</u>	<u>\$1,375,100</u>
Rounded	\$1,000,000	\$1,700,000	\$1,400,000

Additional factors for applying a range of premiums from 300% to 500% were:

- As sales have been increasing since the acquisition of these brands, the value should be increasing.
- With sales increasing, market awareness increases, and the value of the brands should also increase.
- Priveco has the right to acquire up to 15% of the brands, nearly doubling their current interest for US\$239,313. This provides significant upside in potential future value with a set cost as per the terms of the agreement.

Based on a 3 to 5 times premium applied to the book value of the brands, the estimated fair market value would be in the range of \$1,000,000 to \$1,700,000 (rounded), with an average estimated value of \$1,400,000 (rounded).

Based on the above two valuation methodologies, WCC is of the opinion that the liquor brands owned by Priveco are worth between \$1.46 million and \$1.77 million.

### **11.3 Value of Agreement to Acquire Infused**

The value attributable to Priveco for the agreement to acquire Infused would be the value of Infused in excess of the consideration to be paid by QuikFlo pursuant to the agreement, similar to a value of an option agreement.



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According to the agreement, Infused will receive 2,000,000 common shares of QuikFlo and cash consideration of US\$300,000. The below table shows the total consideration to be paid to Infused by QuikFlo.

Cash consideration	US\$	\$ 300,000
Cash consideration in Candian \$	1.33	\$ 399,000
Share consideration - number of shares	2,000,000	
Price per share	\$ 0.07	
Value of shares		\$ 140,000
Total consideration		\$ 539,000

As Infused is a startup company with limited operations and revenue, WCC reviewed the comparable companies in Schedule 1 and picked the 5 lowest market capitalized companies to determine a reasonable valuation range of Infused.

<u>Exchange</u>	<u>Symbol</u>	<u>Company Name</u>	<u>31-Mar-17 Stock Price</u>	<u>Market Cap (\$MM)</u>
CSE	ACG	Alliance Growers Corp	\$ 0.11	3.68
CSE	GHG	Global Hemp Group Inc	\$ 0.03	4.14
CSE	UMB	Umbral Energy Corp	\$ 0.07	4.55
CSE	MMJ	Matica Enterprises	\$ 0.06	8.09
TSX.V	NU	NeutriSci International Inc	\$ 0.13	9.68
				<u>6.03</u>

The market capitalizations ranged from 3.68 million to 9.68 million for the smallest of the comparable companies in this industry, with the average market capitalization being 6.03 million.

WCC then used the lowest market capitalization as the low range of values and the average as the high-end value.



		<u>Low</u>	<u>High</u>	<u>Average</u>
Potential Value of Infused based on Comparables		3,675,000	6,025,000	4,850,000
91% of Infused	91%	3,344,250	5,482,750	4,413,500
Private company discount	50%	1,672,125	2,741,375	2,206,750
Less total consideration to be paid by Quikflo		(539,000)	(539,000)	(539,000)
Inferred value in Priveco Acquisition Agreement		1,133,125	2,202,375	1,667,750
Rounded valuation		1,100,000	2,200,000	1,700,000

As Priveco has an agreement to acquire 91% of Infused, WCC had to adjust the potential value for 91%, and then applied a private company discount of 50% to determine the value. From there, WCC had to deduct the consideration the QuikFlo is to pay for the acquisition. The difference is then the deemed value of the agreement that Priveco has with Infused.

Based on the above, WCC is of the opinion that the value of attributed to Priveco for the agreement to acquire 91% of Infused is in the range of \$1.1 million to 1.7 million.

#### 11.4 Value of Interest in AMA

The value attributable to Priveco for the agreement to acquire AMA would be the value of AMA in excess of the consideration to be paid pursuant to the agreement, similar to a value of an option agreement.

According to the agreement, AMA will receive 60,000,000 common shares of QuikFlo and cash consideration of US\$3,400,000. The below table shows the total consideration to be paid to AMA by QuikFlo.

Cash consideration in US\$		\$ 3,400,000
Cash consideration in CDN\$	1.33	\$ 4,522,000
Share consideration - number of shares	60,000,000	
Price per share	\$ 0.07	
Value of shares		\$ 4,200,000
Total consideration		\$ 8,722,000

Since AMA's 12,000 square foot facility is significantly smaller than the licensed producers' facilities in Canada, and since AMA's market is in the US, WCC determined that comparing AMA to the Canadian licensed producers was not an appropriate valuation metric. Even when



reviewing the 5 lowest market capitalized licensed producers in Schedule 2, the values ranged between \$62 million and \$232 million.

Licensed Producers (LP)			Market Cap		
Exchange	Symbol	Company Name	Stock Price	(\$MM)	Summary of business
TSX.V	IMH	INVICTUS MD STRATEGIES CORP	\$ 1.63	62.04	Licensed Producer (LP)
CSE	THC	THC BIOMED INTERNATIONAL LTD	\$ 0.75	77.32	Licensed Producer (LP) R&D
TSX.V	EMH	EMERALD HEALTH THERAPEUTICS	\$ 1.28	100.07	Licensed Producer (LP)
TSX.V	EMC	Emblem Corp	\$ 2.31	154.59	Licensed Producer (LP)
CSE	SL	Supreme Pharmaceuticals Inc	\$ 1.50	232.11	Licensed Producer (LP)
				125.23	

To find a more reasonable valuation metric, WCC reviewed recent market transactions, to determine an appropriate value per square foot.

Date	Acquirer	Symbol	Target	Value	Square Feet	\$/Soft
04-Apr-17	Aurora	ACB	Peloton Pharmaceuticals	\$ 7,000,000	40,000	\$ 175
03-Apr-17	Canopy Growth	WEED	rTrees	\$ 35,574,061	90,000	\$ 395
31-Jan-17	Canopy Growth	WEED	Mettrum Health Corp	\$ 430,000,000	90,000	\$ 4,778
		Average				\$ 1,724
	AMA - comparable value		Average	\$ 20,692,180	12,000	\$ 1,724
	Discount for private US company			50%	\$ 10,346,090	

WCC took the average price per square foot paid for the above companies, and multiplied it to AMA's facility size, and discounted it by 50% due to AMA being private and being in the US. Based on the above, WCC estimated that the potential value of AMA could be approximately \$10.3 million. From this figure, certain adjustments were required to value Priveco's interest, as Priveco's agreement to purchase AMA was for 91% and required consideration to be paid by QuikFlo of \$8.7 million.

Value of AMA based on market transactions	10,346,090
91% of AMA	9,414,942
Less total consideration to be paid by Quikflo	(8,722,000)
Inferred value in Priveco Acquisition Agreement	692,942
Rounded valuation	700,000

As a result of the above, WCC determined that the value attributed to Priveco for the agreement to acquire AMA was approximately \$700,000.



**11.5 Total Value of Priveco**

Based on and subject to all of the foregoing, WCC is of the opinion that the fair market value of Priveco, at the Valuation Date, is in the range of \$4.1 million to \$5.5 million, with an average value of \$4.9 million.

	<u>Low</u>	<u>High</u>	<u>Average</u>
Redundant Assets	\$ 850,000	\$ 850,000	\$ 850,000
Liquor brand licenses	\$1,460,000	\$ 1,770,000	\$1,620,000
Value of agreement with Infused	\$1,100,000	\$ 2,200,000	\$1,700,000
Value of agreement with AMA	\$ 700,000	\$ 700,000	\$ 700,000
<b>Total Value of Priveco</b>	<b>\$4,110,000</b>	<b>\$ 5,520,000</b>	<b>\$4,870,000</b>

This value was based on the total of:

- the redundant assets in Priveco of \$850,000 which consisted of cash and other working capital items
- The value of the liquor brands of \$1.46 million to \$1.77 million
- The value of the agreement to purchase Infused \$1.1 to \$2.2 million
- The value of the agreement to purchase AMA of \$700,000

The fair market value of Priveco of \$4.1 million to \$5.5 million is a premium over book value of the equity raised of approximately 2 to 3 times.

	<u>Low</u>	<u>High</u>	<u>Average</u>
Book value of equity raised	\$1,644,284	\$ 1,644,284	\$1,644,284
Premium to book value (rounded)	2.5	3.4	3.0
<b>Estimated fair market value</b>	<b>\$4,110,000</b>	<b>\$ 5,520,000</b>	<b>\$4,870,000</b>

In comparison to the market capitalizations of other public companies, this premium over book value is deemed reasonable in this sector.



The value range for Priveco has been determined through a market-based approach, which involved the comparison to comparable companies in the industry as well and market transactions in the industry.

**12.0 RESTRICTIONS AND CONDITIONS**

This Valuation Report is intended for the purpose stated in section 1.0 hereof and, in particular, is based on assumptions as to results that could reasonably be expected at the Valuation Date. It is not to be the basis of any subsequent valuation of this Company and is not to be reproduced or used other than for the purpose of this valuation analysis without prior written permission in each specific instance from Working Capital Corporation. If this valuation analysis is filed with CCRA or with any entity beyond the scope of section 1.0, it must be explicitly understood that such filing is without our consent. Working Capital Corporation disclaims any responsibility or liability for losses occasioned to any parties as a result of the circulation, publication, reproduction or use of this Report as well as to its use contrary to the provisions of this paragraph.

This Report has been prepared for QuikFlo solely for the purpose stated in section 1.0 hereof. This Report may not be relied upon by any other person or entity without our express prior written consent.

**13.0 STATEMENT OF INDEPENDENCE**

None of the employees or associates of Working Capital Corporation, has, or anticipates the acquisition of any interest in the assets, shares or business undertakings of Priveco, Targetcos, or QuikFlo. Neither Working Capital Corporation nor any affiliate has been involved in any evaluation, appraisal or review of the Company, or its assets or businesses, during the 24-month period preceding the date of this Report. Neither Working Capital Corporation nor any affiliate is an advisor to Priveco, Targetcos, QuikFlo or its affiliates or shareholders.



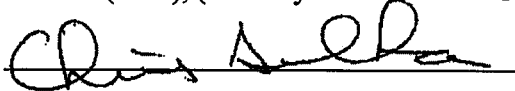
**14.0 QUALIFICATIONS**

Christopher Gulka, CPA, CA, CFA, founded Working Capital Corporation in 1999, a corporate finance firm specializing in the areas of valuations, due diligence, corporate finance, and management consulting. Over the last 15 years, Mr. Gulka has been involved in the review and preparation of numerous business valuations, fairness opinions, feasibility studies, due diligence reports, business plans, research reports, prospectuses, offering memorandums, and annual information forms, for submission to various parties, including the TSX Venture Exchange, the TSX Exchange, and the Alberta/BC/Ontario Securities Commissions as well as for private purposes. During this period, Mr. Gulka has also consulted to many private and public companies, being involved with management consulting, financial reporting, corporate planning, and mergers and acquisitions.

Formerly, Mr. Gulka was employed as a Financial/Securities Analyst at the Alberta Securities Commission (1995-1998); an Investment Analyst at a venture capital firm, Oxbow Capital Corporation (1998); an independent consultant working as a Business Valuator at a corporate finance boutique, Evans & Evans, Inc. (1998-1999). Prior thereto Mr. Gulka was Senior Accountant with public accounting firms, including Dick Cook Schulli (1993-1995) and Staff Accountant with Ernst and Young (1990-1991), where he worked in the areas of auditing, accounting, management consulting, taxation, litigation support, forensic accounting, financial planning, and financial modeling.

Mr. Gulka holds: a Bachelor of Commerce with Distinction from the University of Alberta (1990) and the professional designations of Chartered Financial Analyst (CFA) and Chartered Professional Accountant (CPA), and Chartered Accountant (CA). Mr. Gulka is a member of the CFA Institute, the Calgary CFA Society (CCFAS), and the Chartered Professional Accountants of Canada and Alberta (CPA), (formerly the Canadian Institute of Chartered Accountants).

PER



Christopher Gulka, CPA, CA, CFA

**WORKING CAPITAL CORPORATION**

**DATED: JUNE 12, 2017**





**Schedule 1 - Public Companies in Marijuana/Cannabis Industry**

<u>Exchange</u>	<u>Symbol</u>	<u>Company Name</u>	<u>31-Mar-17 Stock Price</u>	<u>Market Cap (\$MM)</u>	<u>Summary of business</u>
CSE	ATT	Abattis Bioceuticals Corp	\$ 0.17	21.95	HC testing lab
CSE	AFI	Affinor Growers Inc	\$ 0.12	11.48	growing technology
CSE	ACG	Alliance Growers Corp	\$ 0.11	3.68	Research
CSE	BE	Beleave Inc	\$ 2.52	63.00	HC applicant - LP?
CSE	CHV	Canada House Wellness Group Inc.	\$ 0.23	26.77	HC applicant & 3 co
CSE	BLO	Cannabix Technologies Inc	\$ 0.79	49.91	breathalyzer tech
CSE	FFT	Future Farm Technologies Inc	\$ 0.42	30.24	US technologies
CSE	GHG	Global Hemp Group Inc	\$ 0.03	4.14	consultant
CSE	GLH	Golden Leaf Holdings Ltd	\$ 0.34	33.50	cnn oil provider in oregon
CSE	IAN	IAntus Capital Holdings, Inc.	\$ 2.88	43.20	8 licenses, 9 dispensaries and 4 cultivation facilities.
CSE	IN	InMed Pharmaceuticals Inc.	\$ 0.44	48.85	drug discovery
CSE	LXX	Lexaria Bioscience Corp	\$ 0.51	28.56	biotech delivery system
CSE	LIB	Liberty Leaf Holdings Ltd	\$ 0.14	11.93	HC applicant
CSE	LDS	Lifestyle Delivery Systems Inc.	\$ 0.56	30.80	cannabis breathstrips
CSE	J	Lotus Ventures Inc	\$ 0.38	13.30	HC applicant
CSE	MDM	Marapharm Ventures Inc.	\$ 1.14	85.50	HC applicant & US operations
CSE	MMJ	Matica Enterprises	\$ 0.06	8.09	70% option to acquire HC applicant
CSE	MYM	MYM Nutraceuticals Inc	\$ 0.20	10.53	HC applicant & R&D
CSE	N	Namaste Technologies Inc	\$ 0.28	33.00	vaporizer
CSE	NF	New Age Farm	\$ 0.14	16.06	WA and BC applicants
CSE	EAT	Nutritional High International Inc	\$ 0.16	37.65	edible cannabis & oils products
CSE	PUF	PUF Ventures Inc	\$ 0.39	10.96	45% applicant, vaporizer, software
CSE	QCC	Quadron Capital Corporation	\$ 0.36	16.92	automated extraction & processing solutions
CSE	TBP	Tetra Bio-Pharma Inc	\$ 0.72	71.52	Bio products
CSE	BCC	The Canadian Bioceutical Corporation	\$ 0.52	116.48	US Arizona
CSE	TNY	The Tinley Beverage Company	\$ 0.25	18.30	CA cannoid beverage
CSE	MJ	True Leaf Medicine Int Inc.	\$ 0.23	13.05	HC applicant & Pet CBD products
CSE	UMB	Umbral Energy Corp	\$ 0.07	4.55	75% of HC applicant
CSE	VGW	Valens Growworks Corp	\$ 1.40	74.20	vancouver??
CSE	VRT	Veritas Pharma Inc.	\$ 0.53	11.24	HC application
CSE	VP	Vodis Pharmaceuticals Inc	\$ 0.42	11.76	Washington & Delta BC applications
CSE	SUN	Wildflower Marijuana Inc	\$ 0.32	14.08	CBD products and vaporizers
TSX.V	MGW	Maple Leaf Green World Inc	\$ 0.61	75.86	HC applicant Canada and US
TSX.V	NU	NeutriSci International Inc	\$ 0.13	9.68	Delivery method- lexaria jv
<b>Average</b>				<b>31.20</b>	



**Schedule 2 - Licensed Producers**

<u>Exchange</u>	<u>Symbol</u>	<u>Company Name</u>	<u>Stock Price</u>	<u>Market Cap</u> <u>(\$MM)</u>	<u>Summary of business</u>
TSX	APH	Aphria Inc	\$ 6.71	836.50	Licensed Producer (LP)
TSX.V	ACB	Aurora Cannabis Inc	\$ 2.58	820.01	Licensed Producer (LP)
TSX	WEED	Canopy Growth Corp	\$ 10.65	1,722.40	Licensed Producer (LP)
TSX.V	MJN	Cronos Group Inc	\$ 2.78	366.35	Licensed Producer (LP)
TSX.V	EMC	Emblem Corp	\$ 2.31	154.59	Licensed Producer (LP)
TSX	CMED	CANNIMED THERAPEUTICS INC	\$ 11.65	261.97	Licensed Producer (LP)
TSX.V	EMH	EMERALD HEALTH THERAPEUTICS	\$ 1.28	100.07	Licensed Producer (LP)
TSX.V	OGI	ORGANIGRAM HOLDINGS INC	\$ 2.55	257.90	Licensed Producer (LP)
CSE	SL	Supreme Pharmaceuticals Inc	\$ 1.50	232.11	Licensed Producer (LP)
CSE	THC	THC BIOMED INTERNATIONAL LTD	\$ 0.75	77.32	Licensed Producer (LP) R&D
TSX.V	IMH	INVICTUS MD STRATEGIES CORP	\$ 1.63	62.04	Licensed Producer (LP)
		Average		444.66	





**Schedule B – AMA financial statements**

**ALTERNATIVE MEDICINE ASSOCIATION, LLC  
(A NEVADA LIMITED LIABILITY COMPANY)**

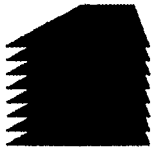
**FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

**ALTERNATIVE MEDICINE ASSOCIATION, LLC**

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## INDEPENDENT AUDITOR'S REPORT

To the Members  
Alternative Medicine Association, LLC  
Las Vegas, Nevada

We have audited the accompanying financial statements of Alternative Medicine Association, LLC (a Nevada Limited Liability Company) which comprise the balance sheet as of December 31, 2016, and the related statements of loss, members' equity, and cash flows for the year then ended and the related notes to the financial statements.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

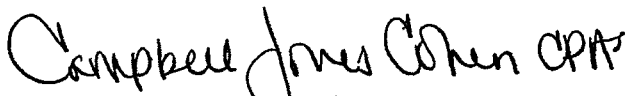
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion, the 2016 financial statements referred to above present fairly, in all material respects, the financial position of Alternative Medicine Association, LLC as of December 31, 2016, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### PRIOR PERIOD FINANCIAL STATEMENTS

The financial statement of Alternative Medicine Association, LLC as of December 31, 2015 were audited by other auditors whose report dated July 19, 2016, expressed an unmodified opinion on those statements.

  
Campbell Jones Cohen CPAs

Las Vegas, Nevada  
March 13, 2017

**ALTERNATIVE MEDICINE ASSOCIATION, LLC**

**BALANCE SHEETS  
DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 97,136	\$ 67,708
Accounts receivable	14,063	3,918
Employee receivable	200	-
Prepaid expenses	9,040	-
Inventory	272,272	78,441
<b>Total current assets</b>	<b>392,711</b>	<b>150,067</b>
<b>Fixed Assets:</b>		
Property and equipment	594,480	346,931
Less: accumulated depreciation	(107,980)	(35,236)
<b>Total fixed assets</b>	<b>486,500</b>	<b>311,695</b>
<b>Other Assets:</b>		
Deposits	37,660	37,660
<b>Total Assets</b>	<b>\$ 916,871</b>	<b>\$ 499,422</b>

**LIABILITIES AND MEMBERS' EQUITY**

<b>Current Liabilities:</b>		
Accounts payable	\$ 182,053	\$ 31,983
Accrued expenses	32,760	-
Accrued interest	31,445	19,701
Lines of credit to related parties	438,800	240,000
<b>Total current liabilities</b>	<b>685,058</b>	<b>291,684</b>
<b>Commitments and Contingencies (Note 2)</b>	-	-
<b>Members' Equity</b>	231,813	207,738
<b>Total Liabilities and Members' Equity</b>	<b>\$ 916,871</b>	<b>\$ 499,422</b>



**ALTERNATIVE MEDICINE ASSOCIATION, LLC**

**STATEMENTS OF LOSS AND MEMBERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>	1,120,102	310,420
<b>Cost of Goods Sold</b>	<u>927,115</u>	<u>283,272</u>
<b>Gross Profit</b>	<u>192,987</u>	<u>27,148</u>
<b>General and Administrative Expenses:</b>		
Advertising	11,545	269
Contributions, political	25,000	1,000
Depreciation	72,744	35,236
Insurance	16,086	6,890
Meals and entertainment	4,245	1,251
Office expenses	3,784	4,394
Product development and licensing	-	29,268
Professional fees	35,755	8,880
Rent	73,418	66,361
Repairs and maintenance	8,635	305
Taxes and licenses	22,648	4,139
Telephone and internet	2,743	1,601
Travel	3,536	456
Other	7,722	6,522
<b>Total operating expenses</b>	<u>287,861</u>	<u>166,572</u>
<b>Loss from operations</b>	<u>(94,874)</u>	<u>(139,424)</u>
<b>Other Income (Expense):</b>		
Interest expense	<u>(31,051)</u>	<u>(19,686)</u>
<b>Net Loss</b>	(125,925)	(159,110)
<b>Members' Equity, Beginning</b>	207,738	51,848
<b>Members' Contributions</b>	<u>150,000</u>	<u>315,000</u>
<b>Members' Equity, Ending</b>	<u>\$ 231,813</u>	<u>\$ 207,738</u>

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

**ALTERNATIVE MEDICINE ASSOCIATION, LLC**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities:</b>		
Net (income) loss	\$ (126,925)	\$ (159,110)
<b>Adjustments to Reconcile Net Loss to</b>		
<b>    Net Cash Used by Operating Activities:</b>		
Depreciation	72,744	35,236
<b>Change in operating assets and liabilities:</b>		
Change in accounts receivable	(10,145)	(3,918)
Change in inventory	(193,831)	(48,307)
Change in other current accounts	(9,240)	(14,760)
Changes in accounts payable and accrued liabilities	194,574	51,684
<b>Net cash used by operating activities</b>	<u>(72,823)</u>	<u>(139,175)</u>
 <b>Cash Flows Used by Investing Activities:</b>		
Purchase of operating assets, net	<u>(247,549)</u>	<u>(299,095)</u>
 <b>Cash Flows Provided by Financing Activities:</b>		
Borrowings on lines of credit	198,800	130,000
Contributions (distributions) from/to members	150,000	315,000
<b>Net cash provided by financing activities</b>	<u>348,800</u>	<u>445,000</u>
 <b>Net Increase in Cash</b>	28,428	6,730
 <b>Cash, Beginning of Period</b>	<u>67,708</u>	<u>60,978</u>
 <b>Cash, End of Period</b>	<u>\$ 96,136</u>	<u>\$ 67,708</u>

**Supplemental Disclosure of Cash Flow Information:**

Amounts paid for interest for the year ended December 31, 2016 and 2015 were \$19,307 and \$19,701, respectively.

Amounts paid for taxes for the year ended December 31, 2016 and 2015 were \$0 and \$0, respectively.

# ALTERNATIVE MEDICINE ASSOCIATION, LLC

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### NATURE OF OPERATIONS

Alternative Medicine Association, LLC (the "Company") was organized under the laws of the state of Nevada in March 2014. The Company was organized for the purpose of developing a medical marijuana cultivation facility in southern Nevada. The Company applied for and secured a license for this purpose.

#### BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received, and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

#### PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expenses as incurred. The cost and accumulated depreciation of property and equipment sold or otherwise retired are removed from the accounts and gain or loss on disposition is reflected in net income in the period of disposition. Depreciation expense is computed principally on the straight-line method in amounts sufficient to write off the cost of depreciable assets over their estimated useful lives, primarily five to thirty-nine years.

#### INCOME TAXES

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable by or provided for by the Company. Members are taxed individually on their share of the Company's earnings. The prior three years tax returns remain subject to examination by the IRS. Management does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

The Company is subject to Section 280E of the Internal Revenue Code, which prevents marijuana producers and retailers from deducting expenses from their income, except for those considered a cost of goods sold.

#### ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

#### ADVERTISING

Advertising costs are expensed as incurred. Advertising expense was \$11,545 and \$269 for the years ended December 31, 2016 and 2015, respectively.

# ALTERNATIVE MEDICINE ASSOCIATION, LLC

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ACCOUNTS RECEIVABLE

The Company carries receivables at cost less an allowance for doubtful accounts, if an allowance is deemed necessary. The Company does not accrue finance or interest charges. On a periodic basis, the Company evaluates their receivables and determines the necessity for an allowance for doubtful accounts, based on history of past write-offs, collections and current conditions. A receivable is written off when it is determined that all collection efforts have been exhausted.

#### INVENTORY

Inventory consists primarily of medical marijuana and is carried at the lower of cost or market, determined on a first-in, first-out basis. Management accounts for all costs associated with the production/growth of the plants and supply inventory and these costs are allocated during the growth process.

#### REVENUE RECOGNITION

Revenue is recognized upon sale.

#### SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 13, 2017 which is the date the financial statements were available to be issued.

### NOTE 2 - COMMITMENTS AND CONTINGENCIES

#### LEASE COMMITMENTS

In April 2014 the Company entered into a lease agreement for its operating facility in central Las Vegas, Nevada. The Company amended the lease agreement in June 2015. The amended lease agreement is for a period of six years and nine months with an option to extend for an additional two years beginning in April 2014. Base rent ranges from \$4,000 to \$6,800 over the life of the lease agreement. The rent under the two year option period, if exercised will be \$6,800. The amounts reflected include charges for common area maintenance.

Rent paid from during the year and period ending December 31, 2016 and 2015 was \$72,662 and \$62,125, respectively.

Future required minimum lease payments on the operating leases are as follows:

Years ending December 31:

2017	\$ 74,880
2018	77,184
2019	79,056
2020	81,072

ALTERNATIVE MEDICINE ASSOCIATION, LLC

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

CONTINGENCIES

The Company has been granted a license by the State of Nevada as well as local jurisdictions to operate in the medical marijuana industry. Despite the medical marijuana laws in the State, medical marijuana is illegal under federal law. The federal government is not prosecuting business's that are operating in compliance with their state and local laws and regulations; however, if the federal government did change their position it would be financially detrimental to the Company.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Company maintains its cash balances at two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Company had uninsured cash balances at December 31, 2016 and 2015 amounting to \$0 and \$0, respectively.

The Company operates within one specific industry and therefore has the inherent risks associated with a lack of industry diversification.

The Company has been granted a license pursuant to the laws of the State of Nevada with respect to cultivating marijuana for medical purposes. Presently, this industry is illegal under federal law. The Company has and intends to adhere strictly the state statutes in its operation.

NOTE 4 - PROPERTY AND EQUIPMENT

An analysis of the property and equipment balances at December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Furniture and fixtures	\$ 7,385	\$ 7,385
Equipment	211,544	91,546
Computers	8,487	2,915
Tenant improvements	<u>367,064</u>	<u>245,085</u>
	594,480	346,931
Less accumulated depreciation	<u>(107,980)</u>	<u>35,236</u>
	<u>\$ 486,500</u>	<u>\$ 311,695</u>

Depreciation expense for the year ended December 31, 2016 and 2015 is \$72,744 and \$35,236, respectively.

## ALTERNATIVE MEDICINE ASSOCIATION, LLC

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

#### NOTE 5 - LINES OF CREDIT

Certain members have entered into a financing agreement with the Company to provide working capital during the development stage of operations. Amounts due were \$240,000 and \$240,000 as of December 31, 2016 and 2015, respectively. The terms of the credit lines are that the principal balance plus accrued interest at 6% per annum is due on demand but no later than December 2017. Amounts are unsecured.

During 2016, the members advanced an additional \$198,800 under separate agreements. The terms of these agreements call for principal plus accrued interest at 18% per annum, with various expiration dates in 2017. Amounts are unsecured.

#### NOTE 6 - UTILITY PURCHASE AGREEMENT

On October 1, 2015, the Company entered into an agreement to purchase electrical power for operations from a company with common ownership. This agreement was meant to service the electrical needs of approximately half the Company's operating facilities. The agreement called for a non-refundable deposit of \$22,000, to be applied monthly as "base" payment for the first six months of invoices. Months seven through twenty-four the base cost will be \$18,000 monthly less a credit for the costs of natural gas (necessary to operate the power production). Months twenty-five through forty-eight the base cost will remain at \$18,000 but the Company will not receive a credit for the cost of natural gas. Months forty-nine through sixty, the base will remain the same at \$18,000 still without a natural gas credit. Additionally, the Company shall pay (10%) ten percent of its quarterly net profit from cultivation that takes place in the portion of the operating facilities that are being serviced by the electrical power provider.

The Company has the option at the end of the agreement to purchase the turbine equipment used to provide the power that has been purchased under this agreement. The price would be based on the fair market value of equipment at that time.

#### NOTE 7 - RELATED PARTY TRANSACTIONS

As described in Note 4, members have provided funding to the Company for working capital and expansion through lines of credit and capital contributions.

Certain members of the Company also provide construction and management/professional services to the Company. In both instances, if required, the members are duly licensed to perform such services. The fees for such services are negotiated on an arms-length basis with the approval of the entire ownership.

#### NOTE 8 - RECLASSIFICATION

Certain items on the 2015 financial statements have been reclassified to conform to the current year's presentation. Members' equity and net loss are unchanged due to these reclassifications.

**Schedule C – Infused financial statements**

**INFUSED MFG, LLC**  
**(A NEVADA LIMITED LIABILITY COMPANY)**

**FINANCIAL STATEMENTS**

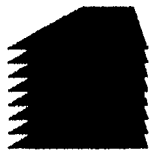
**DECEMBER 31, 2016**



**INFUSED MFG, LLC**

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## INDEPENDENT AUDITOR'S REPORT

To the Members  
Infused MFG, LLC  
Las Vegas, Nevada

We have audited the accompanying financial statements of Infused MFG, LLC (a Nevada Limited Liability Company) which comprise the balance sheet as of December 31, 2016, and the related statements of loss, members' equity, and cash flows for the four months and three days then ended and the related notes to the financial statements.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

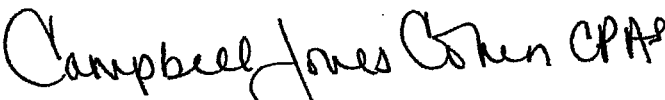
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 2016 financial statements referred to above present fairly, in all material respects, the financial position of Infused MFG, LLC as of December 31, 2016, and the results of its operations and cash flows for the four months and three days then ended in accordance with accounting principles generally accepted in the United States of America.

  
Campbell Jones Cohen CPAs

Las Vegas, Nevada  
May 1, 2017

**INFUSED MFG, LLC**

**BALANCE SHEET  
DECEMBER 31, 2016  
ASSETS**

**Current Assets:**

Cash	\$	1,309	
Accounts receivable		675	
Inventory		<u>2,797</u>	
<b>Total current assets</b>			<u>\$ 4,781</u>
<b>Total Assets</b>			<u><u>\$ 4,781</u></u>

**LIABILITIES AND MEMBERS' EQUITY**

**Current Liabilities:**

Accounts payable	\$	2,896	
Accrued interest		78	
Loan payable		<u>5,000</u>	
<b>Total current liabilities</b>			<u>\$ 7,974</u>
<b>Commitments and Contingencies</b>			-
<b>Members' Deficit</b>			<u>(3,193)</u>
<b>Total Liabilities and Members' Equity</b>			<u><u>\$ 4,781</u></u>

**INFUSED MFG, LLC**

**STATEMENTS OF LOSS AND MEMBERS' EQUITY  
FOR THE FOUR MONTHS AND THREE DAYS  
ENDED DECEMBER 31, 2016**

<b>Revenues</b>		\$ 12,581
<b>Cost of Goods Sold</b>		<u>16,318</u>
<b>Gross Profit</b>		(3,737)
<b>General and Administrative Expenses:</b>		
Bank charge	\$ 82	
Commissions	2,000	
Office	2,560	
Promotion	150	
Printing	512	
Tax and license	440	
Utilities	34	
<b>Total operating expenses</b>		<u>5,778</u>
<b>Loss from operations</b>		(9,515)
<b>Other Income (Expense):</b>		
Interest expense		<u>(78)</u>
<b>Net Loss</b>		(9,593)
<b>Members' Equity, Beginning</b>		-
<b>Members' Contributions</b>		<u>6,400</u>
<b>Members' Equity, Ending</b>		<u><u>\$ (3,193)</u></u>

**INFUSED MFG, LLC**

**STATEMENTS OF CASH FLOW  
FOR THE FOUR MONTHS AND THREE DAYS  
ENDED DECEMBER 31, 2016**

**Cash Flows From Operating Activities:**

Net loss	\$	(9,593)	
<b>Adjustments to Reconcile Net Loss to</b>			
<b>Net Cash Used by Operating Activities:</b>			
<b>Change in operating assets and liabilities:</b>			
Change in accounts receivable		(675)	
Change in inventory		(2,797)	
Changes in accounts payable and accrued liabilities		2,974	
<b>Net cash used by operating activities</b>			<b>\$ (10,091)</b>

**Cash Flows Used by Investing Activities:**

-

**Cash Flows Provided by Financing Activities:**

Short term borrowings		5,000	
Contributions from members		6,400	
<b>Net cash provided by financing activities</b>			<b>11,400</b>

**Net Increase in Cash**

1,309

**Cash, Beginning of Period**

-

**Cash, End of Period**

**\$ 1,309**

**Supplemental Disclosure of Cash Flow Information:**

Amount paid for interest for the four months and three days ended December 31, 2016 was \$0.

Amount paid for taxes for the four months and three days ended December 31, 2016 was \$0.

# INFUSED MFG, LLC

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### NATURE OF OPERATIONS

Infused MFG, LLC (the "Company") was organized under the laws of the state of Nevada in August 2016. The Company was organized for the purpose of developing a nationwide hemp based, cosmetic and personal care line of products.

#### BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received, and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

#### INCOME TAXES

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable by or provided for by the Company. Members are taxed individually on their share of the Company's earnings. The prior three years tax returns remain subject to examination by the IRS. Management does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

#### ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

#### ADVERTISING

Advertising costs are expensed as incurred. Advertising expense was \$0 for the four months and three days ended December 31, 2016.

#### ACCOUNTS RECEIVABLE

The Company carries receivables at cost less an allowance for doubtful accounts, if an allowance is deemed necessary. The Company does not accrue finance or interest charges. On a periodic basis, the Company evaluates their receivables and determines the necessity for an allowance for doubtful accounts, based on history of past write-offs, collections and current conditions. A receivable is written off when it is determined that all collection efforts have been exhausted.

#### INVENTORY

Inventory consists primarily of cosmetic and personal care products and is carried at the lower of cost or market, determined on a first-in, first-out basis.

**INFUSED MFG, LLC**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REVENUE RECOGNITION**

Revenue is recognized upon sale.

**SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through May 1, 2017 which is the date the financial statements were available to be issued.

**NOTE 2 - RELATED PARTY TRANSACTIONS**

The Company has a loan payable to a member for \$5,000. The loan carries an interest rate of 6% and is due in full by September 27, 2017.

**Schedule D – 1080034 BC financial statements**



**1080034 B.C. LTD.**

**Financial Statements**

*For the period from incorporation to July 31, 2016  
(Expressed in Canadian dollars)*

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620, 903 - 8<sup>th</sup> Avenue SW  
Calgary AB T2P 0P7 Canada

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## Independent Auditor's Report

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To the Board of Directors of 1080034 BC Ltd.

We have audited the accompanying financial statements of 1080034 BC Ltd., which comprise the statement of financial position as at July 31, 2016 and the statement of changes in shareholders' equity and cash flows for the period 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also 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 1080034 BC Ltd. as at July 31, 2016 and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards.

*BDO Canada LLP*

Chartered Professional Accountants

Calgary, Alberta  
June 15, 2017

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

**1080034 BC LTD.**  
**Statement of Financial Position**  
 (Expressed in Canadian Dollars)

<b>As at</b>	<b>Notes</b>	<b>July 31, 2016</b>
		<b>\$</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash		<u>67,104</u>
<b>Total Current Assets</b>		<b>67,104</b>
<b>Non-current Assets</b>		
Long-term Investment	4	<u>277,950</u>
<b>Total Assets</b>		<u><b>345,054</b></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities		<b>8,114</b>
Investor deposit	9	<u>345,000</u>
<b>Total Current Liabilities</b>		<u><b>353,114</b></u>
<b>Shareholders' Equity</b>		
Share capital	5	-
Deficit		<u>(8,060)</u>
<b>Total Shareholders' Equity</b>		<u><b>(8,060)</b></u>
<b>Total Liabilities and Shareholders' Equity</b>		<u><b>345,054</b></u>

**Subsequent events (Note 10)**

Approved on Behalf of the Board:

Director

\_\_\_\_\_  
 George Tsafalas

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

**1080034 BC LTD.**

**Statement of Loss and Comprehensive Loss**

(Expressed in Canadian Dollars)

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<b>The period ended</b>	<b>Notes</b>	<b>July 31, 2016</b>
		\$
<b>Expenses</b>		
General and administrative expenses		<b>1,528</b>
Professional fees		<b>6,532</b>
		<hr/>
<b>Net loss and comprehensive loss for the period</b>		<b>8,060</b>

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

**1080034 BC LTD.**  
**Statement of Changes in Equity**  
 (Expressed in Canadian Dollars)

	<i>Notes</i>	<u>Share capital</u>		<b>Deficit</b>	<b>Total equity</b>
		<b>Number of shares</b>	<b>Amount</b>		
			\$	\$	
Common shares issued at incorporation	6	1	-	-	-
Share subscriptions			-		-
Net loss for the period		-	-	(8,060)	(8,060)
<b>Balance at July 31, 2016</b>		1	-	(8,060)	(8,060)

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

**1080034 BC LTD.**  
**Statement of Cash Flows**  
(Expressed in Canadian Dollars)

<b>The period ended</b>	<b>Notes</b>	<b>July 31, 2016</b>
		<b>\$</b>
<b>Cash flows from operating activities:</b>		
Net loss for the period		<b>(8,060)</b>
Changes in non-cash components of working capital		
Accounts payable and accrued liabilities		<b>8,114</b>
<b>Net cash flows from operating activities</b>		<b>54</b>
<b>Cash flows from financing activities</b>		
Proceeds from investor deposit	5	<b>345,000</b>
<b>Cash flows from investment activities</b>		
Acquisition of long-term investment	4	<b>(277,950)</b>
<b>Increase in cash</b>		<b>67,104</b>
Cash, beginning of the period		<b>-</b>
<b>Cash, end of the period</b>		<b>67,104</b>

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

# **1080034 BC LTD.**

## **Notes to Financial Statements**

For the period ended July 31, 2016

(Expressed in Canadian Dollars)

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### **1. Nature of Operations**

1080034 B.C. LTD. (the "Company") was incorporated in British Columbia on June 20, 2016 under the Business Corporations Act (British Columbia) to raise seed capital in connection with pursuing investment opportunities in the pharmaceutical industry.

The address of the head office is suite 734-1055 Dunsmuir Street, Vancouver, BC V7X 1B1.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applied on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company is recently incorporated and has no source of operating revenue. Its ability to operate as a going concern in the near term will depend on the Company's ability to raise financing and to commence profitable operations in the future. As a result, there is a material uncertainty which creates significant doubt regarding the Company's ability to continue as a going concern.

### **2. Basis of presentation**

These financial statements are presented in Canadian dollars, which is also the Company's functional currency. These financial statements are prepared on a going concern basis, under the historical cost convention, except for certain financial instruments. In addition, these financial statements are prepared using the accrual basis of accounting except for cash flow information.

#### **Statement of compliance**

These financial statements 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").

The financial statements were authorized for issue by the Board of Directors on June 15, 2017.

#### **Recently adopted accounting standards and interpretations issued but not yet adopted**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after August 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Corporation and have been excluded. The following have not yet been adopted in these financial statements and are being evaluated to determine their impact on the Corporation.

- (a) IFRS 9, "Financial Instruments": IFRS 9 amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting. IFRS 9 introduces an expected loss model of impairment and simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The effective date for IFRS 9 is January 1, 2018.



# 1080034 BC LTD.

## Notes to Financial Statements

For the period ended July 31, 2016  
(Expressed in Canadian Dollars)

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### 2. Basis of presentation (continued)

(b) IFRS 16 - Leases

In January 2016, the IASB issued the standard to replace IAS 17 "Leases". For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019; with earlier adoption permitted.

(c) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model for an entity to recognize revenue in order to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes the following standards: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue-Barter Transactions Involving Advertising Services. 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. This standard is effective for annual periods beginning on or after January 1, 2018; with earlier adoption permitted.

#### Significant accounting judgments and use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(a) Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws. Future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

# 1080034 BC LTD.

## Notes to Financial Statements

For the period ended July 31, 2016

(Expressed in Canadian Dollars)

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### 2. Basis of presentation (continued)

(b) Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

(c) Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

### 3. Summary of significant accounting policies

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, amounts on deposit with banks, guaranteed investment certificates held with banks and other short term highly liquid investments with maturities of 90 days or less at the date of issue. As at July 31, 2016, the Company did not have any cash equivalents.

(b) Deferred taxes

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

# 1080034 BC LTD.

## Notes to Financial Statements

For the period ended July 31, 2016  
(Expressed in Canadian Dollars)

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### 3. Summary of significant accounting policies (continued)

#### (c) Financial Instruments

The Company's financial assets and liabilities include cash, long-term investments and accounts payable and accrued liabilities.

#### Financial assets

Financial assets within the scope of *IAS 39 Financial Instruments: Recognition and Measurement* ("IAS 39") are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, (i.e., the date that the Company commits to purchase or sell the asset).

The Company's financial assets include cash, which is classified as loans and receivables.

#### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income and finance costs in the statement of loss and comprehensive loss.

The Company has not designated any financial assets upon initial recognition as at fair value through profit or loss. The Company evaluates its financial assets at fair value through profit and loss (held for trading) to determine whether the intent to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Company may elect, in rare circumstances, to reclassify these financial assets. The reclassification to loans and receivables, available-for-sale or held-to-maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method ("EIR"), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of loss and comprehensive loss. The losses arising from impairment are recognised in the statement of loss and comprehensive loss.

# 1080034 BC LTD.

## Notes to Financial Statements

For the period ended July 31, 2016

(Expressed in Canadian Dollars)

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### 3. Summary of significant accounting policies (continued)

#### (c) Financial Instruments (continued)

##### Assets available-for-sale

Financial assets classified as "available-for-sale" are measured at fair value unless they are equity investments that do not have a quoted market price and whose fair values cannot be reliably measured, with changes in fair value recognized in other comprehensive income. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

##### Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired; and
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - (a) the Company has transferred substantially all the risks and rewards of the asset; or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

##### Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

# **1080034 BC LTD.**

## **Notes to Financial Statements**

For the period ended July 31, 2016  
(Expressed in Canadian Dollars)

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### **3. Summary of significant accounting policies (continued)**

#### **(c) Financial Instruments (continued)**

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of loss and comprehensive loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of loss and comprehensive loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of loss and comprehensive loss.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

#### **Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, other liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of other liabilities, plus directly attributable transaction costs.

The Company's financial liabilities include accounts payable and accrued liabilities which are classified as other liabilities.

##### **Subsequent measurement**

##### **Other liabilities:**

Other liabilities are measured at amortized cost using the EIR. The EIR method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

##### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of loss and comprehensive loss.

# **1080034 BC LTD.**

## **Notes to Financial Statements**

For the period ended July 31, 2016  
(Expressed in Canadian Dollars)

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### **3. Summary of significant accounting policies (continued)**

#### **(c) Financial instruments (continued)**

##### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **(d) Equity**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### **(e) Share based payments**

The fair value of share based payments granted is recognized as an asset or expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value of equity-settled share based payment transactions with employees is measured at grant date and each tranche is recognized using the Black Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

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

At each statement of financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

#### **(f) Foreign currency**

The financial statements are presented in Canadian dollars, the functional currency. Foreign currency monetary items are translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated at historical exchange rates, with corresponding depreciation translated at the same exchange rates as the assets to which they relate. Revenues and expenses are translated into Canadian dollars at the rates of exchange prevailing when the underlying transactions occurred. Foreign exchange gains or losses on translation are recognized in profit or loss.

# 1080034 BC LTD.

## Notes to Financial Statements

For the period ended July 31, 2016  
(Expressed in Canadian Dollars)

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### 4. Long term investment

On July 29, 2016, the Company entered into an agreement to that granted the Company the right to acquire an interest up to 15% in BiVi LLC and an interest in Belissima LLC up to 15%, for total purchase price of US \$500,000. The full 15% interest acquired in the entities will vest upon payment of US \$500,000. Per the agreement, provided that the Company makes partial payments, the Company will acquire a pro rata interest in both BiVi LLC and Belissima LLC, which shall vest forthwith upon making such payments. As at July 31, 2016 the Company acquired a 6% interest in BiVi LLC and a 6% interest in Belissima LLC for total consideration of US \$200,000, (CND \$264,055). Total transaction cost incurred were US \$10,687 (CND \$13,895). No foreign exchange gain or loss was realized at year end upon revaluation.

	<b>July 31, 2016</b>
<b>Investment</b>	
BiVi LLC	\$ 138,975
Belissima LLC	138,975
<b>Total</b>	<u><u>\$ 277,950</u></u>

The investment in BiVi LLC and Belissima LLC has been determined to be a Level 3 valuation of the fair value measurement hierarchy as BiVi LLC and Belissima LLC are privately held companies with no active public market and no observable outputs. The Company assessed the value of its initial partnership purchase using the price at which third parties were willing to purchase a partnership interest. The investment will be subsequently measured at fair value with any change in fair value recognized in the statement of profit or loss.

Subsequent to year end, the Company acquired an additional 2% interest in both BiVi LLC and Belissima LLC, for total proceeds of \$50,000 USD (\$62,825 CND). No transaction costs were incurred on the additional 2% interest acquired.

### 5. Share Capital

#### Authorised

Unlimited number of common voting shares without par value.

#### Issued common shares

	<b>Number of Shares</b>	<b>\$</b>
Common shares issued at incorporation (1)	1	-
	1	-
<b>Issued at July 31, 2016</b>	<u><u>1</u></u>	<u><u>-</u></u>

(1) On June 20, 2016, the Company issued 1 common share at a price of \$0.01 per common share.

# 1080034 BC LTD.

## Notes to Financial Statements

For the period ended July 31, 2016  
(Expressed in Canadian Dollars)

### 5. Share Capital (continued)

On July 31, 2016, the Company received cash of \$240,000 for 24,000,000 common shares issued subsequent to year-end at a price of \$0.01 per share. These shares have been recorded as a share obligation at year-end.

On July 31, 2016, the Company received cash of \$95,000 for 3,800,000 common shares issued subsequent to year-end at a price of \$0.025 per share. These shares have been recorded as a share obligation at year-end.

On July 31, 2016, the Company received cash of \$10,000 for 200,000 common shares issued subsequent to year-end at a price of \$0.050 per shares. These shares have been recorded as a share obligation at year-end.

### 6. Deferred income taxes

#### a) Provision for Income Taxes

Major items causing the Company's income tax rate to differ from the combined Canadian federal and provincial statutory rate of approximately 26% were as follows:

Period ended December 31,	July 31, 2016
Loss before income taxes:	\$ (8,060)
Statutory income tax rate	26%
Expected income tax (recovery)	\$ (2,096)
Non-deductible expenses	170
Change in tax benefits not recognized	1,926
	\$ -

#### b) Deferred Income Tax Balances

Deferred tax assets have not been recognized in respect of the following temporary differences because it is not probable that future taxable profits will be available against which the Company can utilize the benefits.

	July 31, 2016
Non-capital loss carry-forwards	\$ 1,926
	\$ 1,926

As at December 31, 2016, the Company has estimated non-capital losses of \$7,408 for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. The loss will expire by the end of 2036.



# **1080034 BC LTD.**

## **Notes to Financial Statements**

For the period ended July 31, 2016  
(Expressed in Canadian Dollars)

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### **7. Financial risk management**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

#### **(a) Credit risk management**

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and sales tax receivable. Cash is held with a reputable Canadian financial institution to limit the Company's exposure to credit risk.

#### **(b) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. Sensitivity to a plus or minus 5% change in the foreign exchange rate would not have had a material effect to the net loss for the period ended July 31, 2016. It is management's opinion that the Company is exposed to foreign currency risk. The Company holds long-term investments in US entities recorded at fair value that require foreign exchange adjustments. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

#### **(c) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances and currently does not carry interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions. It is management's opinion that the Company is not exposed to significant interest rate risk.

#### **(d) Fair value of financial assets and liabilities**

The carrying values of cash and accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of these instruments. IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs that are not based on observable market data.

The statement of financial position carrying values of the cash, and accounts payable and accrued liabilities and approximate their respective fair values due to the short-term nature of these instruments. The long term investments are classified as level 3 as there is no observable market data.

# 1080034 BC LTD.

## Notes to Financial Statements

For the period ended July 31, 2016

(Expressed in Canadian Dollars)

### 8. Capital risk management

The Company defines capital as shareholders' equity which at July 31, 2016 was \$331,712. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its operating activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources, by utilizing bank indebtedness or equity issues, as necessary, and only investing in entities that will ensure a return for the Company's investors based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. As at July 31, 2016, the Company had no bank debt. As discussed in Note 1, the Company's ability to carry out its planned operations is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

Management reviews its capital management approach on an ongoing basis. The Company is not subject to externally imposed capital requirements.

### 9. Related party transactions

The Company entered into the following transactions with related parties.

- (a) Related parties provided deposits to purchased 14,500,000 common shares at \$0.01 per share for gross proceeds of \$145,000.
- (b) On July 31, 2016, the Company had \$1,303 owing to a related party.

### 10. Subsequent events

- (a) Subsequent to July 31, 2016, the Company completed multiple private placements. The Company issued a total of 111,250,001 common shares for a total cash consideration of \$2,995,000. The officer of the Company subscribed for 8,000,000 common shares for gross proceeds of \$80,000 pursuant to these private placements.

	Price per Share	Shares Issued	Total Consideration
	\$		\$
Private placement	0.010	51,500,000	515,000
Private placement	0.025	20,300,000	507,500
Private placement	0.050	39,450,000	1,972,500
		<b>111,250,000</b>	<b>\$ 2,995,000</b>

# 1080034 BC LTD.

## Notes to Financial Statements

For the period ended July 31, 2016

(Expressed in Canadian Dollars)

### 10. Subsequent events (continued)

Details of common share purchase warrants subsequent to year-end are as follows:

	Number of Warrants	Weighted Average Exercise Price
		\$
Private placement October 2016	1,650,000	0.050
Private placement March 2017	18,300,000	0.050
	<b>19,950,000</b>	<b>\$ 0.050</b>

The warrants expire two years from the date of issuance subject to accelerated expiry in circumstances where the shares of the Company (or Successor Corporation) are listed on a stock exchange or alternate trading system and the closing price of such shares is equal to or greater than the \$0.20 for 7 consecutive trading days, the warrants will expire within 30 days or (b) the Company determines that it is necessary or prudent to accelerate the expiry date of the warrants in connection with a going public event.

- (b) Subsequent to year end, the Company entered into an agreement, whereby a company traded on the TSX.V ("Public Entity") will complete a share acquisition of 1080034 BC Ltd. ("1080034"). Per the terms of the agreement, the Public Entity will acquire all of the issued and outstanding shares of 1080034 pursuant to which the 1080034 Shareholders will receive Common Share of the Public Entity, in exchange for their 1080034 Shares. The Public Entity will issue 45,175,000 Common Shares to the 1080034 Shareholders on a one for two basis. 11,900,000 warrants and 20,900,000 options of 1080034 will be converted on a two for one basis. These exchanged warrants expire 1 year from closing, at \$0.20, subject to an acceleration event in the shares trade for \$0.40 for 7 consecutive trading days. 20,900,000 options exercisable at \$0.075 for a period of 5 years will be exchanged for 10,350,000 options of the Company exercisable at \$0.15 for 5 years.
- (c) On January 24, 2017, the Company signed a Letter of Intent (LOI) to purchase 91% of the ownership interest of Alternative Medicine Association LC for a cash payment of US\$3,400,000, 60,000,000 Common Shares of the Amalgamated Company and US\$500,000 of either an equity investment or loan. A deposit of US\$100,000 was paid in January 2017 to secure the agreement.
- (d) On January 25, 2017, the Company signed a LOI to purchase 91% of the ownership interest of Infused Mfg LLC for a cash payment of US\$290,000, 2,000,000 Common Shares of the Amalgamated Company and US\$200,000 of either an equity investment or loan. A deposit of US\$10,000 was paid in February 2017 to secure the agreement.



**Schedule E – pro forma financial statements**



# QUIKFLO HEALTH INC.

## Pro-forma Consolidated Statements of Financial Position

As of January 31, 2017

	Notes	QuikFlo \$CND 1/31/2017	1080034 BC \$CND 1/31/2017	AMA LLC \$CND 12/31/2016	Infused LLC \$CND 12/31/2016	Acquisition Adjustments	Total \$CND 1/31/2017
<b>Assets</b>							
<b>Current Assets</b>							
Cash		9,484		130,425	24,720	(4,836,190)	3,628,439
						800,000	
						7,500,000	
Accounts receivable		22,097	11,861	19,150	-	-	53,108
Related Party		-	16,000	-	-	(16,000)	-
Prepaid expenses		-	125,837	12,138	-	-	137,975
Inventory		-	-	365,580	370	-	365,950
<b>Total Current Assets</b>		<b>31,581</b>	<b>153,698</b>	<b>527,293</b>	<b>25,090</b>	<b>3,447,810</b>	<b>4,185,472</b>
<b>Fixed Assets</b>							
Fixed Assets		-	-	799,162	-	-	799,162
Accumulated Depreciation		-	-	(144,985)	-	-	(144,985)
<b>Total Fixed Assets</b>		<b>-</b>	<b>-</b>	<b>654,177</b>	<b>-</b>	<b>-</b>	<b>654,177</b>
<b>Other Assets</b>							
Intangible asset		389,000	-	-	-	-	389,000
Investment		-	343,775	-	-	-	343,775
Deposit on investment		-	131,800	-	-	(131,800)	-
Deposit		-	-	50,566	-	-	50,566
Goodwill		-	-	-	-	11,909,797	11,909,797
<b>Total Other Assets</b>		<b>389,000</b>	<b>475,575</b>	<b>50,566</b>	<b>-</b>	<b>11,777,997</b>	<b>12,693,138</b>
<b>Total Assets</b>		<b>420,581</b>	<b>629,273</b>	<b>1,232,036</b>	<b>25,090</b>	<b>15,225,807</b>	<b>17,532,787</b>
<b>Liabilities</b>							
<b>Current Liabilities</b>							
Accounts payable and accrued liabilities		852,530	22,438	288,758	6,714	(16,000)	1,154,440
Subscription obligation		-	195,000	-	-	(195,000)	-
Shareholder loan		197,000	-	589,177	-	-	786,177
Cheques in excess of deposits		-	68,464	-	-	-	68,464
Accrued Interest		-	-	42,221	-	-	42,221
<b>Total Current Liabilities</b>		<b>1,049,530</b>	<b>285,902</b>	<b>920,156</b>	<b>6,714</b>	<b>(211,000)</b>	<b>2,051,302</b>
<b>Shareholders' Equity</b>							
Share capital		2,519,715	649,284	311,880	18,376	(979,540)	17,637,215
						7,617,500	
						7,500,000	
Share based payments reserve		742,568	-	-	-	-	742,568
Deficit		(3,891,232)	(305,913)	-	-	305,913	(3,891,232)
Options		-	-	-	-	-	-
NCI		-	-	-	-	797,934	797,934
<b>Total Shareholders' Equity</b>		<b>(628,949)</b>	<b>343,371</b>	<b>311,880</b>	<b>18,376</b>	<b>15,241,807</b>	<b>12,286,485</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>420,581</b>	<b>629,273</b>	<b>1,232,036</b>	<b>25,090</b>	<b>15,030,807</b>	<b>17,337,787</b>

**QUIKFLO HEALTH INC.****Pro-forma Consolidated Statements of Operations****As of July 31, 2016**

	Notes	QuikFlo \$CND 1/31/2017	1080034 BC \$CND 1/31/2017	AMA LLC \$CND 12/31/2016	Infused LLC \$CND 12/31/2016	Acquisition Adjustments	Total \$CND 1/31/2017
<b>Revenue</b>							
Sales			-	1,503,962	43,799	-	1,547,761
Cost of Goods Sold			-	(1,244,214)	(19,726)	-	(1,263,940)
Gross Profit			-	259,748	24,073	-	283,821
<b>Expenses</b>							
Listing Expense		1,973,083	-	-	-	-	1,973,083
Stock Based Compensation		519,593	-	-	-	-	519,593
General and Admin		1,182,104	8,060	288,838	7,577	-	1,596,879
Depreciation				97,673	-	-	97,673
Interest				41,692	-	-	41,692
Total Operating Expenses		3,674,780	8,060	428,203	7,577	-	4,118,620
Net Loss		(3,674,780)	(8,060)	(168,455)	16,496	-	(3,834,799)



**QUIKFLO HEALTH INC.****Pro-forma Consolidated Statements of Operations****As of January 31, 2017**

	Notes	QuikFlo \$CND 1/31/2017	1080034 BC \$CND 1/31/2017	AMA LLC \$CND 12/31/2016	Infused LLC \$CND 12/31/2016	Acquisition Adjustments	Total \$CND 1/31/2017
<b>Revenue</b>							
Sales		-	-	751,981	21,899	-	773,880
Cost of Goods Sold		-	-	(622,107)	(9,863)	-	(631,970)
Gross Profit		-	-	129,874	12,036	-	141,910
<b>Expenses</b>							
Stock based Compensation		(182,925)					(182,925)
General and Admin		358,535	297,853	144,419	3,788	-	804,595
Depreciation		-		48,837	-	-	48,837
Interest		-		20,846	-	-	20,846
Total Operating Expenses		175,610	297,853	214,102	3,788	-	691,353
Net Loss		(176,610)	(297,853)	(84,228)	8,248	-	(549,443)

## QUIKFLO HEALTH INC.

### Pro-forma Financial Statement Notes

As of January 31, 2017

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#### 1. Basis of Presentation

These unaudited Proforma consolidated financial statements have been prepared by management of QuikFlo Health Inc. ("QuikFlo") in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") from information derived from the financial statements of 1080034 BC Ltd. ("1080034 BC"), Alternative Medicine Association, LLC ("AMS"), Infused MFG, LLC ("Infused"), and QuikFlo and together with other information available to QuikFlo.

These unaudited Proforma consolidated financial statements have been prepared assuming the completion of:

- i) An Arrangement Agreement (the "Arrangement Agreement") pursuant to which QuikFlo has agreed to complete a three-corner amalgamation or other business combination pursuant to which the Company's shareholders will receive Common Shares of QuikFlo in exchange for their shares of the Company. It is currently expected that QuikFlo will issue 69,450,001 Common Shares to the 1080034 Shareholders. (the "Arrangement");
- ii) An Acquisition Agreement to acquire 91% of the issued and outstanding shares of AMS LC for total consideration of \$7,565,180, prior to adjustments, comprised of \$4,565,180 in cash and approximately 60 million common shares of 1080034 BC ("1080034 BC Shares") having a deemed value of \$3 million (the "Nevada Acquisition");
- iii) An Acquisition Agreement to acquire 91% of the issued and outstanding shares of Infused for total consideration of \$502,810, prior to adjustments, comprised of \$402,810 in cash and approximately 2 million common shares of 1080034 BC ("1080034 BC Shares") having a deemed value of \$100,000 (the "Infused Acquisition");
- iv) Financing Agreements to raise approximately \$1.0 million, on a private placement basis (the "1080034 BC Financing"). and
- v) Financing Agreements to raise approximately \$7.5 million, on a private placement basis (the "QuikFlo Financing").
- vi) There is no consolidation of shares.

The Arrangement will constitute a business combination whereby the former shareholders of QuikFlo will control the new combined corporation that will carry on QuikFlo's, 1080034 BC's, AMS and Infused current business and operations under the name Friday Nite Pharma Inc. ("Friday Nite"). Holders of common shares of QuikFlo and holders of subscription receipts from the QuikFlo Financing will, through a series of steps under the Arrangement, be entitled to receive <> of a common share of Friday Nite ("Friday Nite Shares") for each one QuikFlo Share or subscription receipt held and holders of common shares of 1080034 BC and holders of subscription receipts from the 1080034 Financing ("1080034 BC Shares") will receive one common share of Friday Nite for each one 1080034 BC Share held. The parties have applied to list the Friday Nite Shares for trading on the CNSX upon completion of the Arrangement. Completion of the Arrangement is subject to certain close conditions including completion of the Nevada and Infused Acquisition, customary regulatory approvals, the approval of the Canadian Securities Exchange and the requisite approvals of the respective shareholders of QuikFlo and 1080034 BC. Information derived from these four transactions should be read in conjunction with the following:

- 1) The audited financial statements of QuikFlo for the years ended July 31, 2016 and the period ended July 31, 2015;
- 2) The audited financial statements of 1080034 BC for the period ended July 31, 2016;
- 3) The audited financial statements of AMS for the year ended December 31, 2016
- 4) The audited financial statements of Infused for the year ended December 31, 2016
- 5) The unaudited condensed interim financial statements of QuikFlo for the three and six month periods ended January 31, 2017; and

# QUIKFLO HEALTH INC.

## Pro-forma Financial Statement Notes

As of January 31, 2017

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- 6) The unaudited condensed interim financial statements of 1080034 BC for the three and six month periods ended January 31, 2017.

These unaudited Proforma consolidated financial statements have been prepared for inclusion in the Listing Statement of QuikFlo and 1080034 BC dated June 15, 2017 (the "Listing Statement").

Accounting policies used in preparation of the Proforma consolidated statements are in accordance with those disclosed in QuikFlo's audited consolidated financial statements as at and for the period ended July 31, 2016 and the unaudited condensed interim financial statements as at and for the three and six months ended January 31, 2017.

The unaudited Proforma consolidated statement of financial position as at January 31, 2017 gives effect to the Arrangement and the assumptions in note 2 and note 3 as if they had occurred on January 31, 2017. The Proforma consolidated statements of income gives effect to the transactions above as if they had been effective August 1, 2015. The proforma consolidated statement of financial position and the consolidated statement of income are prepared prior to the exercise of the underwriters' option under the 1080034 BC Financing.

It is the opinion of QuikFlo's management that these Proforma consolidated financial statements include all adjustments necessary for the fair presentation of the transactions described in Note 2 and Note 3. These Proforma consolidated financial statements are not intended to reflect the results of operations or the financial position of the Company that would have actually resulted had the transactions been effected as at February 1, 2016 and are not necessarily indicative of the results of operations that may be obtained in the future.

## 2. Proforma Consolidated Statement of Financial Position Assumptions and Adjustments

### a) Nevada Acquisition

Pursuant to the terms of the Acquisition Agreement, on the anticipated closing date of May <>, 2017, 1080034 BC will acquire 91% of issued and outstanding shares of AMA for total consideration of \$18.4 million, prior to adjustments, comprised of US \$3.4 million (CAD \$4.5 million) in cash and 60 million 1080034 BC Shares valued at \$0.05 per 1080034 BC Share. The acquisition is a business combination and will be accounted for using the purchase method of accounting. The following summarizes management's best estimates fair value of the assets and liabilities acquired at date of acquisition. Prior to January 31, 2017, 1080034 BC provided AMA with deposit of US \$100,000 (CAD \$131,800) in relation to the acquisition. The financial statements of AMA were translated from its functional currency which is US dollar to presentation currency of the pro-forma consolidated statements which Canadian dollars.

Consideration	
Cash	4,565,180
Common shares	<u>3,000,000</u>
Total Consideration	<u>7,565,180</u>

Recognized amounts of assets and liabilities acquired	
Cash	130,425
Net Working Capital, excluding cash	(523,288)
Property and Equipment	654,177
Deposits	50,566
Goodwill	8,001,505

**QUIKFLO HEALTH INC.**  
**Pro-forma Financial Statement Notes**  
**As of January 31, 2017**

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Minority interest	<u>(748,205)</u>
Net assets before NCI	<u>7,565,180</u>

This purchase price equation incorporates information available to management at this time and reflects management's purchase price will be finalized after the acquisition has been completed and the final fair values have been determined. Accordingly, the purchase price equation is subject to change.

b) Infused Acquisition

Pursuant to the terms of the Acquisition Agreement, on the anticipated closing date of June 15, 2017, 1080034 BC will acquire 91% of issued and outstanding shares of Infused for total consideration of \$502,810, prior to adjustments, comprised of US \$300,000 (CAD \$402,810) in cash and 2 million 1080034 BC Shares valued at \$0.05 per 1080034 BC Share. The acquisition is a business combination and will be accounted for using the purchase method of accounting. The following summarizes management's best estimates fair value of the assets and liabilities acquired at date of acquisition. The financial statements of Infused were translated from its functional currency which is US dollar to presentation currency of the pro-forma consolidated statements which Canadian dollars.

Consideration	
Cash	402,810
Common shares	<u>100,000</u>
Total Consideration	<u>502,810</u>
Recognized amounts of assets and liabilities acquired	
Cash	24,720
Net Working Capital, excluding cash	(6,344)
Goodwill	534,163
Minority interest	<u>(49,729)</u>
Net assets before NCI	<u>502,810</u>

This purchase price equation incorporates information available to management at this time and reflects management's purchase price will be finalized after the acquisition has been completed and the final fair values have been determined. Accordingly, the purchase price equation is subject to change.

c) Plan of Arrangement with 1080034 BC

Under the terms of the Arrangement, holders of QuikFlo Shares and holders of subscription receipts under the QuikFlo Financing will, through a series of steps under the Arrangement, be entitled to receive one Friday Nite Share for each one QuikFlo Share or subscription receipt held and holders of common shares of 1080034 BC and holders of subscription receipts from the 1080034 BC Financing receive one common share of Friday Nite for each one 1080034 BC Share held. The acquisition is a business combination and will be accounted for using the purchase method of accounting. The following summarizes management's best estimates fair value of the assets and liabilities acquired at date of acquisition.

Consideration	
Common shares	<u>4,517,500</u>
Total Consideration	<u>4,517,500</u>

**QUIKFLO HEALTH INC.**

**Pro-forma Financial Statement Notes**

**As of January 31, 2017**

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**QUIKFLO HEALTH INC.****Pro-forma Financial Statement Notes****As of January 31, 2017**

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Recognized amounts of assets and liabilities acquired	
Cash	800,000
Net Working Capital, excluding cash	(132,204)
Intangible Assets	475,575
Goodwill	<u>3,374,129</u>
Net assets acquired	<u>4,517,500</u>

This purchase price equation incorporates information available to management at this time and reflects management's purchase price will be finalized after the acquisition has been completed and the final fair values have been determined. Accordingly, the purchase price equation is subject to change.

- d) The proforma basic and diluted loss per share for the six months ended January 31, 2017 and the year ended July 31, 2016 is based on the number of Friday Nite Shares expected to be outstanding after giving effect to the Arrangement, the QuiKFlo Financing and the share issuance in accordance with the Nevada and Infused Acquisition as if these occurred on August 1, 2015. The following are presented prior to incorporating the operating income from the acquisitions.

	July 31, 2016	January 31, 2017
Proforma weighted average shares outstanding:	<u>292,045,951</u>	<u>292,045,951</u>
Proforma net (loss) for the period ended:	(3,834,799)	(549,443)
Proforma basic and diluted loss per share:	(0.01)	(0.00)

**3. Proforma Common Shares Outstanding****(a) Private Placement**

Under the terms of the QuikFlo Financing, QuiKFlo will be issuing 100,000,000 common share subscription receipts for total gross proceeds of \$7,500,000.. Proceeds from the financings are outlined in the table below.

Under the terms of the 1080034 BC Financing, 1080034 BC will be issuing 20,900,000 common share subscription receipts for total gross proceeds of \$995,000. Proceeds from the financings are outlined in the table below.

**(b) Acquisitions**

Under the terms of the Nevada Acquisition Agreement, partial consideration in the amount of 60,000,000 Friday Nite Shares will be issued to the vendor at an ascribed value of \$0.05 per QuikFlo Share.

Under the terms of the Infused Acquisition Agreement, partial consideration in the amount of 2,000,000 Friday Nite Shares will be issued to the vendor at an ascribed value of \$0.05 per QuikFlo Share.

**QUIKFLO HEALTH INC.****Pro-forma Financial Statement Notes****As of January 31, 2017**

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Holders of QuikFlo Shares and holders of subscription receipts from the QuikFlo Financing will, through a series of steps under the Arrangement, be entitled to receive one Friday Nite Share for each one QuikFlo Share and holders of common shares of 1080034 BC will receive one common share of Friday Nite for each one QuikFlo Share held.

(c) QuickFlo has 39,695,950 common shares outstanding which, in accordance with the terms of the Arrangement Agreement, will receive as 39,695,950 common shares in Friday Nite..

(d) 1080034 BC has 69,450,001 common shares outstanding which, in accordance with the terms of the Arrangement Agreement, will receive as 69,450,001 common shares in Friday Nite..

(e) It has been assumed that \$50,000 in share issuance costs and \$100,000 in transaction costs are associated with the four transactions.

The following table is a summary of the equity balance outstanding following all of the transactions:

	Number of Common Shares	Equity Proceeds
1080034 BC Common Shares	69,450,001	3,522,500
Common share private placement subscription receipts from the 1080034 BC Financing	20,900,000	995,000
Common share subscription receipts –Nevada Acquisition	60,000,000	3,000,000
Common share subscription receipts –Infused Acquisition	2,000,000	100,000
QuikFlo Common Shares	39,695,950	2,519,715
Common share private placement subscription receipts from the QuikFlo financing	100,000,000	7,500,000
Total	<u>292,045,951</u>	<u>17,637,215</u>

