DEPLOY TECHNOLOGIES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED APRIL 30, 2017
Filed June 29, 2017

The following is Management's Discussion and Analysis ("MD&A") of the results of operations and financial condition of Deploy Technologies Inc. ("Deploy" or the "Company") for the nine months ended April 30, 2017. This MD&A should be read in conjunction with the unaudited condensed interim financial statements for the three and nine months ended April 30, 2017 which are prepared in accordance with IAS 34, Interim Financial Reporting, and the audited financial statements for the fiscal year ended July 31, 2016 which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in this MD&A are expressed in U.S. Dollars unless otherwise indicated.

INTRODUCTION

Deploy is a development stage company and will employ a system of internal controls, consistent with reasonable costs, to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of relevant, reliable, and timely financial information. These financial statements have been reviewed with management and have been approved for issuance by the Board of Directors on June 29, 2017. The Board of Directors is responsible for overseeing management's responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The MD&A provides readers with information essential to understand Deploy's current operations, results and financial performance, and to evaluate the future prospects of the Company. The preparation of the financial statements and related disclosures in conformity with IFRS requires management to make estimates that affect the reported amounts of assets, liabilities, revenue, expenses and contingencies.

Management bases its estimates on historical experience and on other assumptions that are believed, at the time, to be reasonable under the circumstances.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information based on management's best estimates and the current operating environment. These forward-looking statements relate to anticipated financial performance, business prospects and strategies. With the exception of historical data, information and statements in this report, certain information and statements in this report that covers expected results of Deploy should be considered forward-looking.

Such forward-looking statements involve risks, uncertainties and other factors, which may cause actual results, performance or achievements of Deploy to be materially different from future results, performance or achievements expected or implied by such forward-looking statements. Some of the factors contributing to this uncertainty are fluctuations in quarterly and annual results, the ability of Deploy to identify, complete and then efficiently integrate acquisitions and strategic activities over the long term, industry price pressure, as well as market forces, economic cycle, and the strength of regional economies in Canada and elsewhere where Deploy conducts its business. The foregoing list of important factors is not exhausting.

OVERALL PERFORMANCE

Deploy is a development stage company. It has earned minimal revenues and has incurred losses to date. The Company's expenses have been limited to routine general and administrative costs. The Company reported a net loss of $142,744 for the nine months ended April 30, 2017, compared to a loss of $156,540 for the nine months ended April 30, 2016.

Deploy's financial condition and ability to pay operating costs and research and development costs is dependent on the private sale of its common shares and acceptance of its common shares in payment of executive compensation in lieu of cash to fund its operations. The level of the Company's operations from period to period depends on the amount of funds available. Its level of expenses and related loss has been increasing from period to period as a result of greater levels of funding available, which it believes is attributable to improvement in obtaining funding based on advances in the research and development of its Fleet Data Management & Weigh System products. Deploy experiences a significant match between financial condition and its level of expenditures. Although it may experience a working capital surplus and cash flow surplus from time to time, typically these surpluses are a result of a mismatch between the period in which funds are received and expected use of the funds in immediately following periods. The Company's financial condition over time is a close match between revenues raised and expenses incurred, with cash inflows and outflows evenly matched over periods.

Deploy maintains current reporting and disclosure through SEDAR and the Canadian Securities Exchange ("CSE").

RESULTS OF OPERATIONS

Revenue and Other Income

The Company reported no sales revenue since inception. However, the Company recorded a gain of $57,839 and $61,983 from settlement of liabilities for the three and nine months ended April 30, 2017, respectively.

Operating Expenses

Operating expenses totaled $83,789 and $130,302 for the three and nine months ended April 30, 2017, respectively, compared with $36,577 and $98,406 for the three and nine months ended April 30, 2016, respectively. The change in general and administrative expenses relate to a number of factors, but during the three months ended April 30, 2017, the Company was in the process of finalizing its acquisition agreement with Nevada Medical Group LLP ("NMG"), as discussed under "Subsequent Events", which resulted in increased consulting fees.

Of the $83,789 expenses for the three months ended April 30, 2017, a total of $7,547 relates to management fees accrued to the Chief Financial Officer and $36,794 relates to consulting fees accrued to the former Chief Executive Officer. Another factor contributing to the change in the general and administrative expenses was the variation in exchange rates. The Company's functional currency is the Canadian dollar and its reporting currency is the United States dollar.

Discontinued Operations

There were no discontinued operations during the three and nine months ended April 30, 2017.

Other Comprehensive Income

The Company's functional currency is the Canadian dollar and its reporting currency is the U.S. dollar. At each balance sheet date, assets and liabilities that are denominated in a currency other than U.S. dollars are adjusted to reflect the current exchange rate which may give rise to a foreign currency translation adjustment accounted for as a separate component of shareholders' equity and included in other comprehensive income. The Company recorded translation adjustments of $55,396 and $23,731 for the nine months ended April 30, 2017 and 2016, respectively. The amounts are included in the statement of operations as other comprehensive income for the respective periods.

Total Assets

The Company's total assets amounted to $700,546 at April 30, 2017, compared with $12,455 at July 31, 2016. The increase is largely attributable to the increase in cash as a result of the private placement that closed in April 2017 raising over $900,000 in cash (CAD$1,305,000).

Shareholders' Equity/Deficiency

Shareholders' equity amounted to $502,064 at April 30, 2017, compared with a deficiency of $347,416 at July 31, 2016. The change in the shareholders' equity/deficiency is primarily due to the increase in share capital and contributed surplus resulting from the April 2017 private placement.

Authorized and Issued Shares:

Authorized Capital:

The authorized capital of the Company consists of 900,000,000 Common Shares with a par value of $0.0001 and 20,000,000 Class A Preferred Shares with a par value of $0.0001.

On September 15, 2010, the Company changed its jurisdiction of incorporation to Nevada from Delaware as a result of a merger with its wholly owned subsidiary, and as a result reduced its authorized capital from 50,000,000 Common Shares to 10,000,000 Common Shares.

On September 29, 2011, the Company amended its Articles of Incorporation to authorize the issuance of up to 2,900,000 Class A Preferred Shares, each share having the following voting powers, designations, preferences, limitations, restrictions, and relative rights:

a. Ten votes per share in *pari passu* with shares of common stock on all matters presented to the holders of the Company's equity securities for vote or approval;
b. A right to receive dividends when, as and if declared by the board of directors, in *pari passu* with each share of common stock with the amount of such dividends determined by multiplying the dividend per share of common stock by ten;
c. A right to receive distributions, whether or not in liquidation, in *pari passu* with each share of common stock with the amount of such distribution determined by multiplying the distribution per share of common stock by ten;
d. Conversion into ten shares of common stock at the election of the Company or of the holder any time after two years of the date of issuance.

On July 2, 2014, the Company amended its Articles of Incorporation to revise the authorized Class A Preferred Shares from 2,900,000 to 20,000,000 with a par value of $0.0001 per share.

On November 11, 2014, the Company's Board of Directors approved a reverse split of its common stock on the basis of one (1) new share for ten (10) old shares as well as a reduction in its authorized capital from 100,000,000 shares of common stock to 10,000,000 shares. All figures in the financial statements are adjusted to reflect the 10:1 reverse stock split.

On 11 April 2017, the Company revised the authorized capital of the Company to 900,000,000 common shares with a par value of $0.0001 and 20,000,000 Class A Preferred Shares with a par value of $0.0001 per share.

On April 24, 2017, shareholders representing 2,325,500 Class A preferred shares and 1,500,000 common shares (150,000 Class A preferred shares post conversion to common shares) entered into a Pooling Agreement whereby their shares would be pooled for a period of 12 months from the date of signing the agreement. The shares will be released after 12 months from date of signing unless various release events occur.

On May 8, 2017, 2,325,500 Class A preferred shares were converted to 23,255,000 common shares and continued to be subject to the Pooling Agreement. As at May 8, 2017, the Company had Nil preferred shares issued and outstanding. The Company anticipates amending its authorized capital to remove Class A Preferred Shares.

Issued and Outstanding Shares

34,157,974 Common Shares at April 30, 2017 (July 31, 2016 – 6,557,974).

2,325,500 Class A Preferred Shares at April 30, 2017 (July 31, 2016 – 2,475,500).

Related Party Transactions

Except as disclosed elsewhere in the Company's financial statements, related party transactions for the nine months ended April 30, 2017 and 2016 are as follows:

a) During the nine months ended April 30, 2017, accounting fees of $7,547 (2016 - $Nil) were paid/accrued to the Chief Financial Officer of the Company.

b) During the nine months ended April 30, 2017, accounting fees of $8,680 (2016 - $13,451) were paid/accrued to the former Chief Financial Officer and a director of the Company.

c) During the nine months ended April 30, 2017, consulting fees of $36,794 (2016 - $40,354) were paid/accrued to the former Chief Executive Officer of the Company.

d) During the nine months ended April 30, 2017, the former Chief Executive Officer of the Company agreed to repay a loan payable to a third party. As a result, the Company recorded a gain of $4,133 for the period.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Cash Flow Information

a) Operating Activities

Cash flow used in operating activities totaled $268,425 and $23,723 during the nine months ended April 30, 2017 and 2016, respectively. Cash used in operating activities increased significantly in 2017 as a result of the Company actively searching for an acquisition target and executing the Assignment Agreement as discussed under "Subsequent Events".

b) Investing Activities

There were no investing activities during the nine months ended April 30, 2017 and 2016.

c) Financing Activities

During the nine months ended April 30, 2017, the Company obtained a short term loan of $19,276 from a third party. The loan was settled and the Company recorded a gain on settlement of liabilities of $19,276 related to this loan.

The Company closed a private placement on April 19, 2017 and issued 26,100,000 common shares for gross proceeds of $984,943 (CAD$1,305,000). The Company paid finders' fees of $48,115.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's quarterly results for each of its eight most recently completed quarters.

	Quarters Ended							
	30 April 2017	31 January 2017	31 October 2016	31 July 2016	30 April 2016	31 January 2016	31 October 2015	31 July 2015
Net Income (Loss)	$ (31,145)	$ (32,777)	$ (78,822)	$ 612,631	$ (19,416)	$ (41,064)	$ (96,060)	$ (77,945)
Foreign Currency Translation Adjustment	$ (9,482)	$ (11,123)	$ 76,001	$ 50,554	$ (108,338)	$ 63,694	$ 68,375	$ 65,427
Comprehensive Income (Loss)	$ (40,627)	$ (43,900)	$ (2,821)	$ 663,185	$ (127,754)	$ 22,630	$ (27,685)	$ (12,508)
Basic and Fully Diluted Income (Loss) per share	$ (0.01)	$ (0.01)	$ (0.01)	$ 0.09	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)
Weighted average number of shares outstanding	10,638,655	6,557,973	6,557,973	6,557,973	6,557,973	6,557,973	6,557,973	4,627,418

Net loss for three months ended April 30, 2017

Net loss for the three months ended April 30, 2017 (the '3rd Quarter') totaled $31,145, compared with a net loss of $19,416 for the comparative three months ended April 30, 2016. During the 3rd Quarter the Company recorded a gain of $57,839 (2016 Comparable Period - $Nil) which related to the settlement of liabilities. Additionally, travel expenses for the 3rd Quarter were $22,177 (2016 Comparable Period - $Nil) which related to raising additional funds for working capital.

Consulting fees for the 3rd Quarter were $37,259 compared to $6,792 for the three months ended April 30, 2016. This increase in consulting expenses relates to the Company's efforts in raising additional funds.

Net loss for the nine months ended April 30, 2017

Net loss for the nine months ended April 30, 2017 totaled $142,744 compared with a net loss of $156,540 for the nine months ended April 30, 2016. Removing the gain of $61,983 (2016 Comparable Period - $Nil) relating to the settlement of liabilities during the nine months ended April 30, 2017, the Company incurred a net loss of $204,727 (2016 Comparable Period - $156,540). Significant expenses during the nine months ended April 30, 2017 include the following: Consulting fees of $59,392 (2016 Comparable Period - $20,177), Office and miscellaneous of $27,459 (2016 Comparable Period - $8,933) and foreign exchange of $74,425 (2016 Comparable Period - $58,021).

As discussed under "Subsequent Events" the Company entered into an Assignment Agreement with Toro Pacific Management Inc. to acquire NMG which owns the Body & Mind ("BaM") brand. This process commenced during the quarter ended April 30, 2017 which resulted in a higher consulting fees and other operating expenses.

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital was $502,064 as of April 30, 2017 and a working capital deficit of $352,515 as of July 31, 2016. The deficit includes amounts owing to related parties of $41,714 as of July 31, 2016. The Company had no amounts owing to related parties as of April 30, 2017.

There were no loans payable as at April 30, 2017.

SUBSEQUENT EVENTS

a. On 8 May 2017, a total of 2,325,500 Class A preferred shares were converted into 23,255,000 common shares of the Company. A total of 2,475,500 preferred shares have been converted to common shares during and subsequent to the period ended April 30, 2017 and remain under the pooling arrangement. No Class A preferred shares remain outstanding after the conversion on May 8, 2017.

b. On 16 May 2017, the Company announced it entered into an assignment and novation agreement (the "Assignment Agreement") with Toro Pacific Management Inc. (the "Transferor") pursuant to which the Transferor assigned a letter of intent (the "LOI") effective 12 May 2017 to the Company in accordance with its terms.

The Assignment Agreement and the LOI contemplate a business combination transaction (the "Acquisition") pursuant to which the Company will acquire all of the issued and outstanding securities of Nevada Medical Group LLP ("NMG"), an arm's length Nevada-based licensed producer of medical marijuana and owner of the Body & Mind brand ("BaM").

As consideration for the Assignment Agreement, the Company will issue to the Transferor 1,000,000 common shares of the Company, on a post-Consolidated basis (as defined below), at a deemed price of CAD $0.66 per share. In addition, the Company paid two finders a total of CAD $63,750 for their services in identifying and introducing the Company to potential companies for a business combination, culminating in the Company's identification of NMG as a target.

In connection with the assignment of the LOI, Deploy will pay a deposit of $50,000 to NMG, which is refundable in the event a condition precedent to Closing (as defined below) is not fulfilled or waived, and is further to be created against the cash purchase price at Closing.

The Acquisition is expected to represent a "fundamental change" as that term is defined in the policies of the Canadian Securities Exchange (the "Exchange"), and be structured as a reverse takeover. The members of NMG (the "NMG Members") will receive an aggregate of 16,000,000 post-Consolidation Deploy Shares at a deemed price of CAD $0.66 per Deploy Share in exchange for their interests in NMG. It is anticipated that the completion of the Acquisition will involve, among other things, the following steps, but the parties may agree to a different structure based on tax efficiencies and the advice from legal and financial advisors:

- the consolidation of the common shares of the Company on a 1 new for 3 old basis (the "Consolidation"), subject to all required approvals including shareholder approval, if applicable;
- following completion of the Consolidation, the issuance of 16,000,000 common shares to the NMG Members in exchange for all of the outstanding membership interests, such that NMG will become a wholly-owned subsidiary of the Company;
- the 16,000,000 common shares issuable to NMG Members being subject to a voluntary pool, vesting over 24 months, with 1/10 released 6 months from the date of closing, 1/5 released 12 months from the date of closing, 1/4 released 18 months from the date of closing, and the remaining common shares released 24 months from the date of closing;
- The Company assuming loans payable to TI Nevada, LLC, an NMG member, in the amount of $400,000, with $225,000 payable on closing, and the remaining $175,000 to be paid within 15 months from the date of closing;
- The Company repaying NMG, or any paying NMG Member, for expenditures prior to the date of Closing related to the acquisition of production equipment, with such expenditures to not exceed $64,000;

- The Company paying $2,000,000 in cash to the NMG Members as at the date of closing;
- The Company delivering a non-interest bearing promissory note to the NMG Members in the amount of $2,000,000, secured by a senior priority security interest in all assets of the Company, to be paid at the earlier of 15 months from the date of closing or, if an equity or debt financing subsequent to the concurrent financing is closed in an aggregate amount of not less than $5,000,000, then within 30 days of the closing date of such subsequent financing;
- completion of the concurrent financing; and
- receipt of all director, shareholder and regulatory approvals relating to the Acquisition and the concurrent financing, including, without limitation, the approval of the Exchange.

Concurrent Financing

The concurrent financing will consist of subscription receipts of the Company (the "Subscription Receipts"), at an issue price of CAD $0.22 per Subscription Receipt, with each Subscription Receipt being automatically converted, at no additional cost to the subscriber, upon the completion of the Acquisition for one common share and one share purchase warrant (the "Warrant") exercisable at a price of CAD $0.30 for a period of 24 months from the date of issuance.

Each Warrant is subject to acceleration provisions following the six-month anniversary of the date of closing, if the closing trading price of the common shares is equal to or greater than CAD $0.40 for seven consecutive trading days, at which time the Company may accelerate the expiry date of the Warrants by issuing a press release announcing the reduced warrant term whereupon the Warrants will expire 21 calendar days after the date of such press release. The concurrent financing must raise a minimum of $4,000,000. The Company intends to issue up to 45,454,545 Units for maximum gross proceeds of CAD $10,000,000 in connection with the concurrent financing.

c. On June 29, 2017 the Company announced a series of corporate developments at NMG related to the LOI between the companies announced on May 16, 2017, pursuant to which Deploy intends to acquire all of the issued and outstanding securities of NMG (the "Transaction").

NMG has completed agreements, of which the Company was party to, with two companies for the application of new medical licences in Ohio and Arkansas.

The Ohio application was submitted on June 28th, 2017. The Company advanced $46,500 to NMG, on a non-refundable and unsecured basis, to cover a portion of the expenses of the Ohio application as the submission deadline will occur prior to the intended closing of the Transaction. The entity submitting the application is NMG Ohio LLC, and is owned by the group processing the application ("applicant group") including NMG.

If granted, NMG will retain a 30% interest in the license granted by Ohio, will be the operator, and will maintain a right of first refusal with respect to the remaining 70% interest, which shall be held by the applicant group as a whole. This process has been underway for several months and predates the LOI between NMG and Deploy. There is common ownership between the owners of NMG and NMG Ohio LLC.

The Arkansas application opportunity is under LOI between NMG and an in-state investor group who have agreed to fund the application process. In the event the application is successful, both parties will endeavour to complete a definitive partnership and operating agreement.

NMG recently signed a confidential LOI with a dispensary group to license the BaM brand in Montana which will mark the first out-of-state licencing deal for BaM.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company classifies all financial instruments as either financial assets or liabilities at fair value through profit or loss ("FVTPL"), held to maturity, loans and receivables, available-for-sale and other financial liabilities. Loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in accumulated other comprehensive income. FVTPL instruments are measured at fair value with unrealized gains and losses recognized on the statement of loss and comprehensive loss. The Company has designated cash as FVTPL, which is measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Trade payables and loans payable are classified as other financial liabilities which are measured at amortized cost. The Company has classified investment in another private company as available-for-sale and therefore it carries such investment at fair market value, with the unrealized gain or loss recorded in shareholders' equity as a component of accumulated other comprehensive income. These amounts will be reclassified from shareholders' equity to net income when the investment is sold or when the investment is impaired and the impairment is considered less than temporary.

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

Liquidity risk

The Company's objective in managing liquidity risk is to ensure sufficient liquidity to meet financial obligations when due by maintaining sufficient cash and cash equivalents to settle current liabilities and meet anticipated working capital requirements. As of April 30, 2017, the Company had cash of $691,523 to settle current liabilities of $198,482.

Credit risk

Credit risk is the risk of potential loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held in large Canadian financial institutions. Management believes that the credit risk concentration with respect to cash and receivables is low. The Company currently has limited credit risk from operations.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There is limited interest rate risk due to the short-term nature of the Company's financial instruments.

Foreign currency risk

The Company enters into certain transactions denominated in CAD dollars for which the related accounts payable balances are subject to exchange rate fluctuations. The Company does not currently hedge for exposure to foreign currency risk using financial instruments.

Other Business Risks

Going concern risk

The unaudited condensed interim financial statements for the three and nine months ended April 30, 2017 have been prepared with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has incurred losses to date and has not yet earned revenue from operations. The unaudited condensed interim financial statements for the three and nine months ended April 30, 2017 do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

To date the Company has funded losses with private placements. To the extent that the Company does not achieve positive cash flows from operations in the future or financing is not available or not available on reasonable terms, reductions in expenditures may be required or we may not be able to continue as a going concern. These conditions may raise doubt about the ability of the Company to continue as a going concern. If we are unable to continue as a going concern, then the carrying value of certain assets and liabilities would require revaluation to a liquidation basis, which could differ materially from the values presented in the accompanying condensed interim financial statements.

Limited Operating History

The Company has no history of earnings. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. 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 the early stage of operations.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and consultants. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition. The success of the Company further depends on the continued ability to attract, retain, and motivate highly qualified management personnel.

Additional Financing Needs

The Company will require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of the Company's common shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Conflicts of Interest

Certain of the directors and officers of the Company are, or may become directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

Litigation

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

Uninsurable Risks

The business of the Company may not be insurable or the insurance may not be purchased due to high cost. 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 Company.

The Market Price of the Company's Common Shares may be Subject to Wide Price Fluctuation

The market price of the Company's common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company, general economic conditions, legislative changes, and other events and factors outside of the Company's control.

Regulatory Changes

The business of the Company may be subject to rapid regulatory changes. Failure to keep up with such changes may adversely affect the business of the Company. The Company's prospects must be considered in light of the risks, expenses, shifts, changes and difficulties frequently encountered with companies whose businesses are regulated by various federal, state and local governments. Failure to follow regulatory requirements will have a detrimental impact on the business. Changes in legislation cannot be predicted and could irreparably harm the business.

Risks Associated with Acquisitions

If appropriate opportunities present themselves, the Company intends to acquire businesses, technologies, services or products that the Company believes are strategic. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired business, technology, service or product into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business.

Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition. Any such future acquisitions of other businesses, technologies, services or products might require the Company to obtain additional equity or debt financing, which might not be available on terms favourable to the Company, or at all, and such financing, if available, might be dilutive.

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's Shares on the stock exchange.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at April 30, 2017 and June 29, 2017.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

During the nine months ended April 30, 2017, there has been no significant change in the Company's internal control over financial reporting since last year.

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's financial statements for the nine months ended April 30, 2017 (together the "Interim Filings").

The Chief Executive Officer and Chief Financial Officer of the Company have filed the Venture Issuer Basic Certificate with the Interim Filings on SEDAR at www.sedar.com.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

CRITICAL ACCOUNTING ESTIMATES AND RECENT ACCOUNTING PRONOUNCEMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from these estimates.

The Company's unaudited condensed interim financial statements for the three and nine months ended April 30, 2017 were prepared using the same accounting policies and methods as those used in the audited financial statements for the year ended July 31, 2016. The unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards have been omitted or condensed. The International Accounting Standards Board (IASB) has published new standards and amendments or interpretations to existing standards which are mandatory for periods beginning on or after April 30, 2017, as outlined below.

Accounting standards adopted:

a) Change in accounting policy

There were no new standards effective August 1, 2016 that have had a material impact on the Company's condensed consolidated interim financial statements.

b) New standards and interpretations not yet adopted

The significant accounting policies that have been used in the preparation of these condensed interim financial statements are summarized in the Company's audited financial statements for the year ended July 31, 2016. There were no new standards effective August 1, 2016 that had an impact on the Company's interim financial statements. In addition to the new standards and interpretations not yet adopted in the Company's audited financial statements, the Company notes below the additional pronouncements during the period ended April 30, 2017.

On June 20, 2016, the IASB issued amendments to IFRS 2 clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively, retrospectively, or early application is permitted if information is available without the use of hindsight. The Company intends to adopt the amendments to IFRS 2 in its financial statements for the annual period beginning on August 1, 2017. The extent of the impact of adoption of the standard has not yet been determined.

The final version of IFRS 9, *Financial Instruments,* was issued by the IASB in July 2014 and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces a model for classification and measurement, a single, forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the elements of IFRS 9 related to presentation of gains from changes in an entity's own credit risk can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

The IASB issued IFRS 15, *Revenue Recognition*, in June 2014. The objective of IFRS 15 is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It also contains new disclosure requirements. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is in the process of assessing the impact of IFRS 15 and has not yet determined when it will adopt the new standard.

The IASB issued IFRS 16, *Leases*, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts.

The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted, but only in conjunction with IFRS 15. The Company is in the process of assessing the impact of IFRS 16 and has not yet determined when it will adopt the new standard.

GOING CONCERN

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are stated in U.S. dollars. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for the period necessarily involves the use of estimates, which have been made using careful judgment. Actual results may vary from these estimates. Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. However, based on its demonstrated ability to raise capital in the past, management believes that the Company’s capital resources should be adequate to continue operating and maintain its business strategy during fiscal 2017. However, if the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. The Company’s financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern. Realizable values may be substantially different from carrying values as shown in the financial statements should the Company be unable to continue as a going concern. The financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

OUTLOOK

During the quarter ended April 30, 2017, the Company raised sufficient capital to fulfill its reporting and disclosure obligations. The Company continues to focus its attention on completing the business combination with NMG as well as the concurrent financing. The acquisition is expected to represent a “fundamental change” and be structured as a reverse takeover (“RTO”). It is anticipated that the completion of the RTO will involve the consolidation of the Company’s common shares on a 1 new for 3 old basis. Under the concurrent financing, the Company must raise minimum gross proceeds of $4,000,000, however, the Company intends to issue up to 45,454,545 subscription receipts for maximum gross proceeds of CAD $10,000,000.

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