

**HIGH HAMPTON HOLDINGS CORP.**

**CSE FORM 2A**

**with respect to a Fundamental Change  
pursuant to Policy 8 of the Canadian Securities Exchange**

**August 29, 2017**

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## INTRODUCTION

This Listing Statement ("**Listing Statement**") is furnished by and on behalf of the management of **High Hampton Holdings Corp.** (the "**Issuer**") in order to qualify for listing the securities of the resulting issuer following a fundamental change under the Policies of the Exchange.

The information contained or referred to in this Listing Statement with respect to CoachellaGro Corp. ("**CoachellaGro**") and their related business has been provided by their respective management and is the responsibility of such entity. The Issuer has reviewed information and documents provided by CoachellaGro, including audited financial statements of CoachellaGro. Management and directors of the Issuer have relied upon CoachellaGro for the accuracy of the information provided by CoachellaGro.

### **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 the Chief Executive Officer of the Issuer at MEZ – 8 Wellington St E Toronto Ontario M5E 1C5, and are also available electronically under the Issuer's SEDAR profile at [www.sedar.com](http://www.sedar.com).

The following documents of the Issuer, filed with the various provincial securities commissions, the Canadian Securities Exchange (the "CSE") or similar authorities in Canada, are specifically incorporated into and form an integral part of this Listing Statement:

- the annual audited financial statements of the Issuer for the years ended August 31, 2014, August 31, 2015, and August 31, 2016. See "*Financial Statements*" in section 25 hereof;
- the unaudited interim financial statements of the Issuer for the fiscal quarters ended November 30, 2016 and February 29, 2017. See "*Financial Statements*" in section 25 hereof;
- the Issuer's annual Management's Discussion and Analysis ("MD&A") for its most recent fiscal year ended August 31, 2016, and its interim MD&A for each of the interim periods ended November 30, 2016 and February 29, 2016. See "*Management's Discussion and Analysis*" in section 6 hereof;
- Statement of Executive Compensation (Form 51-102F6) contained in the Issuer's 2016 Annual General Meeting Information Circular dated October 14, 2016. See "*Executive Compensation*" in section 15 hereof; and
- The Issuer's Form 2A Listing Statement dated August 29, 2014

**The Resulting Issuer is expected to indirectly derive a substantial portion of its revenues from the cannabis industry in certain U.S. states, which industry is illegal under U.S. Federal Law. The Resulting Issuer is indirectly involved through its business in both the medical and full adult-use cannabis industry in the United State where local state law permits such activities. The Resulting Issuer is not directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the medical or recreational marketplace. The Resulting Issuer has not applied for nor does it have any intention to apply for any retailer, grower, processor or wholesaler license which would allow the Resulting Issuer to directly participate in the recreational cannabis marketplace in certain U.S. states which have legalized such activity.**

Currently, the states of California, Nevada, Massachusetts, Maine, Washington, Oregon, Colorado and Alaska, and the District of Columbia, have legalized recreational use of cannabis. In California, Nevada, Massachusetts and Maine, all of which passed legalization pursuant to ballot measures on November 8, 2016, no recreational cannabis commercial operations have begun yet. Although the District of Columbia voters passed a ballot initiative in November 2014, no commercial recreational operations exist because of a prohibition on using funds for regulation within a federal appropriations amendment to local District spending powers. Almost half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol (“THC”), while other states have legalized and regulate the sale and use of medical cannabis with strict limits on the levels of THC. However, the U.S. federal government has not enacted similar legislation and the cultivation, sale and use of cannabis remains illegal under federal law pursuant to the U.S. Controlled Substance Act of 1970 (“CSA”). 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.

The Resulting Issuer's objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the cannabis industry in the United States. Accordingly, there are a number of risks associated with the business of the Resulting Issuer. Unless and until the United States Congress amends the CSA with respect to medical cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, and the business of the Resulting Issuer may be deemed to be producing, cultivating, extracting or dispensing cannabis in violation of federal law in the United States. There are a number of risks associated with the business of the Resulting Issuer. See section entitled “Risk Factors”.

### **Forward-Looking Statements**

This Listing Statement contains information and projections based on current expectations. Certain statements herein 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 expectations regarding future events and performance but speak only as of the date of this Listing Statement. Forward-looking statements include, among others, statements with respect to planned acquisitions, strategic partnerships or other transactions not yet concluded; plans to market, sell and distribute products; market competition; plans to retain and recruit personnel; the ability to secure funding; and the ability to obtain regulatory and other approvals are all forward-looking information. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements.

There can be no assurance that any intended or proposed activity or transaction will occur or that, if any such action or transaction is undertaken, it will be completed on terms currently intended by the Issuer. The Issuer assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law.

Although the Issuer believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements

because the Issuer can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. The forward-looking statements herein speak only as of the date hereof. Actual results could differ materially from those anticipated due to a number of factors and risks including those described under “*Risk Factors*” in section 17 hereof.

## **2. CORPORATE STRUCTURE**

### **2.1 Corporate Name**

Issuer: The full corporate name of the Issuer is High Hampton Holdings Corp. The principal and registered office of the Issuer is MEZ – 8 Wellington St E Toronto Ontario M5E 1C5.

CoachellaGro: The full corporate name of CoachellaGro is "CoachellaGro Corp.". CoachellaGro's registered office is 2188 Wilshire Blvd., Suite 341, Santa Monica, California USA 90403. CoachellaGro will become a wholly owned subsidiary of the Issuer pursuant to the Acquisition Agreement.

### **2.2 Incorporation**

The Issuer was incorporated under the name “Infinity Minerals Corp.” on November 12, 2010 under the laws of the province of British Columbia, Canada. The name of the Issuer was changed to “Herbal Clone Bank Canada Inc.” on August 29, 2014 and subsequently to “High Hampton Holdings Corp.” on June 18, 2015. The Issuer is a reporting issuer in British Columbia, Ontario and Alberta.

CoachellaGro was incorporated on December 5, 2016 under the laws of the State of California, USA.

### **2.3 Inter-corporate Relationships**

The subsidiaries of the Issuer, other than CoachellaGro after closing of the acquisition of CoachellaGro on August 29, 2017, are as follows:

<b>Name of Subsidiary</b>	<b>Place of Incorporation</b>	<b>Ownership Interest</b>
The Herbal Clone Bank Inc.	British Columbia	100%
Advanced Greenhouse Technologies Ltd.	British Columbia	100%
American Greenhouse Technologies Inc.	Washington, USA	100%

Pursuant to a reverse takeover transaction effected August 29, 2014, the Issuer acquired all of the issued shares of The Herbal Clone Bank Inc. (incorporated on November 8, 2013) and its wholly-owned subsidiary, Advanced Greenhouse Technologies Ltd. (incorporated on December 5, 2000). On November 10, 2014, the Issuer formed a wholly-owned Washington State subsidiary, “American Greenhouse Technologies Inc.”.

CoachellaGro does not have any subsidiaries.

### **2.4 Fundamental Change or Acquisition**

On January 25, 2017, the Issuer entered into a letter of intent (the "**Letter of Intent**") with CoachellaGro which contemplated an acquisition of all of the common shares of CoachellaGro in exchange for the issuance of common shares of the Issuer, as described below (the "**Acquisition**"). Completion of the Acquisition would result in a fundamental change under the policies of the Exchange. In consideration for all of the issued shares of CoachellaGro, the CoachellaGro shareholders will receive 6,000,000 shares in the capital of Issuer (the "**Issuer Shares**") at a deemed price of \$0.50 per share (the "**Share Exchange**") on a pro rata and post-consolidated basis. The Issuer will complete a consolidation on a ratio of 5:1 immediately prior closing the ("**Consolidation**") resulting in there being approximately 9,232,648 Shares issued and outstanding.

CoachellaGro is a California corporation focused on the development of its 10.8 acre property (the "**Coachella Property**") situated in the proposed cannabis industrial park located in Coachella, California, USA. CoachellaGro is in the application process for a conditional use permit for development of a full-service production facility in order to serve third party state licensed medical marijuana operators. The City of Coachella has been progressive in setting up city ordinance that sets aside 90 acres within which will be a legal framework for the cultivation, production, extraction and transportation of cannabis. The complex is intended to contain all the necessary; security, infrastructure, equipment, labour and skilled management, supplies and ancillary services for a closed loop production process flow.

Pursuant to the Letter of Intent, the Issuer extended to CoachellaGro a secured loan facility, bearing interest at 1% per annum compounded monthly, in the amount of US\$1,900,000 or equivalent value in Canadian funds (the "**Loan**"), of which US\$1,408,060 has been advanced on a secured basis as of the date of this Listing Statement. All outstanding obligations under the Loan matured and became due and payable on July 20, 2017, which is the date that is 6 months from the initial closing of the Loan, and these obligations were not accelerated due to termination of the Letter of Intent. The security for the Loan is a general security interest against all present and future-acquired assets of CoachellaGro and a Deed of Trust in the Coachella Property, which Deed of Trust has been duly recorded in the applicable land records office in the appropriate county located in the State of California.

## **2.5 Incorporation outside Canada**

CoachellaGro was incorporated under the corporate laws of the State of California, USA. The corporate laws of the State of California do not material differ from Canadian corporate legislation with respect to the corporate governance principles set out in CSE Policy 4 – *Corporate Governance and Miscellaneous Provisions*.

## **3. GENERAL DEVELOPMENT OF THE BUSINESS**

### **3.1 General Development of the Issuer's Business**

#### **(A) Marijuana Production and Cultivation**

At the end of the Issuer's 2014 fiscal year, the Issuer made a transition from a junior resource company to a medical marijuana start up. Prior to August 2014, the Issuer was involved in the exploration and development of mineral properties. Information concerning the activities of the Issuer prior to the end of the Issuer's fiscal year ended August 31, 2014 may be found in the Issuer's previous Form 2A Listing Statement dated August 29, 2014 (the "**Issuer's August 2014 Listing Statement**") which is accessible on the Issuer's disclosure page on the CSE.

Effective August 29, 2014, the Issuer underwent a change of business and acquired 100% of the issued and outstanding shares of The Herbal Clone Bank Inc. ("**THC**"), which was a private British Columbia company with an application pending with Health Canada to become a licensed producer under the

*Marihuana for Medical Purposes Regulations* (the “MMPR”).<sup>1</sup> See “Acquisition of THC” in section 3.2 hereof.

The Issuer’s business objective was, upon obtaining its MMPR License, to supply vegetative (first growth) stage cannabis to Licensed Producers allowing them to focus exclusively on the flowering stage of crop production, and thereby eliminating first growth stage infrastructure costs and doubling output by cutting grow cycles from 16 weeks to eight. Further information concerning THC’s initial business plan may be found in the Issuer’s August 2014 Listing Statement.

Following the acquisition of THC, the Issuer continued to advance THC’s MMPR application, which required the submission of detailed documentation and support data covering all aspects of the planned location, key management personnel histories, detailed quality control procedures plan and resume of the planned QC manager, as well as local authority approval documents including from the local RCMP, regional district and city/town authorities. However, due to the unprecedented number of MMPR license applications received by Health Canada at that time, the voluminous amount of documents to be submitted, and the lengthy processing wait times caused by the anticipation of legislative changes, the Issuer’s MMPR licensing process was plagued with delays and re-submissions. Consequently, the Issuer broadened its business focus and began to consider alternative avenues of entry into the medical and retail marijuana industry, both in Canada, the US and elsewhere..

On completion of the Transaction, it is anticipated that the Resulting Issuer will not operate in the medical marijuana start up space. Rather, the Resulting Issuer is anticipated to be a real estate holdings company, which will hold property and facilities related to the cultivation of marijuana in such markets where local laws allow for the same, and will lease its facilities to producers of marijuana.

#### **(B) Specialty Greenhouse Sales**

At the time THC was acquired by the Issuer, its wholly-owned subsidiary, Advanced Greenhouse Technologies Ltd. (“AGT”), was involved in the sale and installation of an exclusive brand of greenhouses particularly designed for the cannabis industry. AGT held the exclusive marketing and distribution rights for the uniquely designed Harnois greenhouses in British Columbia optimally suited for the medicinal marihuana industry and other greenhouse applications requiring blackout curtain designs.

In mid-2014, AGT began aggressively introducing its greenhouse product line into the Canadian cannabis marketplace and secured an initial order valued at over \$1.0 million in revenue with two additional pending orders -- one 50,000 square foot facility in Ontario, and one in central British Columbia. However, by early 2015, Health Canada had placed a virtual moratorium on the grant of marijuana licenses in anticipation of forthcoming legislative changes. The Issuer’s greenhouse business was also impacted by the regulatory turmoil. Several of AGT’s greenhouse orders did not complete because the prospective purchasers failed to secure the necessary MMPR license to commence operations. One customer was required to forfeit a \$67,000 non-refundable deposit that had been advanced to the Issuer for the construction of a greenhouse but that did not proceed due to inability of the customer to obtain its license to complete the transaction.

### **3.2 Significant Acquisitions and Dispositions**

#### **(a) Acquisition of THC**

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<sup>1</sup> Health Canada’s MMPR was recently modified on August 24, 2016 and renamed *Access to Cannabis for Medical Purposes Regulations* (ACMPR) but for the purposes of this Listing Statement, the acronym MMPR will be used to refer to the current Health Canada regulations.

On August 29, 2014, pursuant to an arm's length share exchange agreement, the Issuer acquired all of the issued and outstanding securities of THC including its subsidiary, AGT, in exchange for the issuance of 2,875,000 common shares of the Issuer ("**the THC Acquisition**"). See the Issuer's August 2014 Listing Statement for more information on the THC Acquisition.

Concurrent with the closing of the THC Acquisition, the Issuer changed its name to Herbal Clone Bank Canada Inc. to reflect its change in business. On September 5, 2014, the Issuer received final approval from the CSE of its change of business and the Issuer's shares recommenced trading under the new symbol "HC" on September 8, 2014.

**(b) Surrender and Cancellation of THC Acquisition Shares**

Following the THC Acquisition, the Issuer had 4,923,423 common shares issued and outstanding. As of January 2015, the Issuer's MMPR License application had still not been issued by Health Canada, and the increasing uncertainty of timing for the grant of license to permit the Issuer to commence operations impeded financing efforts. As a strategic re-structuring plan, management negotiated for the surrender for cancellation by the THC Shareholders of 2,190,000 of the escrowed shares they received as consideration for the THC Acquisition. Management was of the view that this reduction of issued capital by approximately 44% would afford a more workable corporate structure to enable the Issuer to raise capital. On February 17, 2015, the 2,190,000 common shares were surrendered and returned to treasury for cancellation. Upon cancellation, the carrying value of \$4,681,085 attributable to the cancelled shares was credited to contributed surplus and total share capital decreased accordingly.

**(c) Acquisition of CoachellaGro**

On January 25, 2017, the Issuer entered into the Letter of Intent which provides that upon completion of the Acquisition the Issuer will acquire all of the issued and outstanding CoachellaGro Shares. Subsequent to signing the Letter of Intent, the Issuer entered into the Acquisition Agreement dated June 26, 2017 with CoachellaGro, which replaces and supersedes the Letter of Intent in its entirety.

On August 29, 2017 (the "**Closing Date**"), the Issuer has acquired all of the issued and outstanding CoachellaGro Shares, subject to the terms and conditions of the Acquisition Agreement. The purchase price has been paid on the Closing Date by the issuance of 6,000,000 common shares of the capital stock of the Issuer at a deemed price of \$0.50 per common share to the CoachellaGro Shareholders. Pursuant to the Acquisition Agreement, CoachellaGro has become a wholly-owned subsidiary of the Issuer.

Upon closing, the business of CoachellaGro became the business of the Issuer. For additional details please see below under "General Development of the Business of CoachellaGro".

**(d) Private Placement of Subscription Receipts**

In connection with the Acquisition, the Issuer completed a private placement of 11,271,000 subscription receipts ("**Subscription Receipt**") at a price of \$0.50 per Subscription Receipt for gross proceeds of \$5,635,500 on May 31, 2017. Following the closing of the Acquisition, each Subscription Receipt will convert, with no additional consideration or action by the holder, to one unit comprised of one common share of the Issuer ("**Common Share**") and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"), with each Warrant entitling the holder to acquire one Common Share at a price of \$0.75 per share until the date that is 24 months following the date of issuance, or May 31, 2019. The offering was completed through a brokered section with aggregate sales of 8,471,000 Subscription Receipts and a non-brokered section with aggregate sales of 2,746,000 Subscription Receipts.



The gross proceeds of the offering less agent's fees and expenses of the Agent, have been delivered into escrow on behalf of the purchasers of Subscription Receipts, to be held by a third party subscription receipt agent until the date on which the escrow release conditions are satisfied.

For the agent's and finder's services in connection with the offering, the Issuer issued a cash commission, paid out of the gross proceeds of the offering, equal to 7% of the aggregate gross proceeds of the brokered portion of the offering, and equal to 9% of the aggregate gross proceeds of the non-brokered portion of the offering. Additionally, the Issuer granted broker warrants ("**Broker Warrants**") equal to 7% of the total number of Subscription Receipts sold under the brokered portion of the offering, equal to 629,680 broker warrants, and equal to 9% of the total number of Subscription Receipts sold under the non-brokered portion of the offering, equal to 236,000 Broker Warrants. Broker Warrants entitle the holder to acquire that number of Common Shares at an exercise price of \$0.50 per Common Share at any time on or prior to the date that is 24 months from the escrow release date. Additionally, the Issuer issued a corporate finance fee equal to 1% of the gross proceeds of the brokered portion of the offering and corporate finance Broker Warrants equal to 1% of the subscription receipts sold pursuant to the brokered portion of the offering.

Common Shares issued upon conversion of Subscription Receipts or upon exercise of Broker Warrants will be on a post-Consolidation basis.

#### (e) **Private Placement of Debentures**

In connection with the Acquisition, the Issuer completed a private placement on August 2, 2017 of secured convertible debentures ("**Debentures**"), bearing interest at a rate of 7.5% per annum, maturing two years from the date of issuance, in the aggregate of \$1,300,000 (the "**Debenture Offering**"). The Debentures are convertible, in whole or in part, at any time before maturity, into Common Shares of the Issuer on a post-Consolidation basis (each a "**Debenture Share**") at a conversion price of \$0.60 per Debenture Share.

The Debentures are (i) guaranteed by CoachellaGro pursuant to a guaranty agreement, and (ii) secured by (a) a general security agreement of the Company issued in favour of the holders of Debentures (the "**Debentureholders**"), and (b) a deed of trust lien on the Coachella Property (defined below) from CoachellaGro, which deed of trust lien shall secure CoachellaGro's obligations under the guaranty. The Company further subordinates its existing deed of trust lien on the Coachella Property (defined below) in favour of the Debentureholders pursuant to a subordination agreement.

In connection with the Debenture Offering, the Issuer also issued 1,083,332 Warrants. Each of the Debentureholders received one Warrant for each \$1.20 of the aggregate principal amount of Debentures subscribed for, with each Warrant entitling the holder to acquire one Common Share (the "**Warrant Shares**") at an exercise price of \$0.85 per Warrant Share for a period of three years from the date of issuance of the Debenture.

### **3.3 General Development of CoachellaGro's Business**

CoachellaGro is a corporation focused on the acquisition, ownership and management of specialized industrial properties leased to experienced, state-licensed operators for their regulated medical-use cannabis facilities. CoachellaGro was formed to participate in California's burgeoning cannabis real estate market by purchasing a direct interest in real property that have been specifically zoned for cannabis production pursuant to state laws and municipal ordinances. With the adoption of the Medical Marijuana Regulation and Safety Act ("**MMRSA**") and Adult Use of Marijuana Act ("**AUMA**") in California and progressive municipal ordinances providing for the zoning and regulation of marijuana cultivation, extraction, distribution, and manufacturing, the value of properties within these specified "zones" has seen significant appreciation.

In September 2016, CoachellaGro secured the purchase rights to the last remaining property (the “**Coachella Property**”) in the Coachella business park which consists in aggregate of approximately 90 contiguous acres set aside by the City of Coachella for cannabis cultivation and ancillary businesses. The Coachella Property consists of 10.8 acres located within the municipally-zoned industrial park designated for cannabis cultivation medical cannabis cultivation, manufacturing, distribution, and testing by the City of Coachella. The Coachella Property was acquired by CoachellaGro in consideration for US\$1,900,000, subject to the vendor taking back a mortgage on the Property for \$900,000, which became due and payable on August 27, 2017.

CoachellaGro continues to develop the Coachella Property with the intent of receiving a conditional use permit (“**Conditional Use Permit**”) under the Municipality of Coachella Code of Ordinances (the “**Coachella Ordinances**”). The receipt of the Conditional Use Permit is subject to filing of an engineering report with the City of Coachella setting out sufficient access to municipal water and sewer services, satisfactory environmental report, the satisfactory plan to use of carbon filtration systems and other odor mitigation measures for all cultivation facilities and operations, and compliance with other restrictive ordinances. Upon receipt of the Conditional Use Permit, CoachellaGro will complete its phase 1 and phase 2 engineering reports for the construction of the cultivation facility on the Coachella Property.

CoachellaGro will utilize a leasehold model whereby successful applications will execute a lease agreement with a revenue share calculated as percentage of all revenue generated from the unit, and charged to the user as a monthly service usage fee. Type 3A licensed operators under the MMRSA (cultivators – which represent 95% of the total available occupancy space), will pay CoachellaGro a monthly rent for each 10,000 square foot facility as a base rate. As an added service fee, each Type 3A licensed tenant will be charged a processing fee for the mandatory use of environmental controlled product curation rooms and the vaulted storage in the unit. This processing fee will be calculated as a flat rate in the unit and will be charged to the tenant as a monthly management service fee.

### **3.4 Trends, Commitments, Events or Uncertainties**

#### *U.S. Federal Laws Applicable to the Medical-Use Cannabis Industry*

Cannabis is a Schedule I controlled substance under the *Controlled Substance Act* (the “**CSA**”). Even in those jurisdictions in which the manufacture and use of medical cannabis has been legalized at the state level, the possession, use, cultivation, and transfer of cannabis remains a violation of federal law. Federal law criminalizing the use of cannabis preempts state laws that legalize its use for medicinal or adult-retail purposes, and therefore strict enforcement of federal law regarding cannabis would severely restrict the ability of the Resulting Issuer to carry out its business plan.

The U.S. Department of Justice under the Obama administration has issued memoranda, including the so-called “Cole Memorandum” on August 29, 2013, characterizing enforcement of federal cannabis prohibitions under the CSA to prosecute those complying with state regulatory systems allowing the use, manufacture and distribution of medical cannabis as an inefficient use of federal investigative and prosecutorial resources when state regulatory and enforcement efforts are effective with respect to enumerated federal enforcement priorities under the CSA. In the “Cole Memo,” the U.S. Department of Justice provided guidance to all federal prosecutors indicating that federal enforcement of the CSA against cannabis-related conduct should be focused on eight priorities, which are to prevent: (1) distribution of cannabis to minors; (2) revenue from sale of cannabis to criminal enterprises, gangs and cartels; (3) transfer of cannabis from states where it is legal to states where it is illegal; (4) cannabis activity from being a pretext for trafficking of other illegal drugs or illegal activity; (5) violence or use of firearms in cannabis cultivation and distribution; (6) drugged driving and adverse public health consequences from cannabis use; (7) growth of cannabis on federal lands; and (8) cannabis possession or use on federal property.

In addition, as it did for the fiscal year 2015, Congress enacted an omnibus spending bill for fiscal year 2016 including a provision prohibiting the U.S. Department of Justice (which includes the DEA) from using funds appropriated by that bill to prevent states from implementing their medical-use cannabis laws. This provision, however, is effective only until September 30, 2017 and must be renewed by Congress in subsequent years. In order to extend the prohibition, it must be specifically included in the fiscal year 2017 Commerce, Justice, and Science (CJS) Appropriations bill. Currently, only the Senate version of the CJS Appropriations bill includes the prohibition and the House version does not. In *USA vs. McIntosh*, the United States Circuit Court of Appeals for the Ninth Circuit held that this provision prohibits the U.S. Department of Justice from spending funds from relevant appropriations acts to prosecute individuals who engage in conduct permitted by state medical-use cannabis laws and who strictly comply with such laws. However, the Ninth Circuit's opinion, which only applies in the states of Alaska, Arizona, California, Hawaii and Idaho, also held that persons who do not strictly comply with all state laws and regulations regarding the distribution, possession and cultivation of medical-use cannabis have engaged in conduct that is unauthorized, and in such instances the U.S. Department of Justice may prosecute those individuals.

The Issuer does not intend to acquire properties from or lease properties to companies whose activities involve or support those enumerated in the Cole Memo, but federal prosecutors have significant discretion in their interpretation of these priorities. Therefore, no assurance can be given that the federal prosecutor in each judicial district where the Issuer purchases a property will agree that the activities of our tenant on the property located in such prosecutor's district do not involve those enumerated in the Cole Memo. There is also no guarantee that the current administration or future administrations will not revise the federal enforcement priorities enumerated in the Cole Memo or otherwise choose to strictly enforce the federal laws governing cannabis production or distribution.

Political and regulatory risks also exist due to the recent election of Donald Trump to the U.S. presidency, and his nomination of Sen. Jeff Sessions to the post of Attorney General. Mr. Trump's positions regarding marijuana are difficult to discern; however, Sen. Sessions has been a consistent opponent of marijuana legalization efforts throughout his political career. It remains unclear what stance the Department of Justice under the new administration might take toward legalization efforts in U.S. states, but federal enforcement of the Controlled Substances Act and other applicable laws is possible.

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

#### *U.S. Federal Laws in Respect of Banking*

Under U.S. federal law it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from marijuana sales or any other Schedule I substance. Canadian banks are also hesitant to deal with cannabis companies, due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy. Despite these laws, the U.S. Treasury Department issued a memorandum in February of 2014 outlining the pathways for financial institutions to bank marijuana businesses in compliance with federal law. Under these guidelines, financial institutions must submit a "suspicious activity report" ("SAR") as required by federal money laundering laws. These marijuana related SARs are divided into three categories: marijuana limited, marijuana priority, and marijuana terminated, based on the financial institution's belief that the marijuana business follows state law, is operating out of compliance with state law, or where the banking relationship has been terminated. In the U.S., a bill has been tabled in Congress to grant banks and other financial institutions immunity from federal criminal prosecution for servicing marijuana related businesses if the underlying marijuana business follows state law. This bill has not been passed and there can be no assurance with that

it will be passed in its current form or at all. In both Canada and the United States, transactions involving banks and other financial institutions are both difficult and unpredictable under the current legal and regulatory landscape. Legislative changes to help reduce these challenges would eliminate these challenges for companies in the cannabis space, and would improve the efficiency of both significant and minor financial transactions.

### *California State Laws Applicable to the Medical-Use Cannabis Industry*

California has an existing medical marijuana law and voted to approve the Adult Use of Marijuana Act (“AUMA”) to tax and regulate for all adults 21 years of age and older on November 8, 2016. California was the first state to pass medical marijuana in 1996, allowing for a not-for-profit patient/caregiver system, but there was no state licensing authority to oversee businesses that emerged. In September of 2016, a “patient/caregiver” system refers to the type of non-commercial medical marijuana laws that were passed from 1996 to 2008. These laws permitted qualified patients to cultivate their own medical marijuana or designate a caregiver to cultivate on their behalf.

In 2015, the California legislature passed three bills collectively known as the “Medical Cannabis Regulation and Safety Act” (“MCRSA”). The MCRSA establishes a licensing and regulatory framework for medical marijuana businesses in California. The system has multiple license types for dispensaries, infused products manufacturers, cultivation facilities, testing laboratories, transportation companies, and distributors. Edible infused product manufacturers will require either volatile solvent or nonvolatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies will oversee different aspects of the program and businesses will require a state license and local approval to operate. California will begin licensing medical marijuana businesses at the state level under MCRSA in 2018. Until that time, political movement and medical marijuana business licensing will predominately occur at the local level.

There are no residency requirements for the current not-for-profit licensing system under the MCRSA. However, the adult-use law, AUMA, requires the persons controlling licensed businesses to be residents of California before January 1, 2015. In response to these AUMA and MCRSA conflicts, California Governor Jerry Brown recently proposed a Budget Trailer Bill which removes this residency requirement.

An applicant under the MCRSA must obtain local approval and a state license. The state license approval process is not competitive, and localities are accepting licenses based on timelines within their individual ordinances. Localities may prohibit medical marijuana business or limit the number of licenses offered in their jurisdiction. The Department of Food and Agriculture, Bureau of Marijuana Regulation, and Department of Public Health are still developing statewide rules for the Medical Marijuana Regulation and Safety Act. Since AUMA was successfully passed by voter initiative, it appears probable that several bills in the 2017 California legislative session will be introduced to conform the MCRSA and AUMA regulatory structures. At the same time, cities and counties across the state will begin adopting local licensing and regulations around both medical and adult-use cannabis.

### *Closing Conditions*

The Acquisition is subject to a number of approvals which must be obtained, and conditions, which must be met, prior to its implementation including, but not limited to the following:

- (a) the acceptance of the Acquisition for filing by the CSE;
- (b) the receipt of all necessary corporate, regulatory and third party approvals including the approval of the CSE, as applicable, and compliance with all applicable regulatory requirements and conditions in connection with the Acquisition;

- (c) the Concurrent Financing shall have been completed or if completed in escrow pending the Closing, then all conditions necessary to release such escrow shall have been satisfied (other than the completion of the Acquisition);
- (d) CoachellaGro shall have consolidated its shares such that it will have 6,000,000 shares issued and outstanding;
- (e) the Issuer shall have completed the Consolidation;
- (f) the Issuer shall have received approval for the Acquisition of at least 50% of Shareholders; and
- (f) conditional approval for the listing of the Resulting Issuer's Shares on the CSE.

#### *Property Payments*

The CoachellaGro Property was acquired by CoachellaGro in consideration for US\$1,900,000, subject to the vendor taking back a mortgage on the Property for \$900,000, payable in 6 months from the closing. Accordingly, CoachellaGro made the final US\$900,000 payment on or before July 27, 2017, in advance of the Vendor's mortgage coming due in order to preserve the Property in good standing. The CoachellaGro Property is subject to a mortgage to the benefit of the Debentureholders, as well as a subordinated mortgage to the benefit of the Issuer. For additional information as to the security provided to Debentureholders, please see "Private Placement of Debentures".

## **4. NARRATIVE DESCRIPTION OF THE BUSINESS**

### **4.1 General Description of the Business – Issuer**

The Issuer was incorporated in British Columbia under the name Infinity Minerals Corp. on November 12, 2010 and carried on business as a junior resource company. On April 11, 2012 the Issuer completed its initial public offering of 4,000,000 units at a price of \$0.15 per unit for gross proceeds of \$600,000 and net cash proceeds of \$540,000 and was approved for trading on the TSX Venture Exchange under the symbol "IFN".

On May 22, 2014 the Issuer's common shares were delisted from the TSX Venture Exchange and listed on the CSE under the same trading symbol "IFN."

Effective August 29, 2014, the Issuer underwent a change of business pursuant to the policies of the CSE and acquired 100% of the issued and outstanding shares of The Herbal Clone Bank Inc. ("THC"), which was a private British Columbia company with an application pending with Health Canada to become a licensed producer under the Marihuana for Medical Purposes Regulations (the "MMPR"). In consideration for all of the issued and outstanding shares of THC, the Issuer distributed 2,875,000 treasury shares to the shareholders of THC at a deemed price of \$0.15 per share. Concurrent with the closing of the THC acquisition, the Issuer changed its name to Herbal Clone Bank Canada Inc. to reflect its change in business.

The Issuer's business objective was, upon obtaining its MMPR License, to supply vegetative (first growth) stage cannabis to Licensed Producers allowing them to focus exclusively on the flowering stage of crop production, and thereby eliminating first growth stage infrastructure costs and doubling output by cutting grow cycles from 16 weeks to eight. Further information concerning THC's initial business plan may be found in the Issuer's August 2014 Listing Statement.

Following the acquisition of THC, the Issuer continued to advance THC's MMPR application, which

required the submission of detailed documentation and support data, as well as local authority approval documents including from the local RCMP, regional district and city/town authorities. However, due to the unprecedented number of MMPR license applications received by Health Canada at that time, the voluminous amount of documents to be submitted, and the lengthy processing wait times caused by the anticipation of legislative changes, the Issuer's MMPR licensing process was plagued with delays and re-submissions. By the end of the Issuer's 2015 fiscal year end, the Issuer's MMPR application had not yet advanced beyond the "security check" phase to the "approval to build" phase, and the Issuer lacked sufficient funds to continue to actively prosecute the application. Due to the uncertainty of the status and timing of its pending application, the Issuer eventually ceased the active pursuit of its own MMPR license and commenced investigation into available marijuana-related business opportunities with a view to acquisition of or strategic alliance with an existing licensed producer or an entity offering products or services in the marijuana sector that does not require a MMPR license for its activities.

On the Closing Date, the business of CoachellaGro became the business of the Issuer. Please see below under "General Description of the Business – CoachellaGro".

#### **4.2 General Description of the Business – CoachellaGro**

CoachellaGro is actively seeking and evaluating industrial land municipally zoned for medical-use cannabis, growing facilities, and ancillary cannabis related businesses to acquire in California. CoachellaGro made its initial investment in the Coachella Property, a 10.8 acre property situated in the proposed cannabis industrial park located in Coachella, California.

CoachellaGro is in the application process for a conditional use permit (CUP) for development of a full-service production facility in order to serve third party state licensed medical marijuana operators. The City of Coachella has been progressive in setting up city ordinance that sets aside 90 acres within which will be a legal framework for the cultivation, production, extraction and transportation of cannabis. The complex is intended to contain all the necessary; security, infrastructure, equipment, labour and skilled management, supplies and ancillary services for a closed loop production process flow.

In addition, the Issuer's management team has identified and is in various stages of reviewing additional potential properties for acquisition. The Issuer intends to target specialized industrial real estate assets operated by state-licensed medical-use cannabis growers through commercial leasing arrangements. The Issuer will target properties owned by growers that have been among the top candidates in the rigorous state licensing process and have been granted one or more licenses to operate multiple facilities. Based on a review of potential acquisitions, indoor cultivation facilities generally appear to have similar shells as standard light industrial buildings. However, the medical-use cultivation process typically requires a finely tuned environment to achieve consistent high quality and specificity in cannabinoid levels and to maximize yields, which translates into certain capital improvements in the building's infrastructure. These improvements can include enhanced HVAC systems for climate and humidity control, high capacity plumbing systems, specialized lighting systems, and sophisticated building management, cultivation monitoring and security systems. Through this leasing strategy, the Issuer will capture a growing market of cultivators that must adhere to the new rigorous standards imposed by California state and municipal marijuana cultivation regulations without having to apply for the license itself.

The Issuer has substantially the same business that CoachellaGro had before the completion of the Acquisition. The Issuer intends to pursue the milestones and stated business objectives set out below. The Issuer anticipates it will generate sufficient cash flow from its financing activities to pay ongoing operating costs and intends to spend the total available funds as set out herein under the heading "Principal Use of Funds".

#### **4.3 Business Objectives – Resulting Issuer**

*Focus on Recurring and Dependable Revenue.*

The Issuer's business strategy will focus on acquiring real estate assets and entering into long-term, triple-net leasing arrangements with licensed medical-use cannabis cultivators, which will support a recurring and dependable revenue base.

*Focus on Underserved Industry with Less Competition.*

The Issuer's focus on specialized industrial real estate assets leased to tenants in the regulated medical-use cannabis industry may result in significantly less competition from existing REITs and institutional buyers due to the unique nature of the real estate and its tenants. Moreover, the banking industry's general reluctance to finance owners of these facilities coupled with the owners' need for capital to fund the growth of their operations will result in significant opportunities for the Issuer to acquire specialized industrial properties that provide stable and increasing rental revenue along with the potential for long-term appreciation in value.

*Take Advantage of Further Regulation in the Cannabis Industry.*

The growing of cannabis in California will ultimately become very regulated. Current "not-for-profit" growers supplying California's medical dispensaries will have to comply with State and local licensing. Gray and black market growing operations will no longer be tolerated State-wide. As the industry becomes more regulated and taxed, growers will have to operate from within a legal facility and within the legal framework. Facilities such as the Coachella cultivation campus will be the intermediary that brings these otherwise illegal growers into compliance with the State and municipal laws. The Resulting Issuer, unlike other public Canadian marijuana issuers, will not be growing their own product but rather will be leasing out their facilities to third parties to legally produce cannabis for lucrative leasing and royalty rates.

*Positive Medical-Use Cannabis Industry Trends.*

Based on the growth projections for the medical-use cannabis industry, the Issuer expects to see significant spending by state-licensed medical-use cannabis cultivators on existing and new medical-use cannabis facilities.

#### **4.4 Milestones**

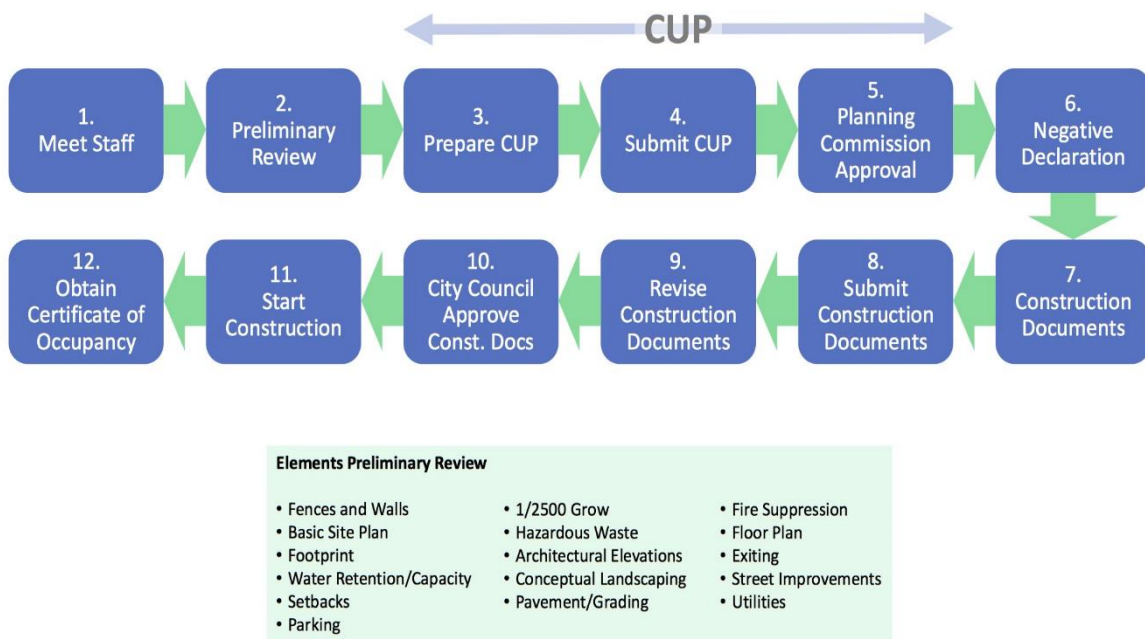
Within the next 12 months, the Resulting Issuer intends to finalize construction design and obtain all requisite entitlements, licenses and permits for the development of its Coachella cultivation facility. The Issuer intends to be in receipt of its conditional use permit (CUP) issued by the City of Coachella and to have the Coachella Property shovel-ready for construction by end of calendar 2017. The proposed development will comply with California's State licensing process under the MCRSA, which takes effect in January 2018.

<b><u>Objective</u></b>	<b><u>Milestone</u></b>	<b><u>Anticipated Cost</u></b>	<b><u>Timeline from date of Listing Statement</u></b>
Receipt of Conditional Use Permit	Complete engineering report and Coachella City license application	\$500,000	6 months
Acquire Additional	Identify and lock-up property acquisitions	\$500,000	6 months

Land Opportunities	that concur with the Issuer's business objectives		
Commence Construction on Coachella Facility	Initiate Phase I build-out of cultivation facility	\$21,000,000	12 months

The timing will be dependent on a number of factors beyond the control of the Issuer including, but not limited to, regulatory approval. At this time, the Issuer's currently available funds will not be sufficient to complete the objectives described above.

**Figure 4.4 – Flow Chart of Development of Coachella Cultivation Facility**



Other than as described in this Listing Statement, there are no other particular significant events or milestones that must occur for the Resulting Issuer's business objectives to be accomplished. However, there is no guarantee that the Resulting Issuer will meet its business objectives or milestones described above within the specific time periods, within the estimated costs or at all. The Resulting Issuer may, for sound business reasons, reallocate its time or capital resources, or both, differently than as described above.

**4.5 Available Funds and Principal Purposes**

The Issuer currently has no revenues from its operations. The Issuer 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". However, it is anticipated that the available funds will be sufficient to satisfy the Issuer's objectives over the next 12



months.

<i>Use of Available Funds</i>	<i>Amount, Assuming Completion of Concurrent Private Placement</i>
General and administrative costs	\$60,000
Audit, legal and other professional fees	\$120,000
Financing Fees	\$350,000
Filing fees and transfer agent fees	\$20,000
Management Fees	\$300,000
Final Payment on Property Acquisition	\$1,233,000 <sup>1</sup>
Engineering and development in respect of conditional use permit application	\$137,000 <sup>1</sup>
Entitlement Fee (Conditional Use Permit; Environmental Phase 1; Architect and Engineer; Development Agreement, Business Agreement):	\$548,000 <sup>1</sup>
Bid Package Fee	\$34,000 <sup>1</sup>
Unallocated working capital	\$2,445,463
<b>Total</b>	<b>\$5,247,463</b>

Notes:

- (1) Based on an exchange rate for the purchase of one U.S. dollar using Canadian dollars of (CAD\$1.37 = USD\$1.00).

#### **4.6 The Market – Regulated Medical-Use Cannabis Industry**

The Issuer has built its business plan around capitalizing on medical-use cannabis market. The regulated medical-use cannabis industry is a rapidly growing industry that presents a unique real estate investment opportunity under current market conditions. In the United States, the development and growth of the industry has generally been driven by state law and regulation, and accordingly, the market varies on a state-by-state basis. State laws that legalize and regulate medical-use cannabis allow patients to consume cannabis for medicinal reasons with a doctor's recommendation subject to various requirements and limitations. States have authorized numerous medical conditions as qualifying conditions for treatment with medical-use cannabis, including but not limited to treatment for cancer, glaucoma, HIV/AIDs, wasting syndrome, pain, nausea, seizures, muscle spasms, multiple sclerosis, post-traumatic stress disorder (PTSD), migraines, arthritis, Parkinson's disease, Alzheimer's, lupus, residual limb pain, spinal cord injuries, inflammatory bowel disease and terminal illness. As of November 15, 2016, 29 states, plus the District of

Columbia, have passed laws allowing their citizens to use medical cannabis.

The Issuer believes that the following conditions create an attractive opportunity to invest in industrial real estate assets that support the regulated medical-use cannabis industry:

- Significant industry growth in recent years and expected continued growth;
- A shift in public opinion and increasing momentum toward the legalization of cannabis, especially as it relates to medical-use cannabis; and
- Limited access to capital by industry participants in light of risk perceived by financial institutions of violating federal laws and regulatory guidelines for offering banking services to cannabis-related businesses;

Notwithstanding the foregoing market opportunity and trends, and despite legalization at the state level, we continue to believe that the current state of federal law creates significant uncertainty and potential risks associated with investing in medical-use cannabis facilities. For a more complete description of these risks, see the sections entitled “*Risk Factors — Risks Related to Regulation*”.

#### **4.7 Competitive Conditions**

##### *California Municipally-Zoned Cultivation Parks*

The competitive conditions for municipally zoned real estate in California are rapidly tightening as the State develops regulatory language for licensing and foreign ownership restrictions are clarified. The State is expected to begin accepting applications as early as January 2018 for cultivation licenses provided the applicant is housed within a municipally licensed production facility; however, the overall market for legalized cannabis is still at its infancy. California has adopted a dual licensing process, whereby an operator must obtain a local license/conditional use permit and a state license to operate legally. Many local municipalities, including Coachella, have begun to develop and adopt ordinances and policies to govern the cultivation of cannabis but the infrastructure needs and availability differ from municipality to municipality.

Cities immediately surrounding Coachella, such as Desert Hot Springs and Cathedral City, have adopted ordinances to govern the cultivation of cannabis and have designated over 300 acres and 65 acres as cultivation zones, respectively. The Issuer believes that the Coachella Property is in a better competitive position to its nearby neighbours in Desert Hot Springs and Cathedral City because of utility line availability, alternative power options and minimal infrastructure costs. The major shortfall for the cities surrounding Coachella can be attributed to the lack of understanding of the technical demands required to cultivate and manufacture cannabis on a large scale. For example, Desert Hot Springs, is still in discussions with Southern California Edison, the electricity company, as to how the designated area would be energized. Currently, Desert Hot Spring is not expected to have any energy supply for another 36 months.

Unlike Desert Hot Springs, Coachella engaged discussions early on with Imperial Irrigation District (“IID”), electricity company, to solve the energy crisis in its City. By anticipating, collaborating and planning early on, the City and IID have developed a strategy to energize the entire cannabis zone within 18 months. The City has started the process for a Community Financial District (“CFD”) which will create a bond to pay for all the infrastructure needs and will be assessed against the real estate owners in the cannabis zone. The bond will address all the infrastructure needs such as sewer, water, curbs, gutters, sidewalks, and power. It is anticipated that the CFD should be completed by March 27, 2018 (Refer to Exhibit “B” under Assessment District). There is a risk to the Issuer that the CFD will not be completed by the anticipated completion date. As the CFD completion is outside of the control of the Issuer, the Issuer cannot predict if, or when, the CFD will be completed and this could cause delays to the Issuer’s expected

timeline for operations. If the CFD is delayed or does not get approved, the Issuer may have to complete additional financings to ensure sufficient working capital is available.

The Company believes that its strong leadership team, corporate strategy, and continued engagement at the municipal level will allow it to continue to identify undervalued properties.

#### *The United States Market*

The Resulting Issuer faces competition from a diverse mix of market participants, including but not limited to independent investors, hedge funds and other real estate investors, hard money lenders, and cannabis operators themselves, all of whom may compete with the Issuer to acquire real estate zoned for medical-use cannabis facilities. In the U.S. several competitors have recently entered the marketplace, including Kalyx Development, Inc., AmeriCann, Inc., Zoned Properties, Cannabis-RX, Inc., The CannaBusiness Group, Inc., MJ Holdings, Inc., MJ Real Estate Investors, Home Treasure Finders, Inc., Advanced Cannabis Solutions, Inc. and Grow Condos, Inc. The current market for properties that meet the Issuer’s investment objectives may be limited as more competitors enter the market.

#### **4.8 Companies with Mineral Projects**

The Issuer holds a 100% interest in the Rainbow Claim Group located in the Greenwood Mining Division in Midway, British Columbia. During fiscal 2014, the Issuer recorded an impairment loss of \$209,979 in relation to that mineral property due to the Issuer’s change in business operations. The Issuer intends to divest itself of the Rainbow Claim Group to focus exclusively on the cannabis industry.

### **5. SELECTED CONSOLIDATED FINANCIAL INFORMATION**

#### **5.1 Annual Information - Issuer**

The following table summarizes financial information of the Issuer for the last three completed financial years ended August 31, 2014, 2015 and 2016 and for the subsequent six month period ended February 28, 2017. This summary financial information should only be read in conjunction with the Issuer’s financial statements and the notes thereto. See “*Financial Statements*” in section 25.1 hereof.

	<b>Six Month Period Ended February 28, 2017</b>	<b>Year Ended August 31, 2016</b>	<b>Year Ended August 31, 2015</b>	<b>Year Ended August 31, 2014</b>
Total revenues	\$0.00	\$0.00	\$3,308	\$11,775
Income or Loss before Discontinued Operations & Extraordinary Items	(\$269,208)	\$(168,843)	(\$780,278)	(\$5,387,534)
Net Loss in total	(\$269,208)	\$(168,843)	(\$780,278)	(\$5,387,534)
Basic and Diluted Loss per Share	(0.01)	(\$0.06)	(0.03)	(0.26)
Total Assets	\$1,714,333	\$23,922	\$83,375	\$1,046,537
Total Long Term Liabilities	\$0.00	\$0.00	\$0.00	\$0.00
Cash dividends declared per share	\$0.00	\$0.00	\$0.00	\$0.00

#### **5.2 Quarterly Information**

The following tables summarize the financial results for each of the Issuer's eight most recently completed quarters. This financial data has been prepared in accordance with IFRS and all figures are stated in Canadian dollars.

It should be noted that the figures in the below tables reflect the reverse takeover of THC that took place during the fourth quarter of 2014. Consequently, the financial results for the first three financial quarters of 2014 (November 30, 2013 through May 31, 2014) reflect the operations of the Issuer (being at that time Infinity Minerals Corp., a junior exploration company) prior to the reverse takeover; whereas the financial results for the fourth quarter of the 2014 fiscal year and thereafter reflect the operations of the Issuer, THC and its subsidiaries on a consolidated basis.

	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>
	<b>Feb 28, 2017</b>	<b>Nov 30, 2016</b>	<b>Aug 31, 2016</b>	<b>May 31, 2016</b>
<b>Financial results:</b>				
Net (loss) profit for the period	(\$269,208)	(\$3,191)	(\$20,948)	(\$75,597)
Basic and diluted loss per share	\$0.01	\$0.00	\$0.00	\$0.02
<b>Balance sheet data:</b>				
Cash	\$247,463	\$127,289	\$5,480	\$888
Total assets	\$1,714,333	\$145,731	\$23,922	\$92,297
Shareholders' Equity (deficit)	\$1,660,228	(\$227,064)	(\$223,873)	(\$391,821)
	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>
	<b>Feb 29, 2016</b>	<b>Nov 30, 2015</b>	<b>Aug 31, 2015</b>	<b>May 31, 2015</b>
<b>Financial results:</b>				
Net (loss) profit for the period	(\$57,097)	(\$54,000)	(\$116,536)	(\$90,616)
Basic and diluted loss per share	\$0.02	\$0.02	\$0.01	\$0.00
<b>Balance sheet data:</b>				
Cash	\$0	\$0	\$0	\$36,694
Total assets	\$88,731	\$8,702	\$83,375	\$120,329
Shareholders' Equity (deficit)	(\$316,224)	(\$149,681)	\$205,030	(\$88,776)

### 5.3 Selected Financial Information – CoachellaGro

The following table summarizes financial information of the Issuer for three months ended March 31, 2017 and the year ended December 31, 2016. This summary financial information should only be read in conjunction with CoachellaGro's financial statements and the notes thereto (*See Schedule "A" attached hereto*).

	<b>Three-Month Period Ended March 31, 2017</b>	<b>Year Ended December 31, 2016</b>
Total revenues	\$0.00	\$0.00
Income or Loss before Discontinued Operations & Extraordinary Items	(\$172,575)	\$(12,090)
Net Loss in total	(\$172,575)	\$(12,090)
Basic and Diluted Loss per Share	(\$0.00)	(\$0.00)

Total Assets	\$1,900,000	\$0.00
Total Long Term Liabilities	\$2,084,665	\$0.00
Cash dividends declared per share	\$0.00	\$0.00

#### 5.4 Dividends

Subject to the British Columbia *Securities Act*, the directors may in their discretion from time to time declare and pay dividends wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Issuer, or a combination of these. The Issuer paid no dividends during its three previously completed financial years. The Issuer intends to retain any earnings to finance growth and expand its operations, and does not anticipate paying any dividends on its common shares in the foreseeable future.

#### 5.5 Foreign GAAP

Not applicable. Neither the Issuer's nor CoachellaGro's financial statements are prepared using foreign GAAP.

### 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

#### (a) Annual MD&A

The Issuer's annual Management's Discussion and Analysis ("MD&A") for its most recent fiscal year ended August 31, 2016 has been posted and is accessible at [www.sedar.com](http://www.sedar.com). This 2016 annual MD&A is specifically incorporated into and forms an integral part of this Listing Statement.

#### (b) Interim MD&A

Each of the Issuer's interim MD&A for the second quarter ended February 28, 2017, the first quarter ended November 30, 2016 has been posted and is accessible at [www.sedar.com](http://www.sedar.com). Each MD&A for the said fiscal periods is specifically incorporated into and forms an integral part of this Listing Statement, and should be read in conjunction with the Issuer's financial statements and the notes thereto for the corresponding time periods.

### 7. MARKET FOR SECURITIES

The Issuer is a reporting issuer in British Columbia, Ontario and Alberta, and its common shares are listed and posted for trading on the CSE under the symbol "HC" and on the Frankfurt Exchange under symbol FSE: 0HC. The Issuer's securities were previously listed on the TSX Venture Exchange until May 22, 2014 when trading in the Issuer's securities was moved to the CSE.

On January 18, 2016, a Cease Trade Order ("CTO") was issued against the Issuer by the British Columbia Securities Commission ("BCSC") pending the amendment and re-filing of its annual financial statements and MD&A for the 2015 fiscal year, to correct the accounting treatment of the 2014 reverse takeover transaction and other errors. The Issuer was consequently also suspended by the CSE on February 4, 2016 pursuant to CSE Policy 3. The CTO was revoked effective April 6, 2016 following the filing of Amended and Restated audited financial statements and MD&A for the year ended August 31, 2015 as well as Amended and Restated unaudited financial statements and MD&A for the first fiscal quarter of 2016. The Issuer has since re-filed its financial statements and paid all outstanding CSE fees, and is now in good standing with the CSE. Upon closing of the Acquisition, the suspension will be lifted to allow the Issuer's shares to resume trading.

## 8. CONSOLIDATED CAPITALIZATION

In September 2015, the share capital of the Issuer was consolidated on the basis of one new share for every ten old shares. As the Issuer's share consolidation occurred subsequent to the year ended August 31, 2015 and for ease of comparatives, all references to number of shares and per share amounts stated in the Issuer's Amended and Restated Audited Consolidated Financial Statements and MD&A for the year ended August 31, 2015 are expressed as pre-consolidation values. The Issuer's interim financial statements and MD&A for each of the fiscal quarters subsequent to the 2015 year end are expressed in post-consolidation values.

## 9. OPTIONS TO PURCHASE SECURITIES

The Issuer currently has a 10% rolling stock option plan for its directors, employees and consultants to acquire common shares of the Issuer at a price determined by the fair market value of the shares at the date of grant. The Issuer's stock option plan provides for immediate vesting or vesting at the discretion of the Board of Directors at the time of the option grant. Stock options granted to investor relations' consultants vest over a twelve month period, with one quarter of such options vesting in each three month period. During the year ended August 31, 2015, all options previously granted to former directors, officers and consultants expired following the resignation or termination of office or services.

The Issuer has, in connection with the Acquisition, granted 600,000 stock options pursuant to consulting agreements, with a term of 2 years from the date of issuance and an exercise price of \$0.50. No other stock options were granted by the Issuer since the commencement of its 2015 fiscal year to date.

The Issuer intends to introduce two new securities compensation plans, as described below, prior to the Acquisition. The purpose of such plans is to encourage equity participation in the Issuer by directors, officer, employees and consultants to better align their interests as Shareholders. Each of these plans has yet to be submitted to directors or Shareholders for approval.

### 9.1 Fixed Stock Option Plan

The Issuer intends to adopt a 10% fixed stock option plan for its directors, employees and consultants to acquire common shares of the Issuer at a price determined by the fair market value of the shares at the date of grant (the "**Fixed Stock Option Plan**"). The Fixed Stock Option Plan will replace the Issuer's current rolling stock option plan. The Fixed Stock Option Plan provides for immediate vesting or vesting at the discretion of the Board of Directors at the time of the option grant. Stock options granted to persons providing Investor Relations Services, as defined in the policies of the CSE, will vest over a twelve month period, with one quarter of such options vesting in each three month period.

### 9.2 Fixed Restricted Share Unit Plan

The Issuer will also adopt a restricted share unit plan (the "**RSU Plan**"). The RSU Plan is designed to provide certain directors, officers, employees and consultants of the Issuer and its related entities with the opportunity to acquire restricted stock units ("**RSUs**") of the Issuer in order to enable them to participate in the long-term success of the Issuer. The purpose of the RSU Plan is to further promote a greater alignment of the interests of directors, officers, employees and consultants of the Issuer with the interests of the Shareholders. The Board (or the Compensation Committee, or such other committee the Board may appoint) will be responsible for administering the RSU Plan.

RSUs will vest on terms established by the Board, or any Board committee appointed for such purpose.

*Maximum Number of Common Shares Issuable under RSU Plan*

The RSU Plan will allow the Issuer to grant RSUs, under and subject to the terms and conditions of the RSU Plan, which may be exercised to purchase up to a fixed maximum number of 2,050,364 Common Shares, presuming conversion of the Subscription Receipts.

The RSU Plan provides that the maximum number of Common Shares issuable pursuant to the RSU Plan, together with the Fixed Stock Option Plan (described above), will not exceed an aggregate of 10% of the total number of issued and outstanding Common Shares at any time. In addition, the maximum number of Common Shares issued to Related Persons under the RSU Plan and all other security based compensation within any one year period, will not exceed 2% of the total number of outstanding Common Shares taken at the beginning of the year. The CSE does not have a policy that expressly deals with RSU plans and will apply the CSE options policy. Only RSUs to a maximum of 10% of the outstanding Common Shares of the Issuer may be granted to any one Eligible Person under the RSU Plan; and, in aggregate, a maximum of 5% of the outstanding Common Shares of the Issuer may be granted to any one Eligible Person in any 12 month period; and the aggregate number of Options granted in relation to Investor Relations activities in any 12-month period cannot exceed 1% of the outstanding Common Shares, calculated at the time of grant, without an exemption of the CSE.

#### *Benefits of the RSU Plan*

The RSU Plan is designed to be a long-term incentive for the directors, officers, employees and consultants of the Issuer. RSUs provide the Board (or a Board committee) with an additional compensation tool that can be used to help retain and attract highly qualified directors, officers and employees and further align the interests of directors, officers, employees and consultants of the Issuer with the interest of the Shareholders. It is intended to promote a greater alignment of interests between the Shareholders of the Issuer and the directors, officers, employees and consultants of the Issuer by providing an opportunity to participate in any increases to the value of the Issuer.

The Board may engage such consultants and advisors as it considers appropriate, including compensation or human resources consultants or advisors, to provide advice and assistance in determining the amounts to be paid under the RSU Plan and other amounts and values to be determined hereunder or in respect of the RSU Plan including, without limitation, those related to a particular fair market value.

#### *Nature and Administration of the RSU Plan*

All Directors, Officers, Employees and Consultants (as defined in the RSU Plan) of the Issuer and its related entities (“**Eligible Persons**”) are eligible to participate in the RSU Plan (as “**RSU Plan Recipients**”), though the Issuer reserves the right to restrict eligibility or otherwise limit the number of persons eligible for participation in the RSU Plan at any time. Eligibility to participate in the RSU Plan does not confer upon any person a right to receive an award of RSUs.

Subject to certain restrictions, the Board (or a committee delegated by the Board), may, from time to time, award RSUs to Eligible Persons. All RSUs awarded will be credited to an account maintained for each RSU Plan Recipient on the books of the Issuer as of each award date. The number of RSUs to be credited to each RSU Plan Recipient’s account shall be determined at the discretion of the Board and pursuant to the terms of the RSU Plan.

Each award of RSUs vests on the date(s) (each a “**Vesting Date**”) that is the later of the Trigger Date (defined below) and the date upon which the relevant performance condition or other vesting condition set out in the award has been satisfied, subject to the requirements of the RSU Plan. Rights and obligations under the RSU Plan can be assigned by the Issuer to a successor in the business of the Issuer, any company resulting from any amalgamation, reorganization, combination, merger or arrangement of the Issuer, or any corporation acquiring all or substantially all of the assets or business of the Issuer.

### *Payment of RSUs*

Under the RSU Plan, the Issuer, in its discretion and as may be determined by the Board, will pay out vested RSU's by paying or issuing (net of any applicable withholding taxes) to a RSU Plan Recipient, on or subsequent to the Trigger Date and before the Expiry Date (as defined below) an award payout of either: (a) one Issuer Share for each whole vested RSU; and (b) a cash amount equal the fair market value of one Issuer Share (as determined in accordance with the RSU Plan) as at the Trigger Date (the "**Vesting Date Value**") of each whole vested RSU.

Fractional Issuer Shares will not be issued pursuant to the RSU Plan, and where a RSU Plan Recipient would be entitled to receive a fractional Issuer Share in respect of a fractional vested RSU, the Issuer shall pay to such RSU Plan Recipient, in lieu of such fractional Issuer Share, cash value equal to the Vesting Date Value of such fractional Issuer Share.

### *Credit for Dividends*

An RSU Plan Recipient's account will be credited with additional RSUs as of each dividend payment date in respect of which cash dividends are paid on common shares. The number of additional RSUs to be credited to an RSU Plan Recipient's account is computed by multiplying the amount of the dividend per Issuer Share by the aggregate number of RSUs that were credited to the RSU Plan Recipient's account as of the record date for payment of the dividend, and dividing that number by the fair market value (as defined in the RSU Plan). Note that the Issuer is not obligated to pay dividends on Issuer Shares.

### *Resignation, Termination, Leave of Absence or Death*

Generally, if an RSU Plan Recipient's employment or service is terminated, or if the RSU Plan Recipient resigns from employment with the Issuer, then any RSUs credited to him or her under the RSU Plan which have not vested on or before the separation date for the RSU Plan Recipient are forfeited, cancelled and terminated without payment.

In the event an RSU Plan Recipient is terminated without cause, all unvested RSUs credited to such terminated RSU Plan Recipient will immediately vest on the date of termination. If an RSU Plan Recipient's employment or service is terminated (otherwise than without cause), or the RSU Plan Recipient enters Retirement (as defined in the RSU Plan), dies, or suffers Total Disability (as defined in the RSU Plan), all unvested RSUs will automatically be cancelled without compensation.

The number of Issuer Shares available for reserve under the RSU Plan is a fixed number, therefore when RSUs are terminated or cancelled under the Plan, the Issuer Shares reserved for the exercise of such RSUs are also terminated and cancelled and no longer available for reserve under the RSU Plan.

### *Change of Control*

In the event of a Change of Control (as defined in the RSU Plan), all RSUs credited to an RSU Plan Recipient vest on the date on which the Change of Control occurs. Within thirty (30) days after the date on which the Change of Control Occurs, the RSU Plan Recipient must receive a payment equal to the number of RSUs that vested on the date of the Change of Control, multiplied by the Fair Market Value on that date.

### *Adjustments*

In the event of any dividend paid in Common Shares, any subdivision of the Issuer Shares, any combination or exchange of the Issuer Shares, merger, consolidation, spin-off or other distribution of Issuer assets to shareholders, or any other change in the capital of the Issuer affecting the Issuer Shares, the Board will



make adjustments with respect to the number of RSUs outstanding and any proportional adjustments as the Board, in its discretion, considers appropriate to reflect the change.

#### *Vesting*

The Board has the discretion to grant RSUs to Eligible Persons as the Board determines is appropriate, and can impose conditions on vesting as it sees fit in addition to the Performance Conditions (as defined in the RSU Plan) if any. RSUs vest on the date that is the later of (a) the date set by the Board at the time of the grant or if no date is set then September 1 of the third calendar year following the date of the grant (the “**Trigger Date**”), and (b) the date upon which the relevant Performance Condition or other vesting condition has been satisfied, subject to the limitations of the RSU Plan.

RSUs only vest on the Trigger Date to the extent that the Performance Conditions have been satisfied on or before the Trigger Date, and no RSU will remain outstanding for any period which exceeds the expiry date (which shall be September 30 of the third calendar year after the date of grant, or such earlier date as may be established by the Board (the “**Expiry Date**”).

The Board may accelerate the Trigger Date of any RSU at its election.

#### *Limitations under the RSU Plan*

Unless disinterested Shareholder Approval is obtained, or unless permitted otherwise by the policies of the CSE:

- (a) the maximum number of Issuer Shares which may be reserved for issuance to Related Persons, as a group, under the RSU Plan together with any other Share Compensation Arrangement (as defined in the RSU Plan), may not exceed 10% of the outstanding Issuer Shares;
- (b) the maximum number of RSUs that may be granted to Related Persons, as a group, under the Plan together with any other Share Compensation Arrangement, within a 12-month period, cannot exceed 10% of the outstanding Issuer Shares calculated on the date of the grant of the RSUs;
- (c) the maximum number of RSUs that can be granted to any one Eligible Person under the Plan, together with any other Share Compensation Arrangement, within a 12-month period, cannot exceed 5% of the outstanding Issuer Shares calculated on the date of the grant of the RSUs; and
- (d) the maximum number of RSUs that may be granted in relation to Investor Relations activities, within a 12-month period, may not result in a number of RSUs exceeding 1% of the number of issued and outstanding Issuer Shares at the Grant Date, together with any other Share Compensation Arrangement, without the prior consent of the CSE.

For the purposes of the RSU Plan, the Issuer’s current rolling stock option, or the proposed replacement Fixed Stock Option Plan, are considered Share Compensation Arrangements. Any grants under either rolling stock option plan or the Fixed Stock Option Plan would be considered in the limitations under the RSU Plan listed hereunder.

#### *Amendment or Termination of RSU Plan*

Subject to the requirements of applicable laws, the Board may amend or terminate the RSU Plan at any time, but the consent of the RSU Plan Recipient is required for any such amendment that adversely affects the rights of the RSU Plan Recipient, unless the amendment or termination is required by law. A termination

of the RSU Plan will not accelerate the vesting of RSUs or the time in which a RSU Plan Recipient would otherwise be entitled to receive payment in respect of the RSUs.

### *Approval Requirements*

Following approval by the directors of the Issuer, approval of the RSU Plan must be confirmed by a simple majority of the votes cast by the Shareholders of the Issuer voting in person or by proxy at a meeting of the Shareholders. As such, the votes of any persons eligible to receive grants of RSUs, and their affiliates and associates, will not be counted on this resolution and will be excluded from the vote.

## **10. DESCRIPTION OF THE SECURITIES**

### **10.1 Description of the Issuer’s Securities**

The authorized capital of the Issuer consists of an unlimited number of common shares without par value of which 47,638,422 are issued and outstanding as of the date hereof. There are no special rights or restrictions attached to the Issuer’s common shares. The holders of the common shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Issuer and each common share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Issuer. The holders of the common shares, subject to the prior rights, if any, of any other class of shares of the Issuer, are entitled to receive such dividends in any financial year as the directors of the Issuer may by resolution determine. In the event of the liquidation, dissolution or winding- up of the Issuer, whether voluntary or involuntary, the holders of the common shares are entitled to receive the remaining property and assets of the Issuer, subject to any prior rights of the holders of any other class of shares.

### **10.2 Debt and Other Securities**

Other than its common shares, the Issuer has no debt securities or other securities.

### **10.3 Modification of Terms**

The Issuer has not modified any of the terms of its securities.

### **10.4 Other Attributes**

There are no other attributes of the Issuer’s securities that would materially limit or qualify the rights of any other class of securities.

### **10.5 Prior Sales – Issuer**

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.

<b>Date Issued</b>	<b>Class of Security</b>	<b>Number of Common Shares Issued/Issuable</b>	<b>Price/ Exercise Price</b>
January 3, 2017	Common Shares <sup>1</sup>	41,630,000	\$0.05
January 3, 2017	Warrants <sup>1</sup>	20,815,000	\$0.05
January 3, 2017	Broker Warrants <sup>2</sup>	2,043,200	\$0.05
January 3, 2017	Common Shares <sup>3</sup>	1,500,000	\$0.05
January 3, 2017	Warrants <sup>3</sup>	750,000	\$0.05
May 31, 2017	Subscription Receipts <sup>4</sup>	11,271,000	\$0.50
May 31, 2017	Broker Warrants <sup>5</sup>	865,680	\$0.50

August 2, 2017	Debentures <sup>6</sup>	2,166,666	\$0.60
August 2, 2017	Warrants <sup>7</sup>	1,083,332	\$0.85

Notes:

- (1) The Issuer issued 41,630,000 units at \$0.05 per unit for gross proceeds of \$2,081,500. Each unit consisted of one Common Share and one Common Share purchase warrant entitling the holder to purchase one Common Share at a price of \$0.05 per Common Share for 24 months from closing.
- (2) The Issuer issued 2,043,200 non-transferrable broker warrants, each exercisable at a price of \$0.05 per share for 24 months from closing.
- (3) The Issuer settled \$150,000.00 of debt through the issuance of 1,500,000 units of the Company at a price of \$0.05 per Unit share with an arms-length creditor. Each unit consisted of one Common Share and one Common Share purchase warrant entitling the holder to purchase one Common Share at a price of \$0.05 per Common Share for 24 months from closing.
- (4) In connection with the Acquisition, the Issuer completed a private placement of 11,271,000 Subscription Receipts of the Issuer at a price of \$0.50 per Subscription Receipt for aggregate gross proceeds of \$5,635,000. Following the completion of the Acquisition, in addition to other release factors noted in the Subscription Release Agreement among the Issuer, Garfinkle Biderman LLP, and First Republic Capital Corp., each subscription receipt shall be automatically exchanged, without any further action by the holder thereof and for no additional consideration, for one unit of the Issuer, with each unit consisting of one Common Share and one half of one Common Share purchase warrant exercisable for 24 months from the issuance of such Common Share purchase warrant at an exercise price of \$0.75.
- (5) The Issuer issued 865,680 non-transferrable broker warrants, each exercisable for one Common Share at a price of \$0.50 per Common Share for 24 months from the escrow release date of funds under the private place of subscription receipts.
- (6) In connection with the Acquisition, the Issuer completed a private placement of Debentures in the amount of \$1,300,000. The Debentures bear interest at a rate of 7.5% per annum and mature 2 years following the date of issuance of the Debentures. The Debentures are convertible at a conversion price of \$0.60 per Debenture Share.
- (7) In connection with the Debenture offering, Debentureholders also received one Warrant for each \$1.20 of the aggregate principal amount of Debentures subscribed for. Each Warrant entitled the holder to acquire one Warrant Share at an exercise price of \$0.85 per Warrant Share for a period of three years from the date of issuance of the Debentures.

## 10.6 Prior Sales – CoachellaGro

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.

Date Issued	Class of Security	Number of Common Shares Issued/Issuable	Price/ Exercise Price
December 28, 2016	Common Shares	50,000,000	\$0.001

As of the date hereof, there are 6,000,000 common shares in the capital of Coachellagro issued, all of which are registered in the name of the Issuer.

## 10.7 Stock Exchange Price

The common shares of the Issuer are listed and posted for trading on the CSE under the symbol “HC”. However, as previously stated, the Issuer was suspended by the CSE effective February 4, 2016 and, accordingly, its shares have not traded since that date. The following table sets out the price ranges and volume traded or quoted on the CSE for the common shares of the Issuer for the fiscal quarters commencing August 31, 2014 to date.

Month Ended	High	Low	Close	Volume
March 2016 to Present <sup>(1)</sup>	N/A	N/A	N/A	N/A
Quarter Ended	High	Low	Close	Volume
February 2016 <sup>(1)</sup>	0.07	0.025	0.05	131,919
November 2015	0.085	0.15	0.07	293,752

Month Ended	High	Low	Close	Volume
August 2015	0.08	0.02	0.025	1,198,200
May 2015	0.09	0.02	0.07	1,281,900
February 2015	0.15	0.03	0.06	915,000
November 2014	0.38	0.10	0.15	1,259,500
August 2014 <sup>(2)</sup>	N/A	N/A	N/A	N/A

<sup>(1)</sup> Trading in the Issuer's shares was halted by the CSE effective the close on February 4, 2016.

<sup>(2)</sup> At the Issuer's request, trading in the Issuer's shares was halted from August 6, 2014 until September 8, 2014 pending approval of the Issuer's change of business to the marijuana industry.

## 11. ESCROWED SECURITIES

There are 1,897,800 Common Shares held in escrow as of the date hereof. 1,015,800 Common Share are held indirectly Richard Polanco through his company, Tres Es Inc., and 882,000 Common Shares are held directly by Daniel Petrov.

## 12. PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of the Issuer, as of the date hereof, no person currently beneficially owns or exercises control or direction over Common Shares carrying more than 10% of the votes attached to common shares.

## 13. DIRECTORS AND OFFICERS

### 13.1 Particulars of Directors and Officers – Issuer

The Issuer's Board currently consists of five directors, three of whom are officers of the Issuer and one is an "unrelated director" (being a director who is independent of management and free from any material interest or relationship with the Issuer other than as a shareholder). The following table sets out the names of the directors, the positions and offices which they presently hold with the Issuer, their respective principal occupations and the number of shares of the Issuer which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date hereof:

Name of Nominee; Current Position with the Company and Province or State and Country of Residence	Principal Occupation	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled <sup>(1)</sup>
Brendan Purdy Director, Chief Executive Officer <i>Ontario, Canada</i>	Mr. Purdy is principal of his own securities law practice focused on agriculture, technology and resource issuers. Mr. Purdy currently sits as a director on the board of Natan Resources Ltd. on the TSX-V and previously acted as CEO of Seaway Energy Services Inc. on the TSX-V.	November 21, 2016	60,000 (0.25%)
Richard Polanco Director, President <i>California, U.S.A.</i>	Senator Richard Polanco was first elected in 1986 to the Los Angeles City Council, and subsequently served in the California State Assembly (District 55 in the 1980s, District 45 in the 1990s) for eight years. In 1994 Mr. Polanco	Upon Closing of Acquisition	1,015,800 (3.83%)

	<p>was elected to the California State Senate (District 22, Los Angeles) and served as Senate Majority Leader from 1998 until his retirement in 2002. Since leaving office, Mr. Polanco has been an active lobbyist in Sacramento, advancing cannabis related legislation in the California state legislature.</p>		
<p>Rukie Liyanage CFO <i>Ontario, Canada</i></p>	<p>Mr. Liyanage is principal at Gram LLP, Chartered Accountants; prior to forming his own accounting practice, Mr. Liyanage earned his Chartered Professional Accountant and Chartered Accountant (CPA, CA) designations with Deloitte LLP. He is currently the Chief Financial Officer of several publicly traded companies including Enforcer Gold Corp. and Element 79 Financial Inc. both TSX-V listed companies.</p>	<p>November 21, 2016</p>	<p>20,000 (0.08%)</p>
<p>Christian Scovenna Director <i>Ontario, Canada</i></p>	<p>Mr. Scovenna has over ten years of experience in capital markets, business development and investor relations. As Managing Director of Capital Markets for Cervello Capital, Mr. Scovenna lead six portfolio companies within the group, raising capital, business development and internal IR for the group. He also spent four years with Frontier Merchant Capital Group as Director &amp; Senior VP of Operations and most recently with Lions Edge Capital a Managing Partner. Mr. Scovenna is currently VP Business Development and Director of Enforcer Gold Corp. on the TSX-V.</p>	<p>Upon Closing of Acquisition</p>	<p>60,000 (0.25%)</p>
<p>David Argudo Director <i>California, U.S.A.</i></p>	<p>Mr. Argudo is currently an elected official of the City of La Puente in Los Angeles County, California. As a pioneer in developing local tax measures for medical cannabis, Mr. Argudo runs a consulting firm focused on developing cannabis policies for local municipalities. Mr. Argudo is a member of California Growers Association.</p>	<p>Upon Closing of Acquisition</p>	<p>0 (0%)</p>
<p>Daniel Petrov Director <i>British Columbia, Canada</i></p>	<p>Mr. Petrov acted in the capacity of Executive Vice President of Aurora Marijuana Inc. (Aurora Cannabis Inc.) (TSXV:ACB) from June 21, 2014 to May 31, 2016. Daniel was brought on to the Aurora team due to his extensive experience in medical cultivation, processing, and distribution. As Vice President, Daniel was responsible for maximizing Aurora's operating performance and achieving its financial goals by managing the strategic plan,</p>	<p>Upon Closing of Acquisition</p>	<p>882,000 (3.32%)</p>

	ensuring a healthy working environment, overseeing revenue generation, and maintaining general operations.		
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Notes:

1. Shares owned reflects a post-Consolidation number. Upon completion of the Acquisition, each share shall be consolidated on a 5-old-shares-for-1-new-share-basis.

### 13.2 Board Committees

The Issuer has one committee, the Audit Committee. The Issuer’s audit committee is comprised of three directors: Brendan Purdy, Daniel Petrov, and David Argudo. Brendan Purdy, being an executive officers of the Issuer, is not “independent” as defined in NI 52-110. The Issuer is relying on the exemption provided by section 6.1 of NI 52-110 pursuant to which the Issuer, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

### 13.3 Other Occupations

Other occupations of the current and proposed new directors of the Issuer are set out above in section 13.1–13.2 hereof, above. In addition, the undernoted directors of the Issuer also serve as directors and/or officers of other reporting issuers or reporting issuer equivalents, as follows:

Name	Other Reporting Issuers
Brendan Purdy	Seaway Energy Services Inc. (TSX Venture Exchange) Enforcer Gold Corp. (TSX Venture Exchange) Supreme Metals Corp. (CSE) Element 79 Capital Inc. (TSX Venture Exchange) Boomerang Oil, Inc. (CSE)
Rukie Liyanage	Enforcer Gold Corp. (TSX Venture Exchange) Element 79 Capital Inc. (TSX Venture Exchange)

### 13.4 Cease Trade Orders or Bankruptcies

Other than as set forth below, to the knowledge of the Issuer, no current or proposed director, officer or promoter of the Issuer, or a security holder anticipated to hold sufficient securities of the Issuer to affect materially the control of the Issuer is, or within 10 years before the date hereof, has been, a director or officer of any other company that, while that person was acting in that capacity:

- (a) was the subject of a CTO or similar order, or an order that denied the other company access to any exemptions under Ontario securities law, that was issued at the time such person was acting in the capacity as director or officer, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a CTO or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

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

On February 3, 2015, Boomerang Oil, Inc. a company that Brendan Purdy was formerly a director of was subject to a cease trade order (the "Cease Trade Order") issued by the British Columbia Securities Commission preventing trading in the Issuer's shares. The Cease Trade Order was issued due to the Issuer failing to file its annual audited financial statements for the period ended September 30, 2014, and its management's discussion and analysis relating thereto (collectively, the "Audited Financials") before the prescribed deadline of January 28, 2015, as required under Part 5 of National Instrument 51-102. The Cease Trade Order has not been revoked to date.

No proposed director of the Issuer has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

### **13.5 Penalties or Sanctions**

To the knowledge of the Issuer, no director, officer or promoter of the Issuer, or a security holder anticipated to hold sufficient securities of the Issuer to affect materially the control of the Issuer is, or within 10 years before the date hereof, has been, a director or officer of any other Issuer that, while that person was acting in that capacity, has:

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

### **13.6 Personal Bankruptcies**

No director or officer of the Issuer is, or has, within the 10 years prior to the date hereof, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

### **13.7 Conflicts of Interest**

To the best of the Issuer's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Issuer, its promoters, directors and officers or other members of management of the Issuer or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Issuer and their duties as a director or officer of such other companies. However, the directors of the

Issuer are bound by the provisions of the *Business Corporations Act* (British Columbia) to act honestly and in good faith with a view to the best interests of the Issuer and to disclose any interests which they may have in any project or opportunity of the Issuer. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

### 13.8 Management

Management will initially be comprised of the current directors, although it is intended to recruit other individuals with seasoned industry experience, or to inherit such persons through acquisition of an existing business, to serve in various operational capacities once the Issuer is in the position to offer attractive incentive packages for new employees.

Each of the Issuer's current management team is an independent contractor; does not provide his services to the Issuer as an employee or under a written contract; and has not entered into any non-competition or non-disclosure agreements with the Issuer.

## 14. CAPITALIZATION

### 14.1 Issued Capital

As of June 28, 2017	Number of Securities		% of Issued Capital	
	<u>(non-diluted)</u>	<u>(fully-diluted)</u>	<u>(non-diluted)</u>	<u>(fully-diluted)</u>
<b><u>Public Float</u></b>				
Total outstanding (A):	46,163,423	87,500,603	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B):	780,651	780,651	2%	0.89%
Total Public Float (A) - (B):	45,382,769	86,719,952	98%	99.11%
<b><u>Freely-Tradable Float</u></b>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C):	43,130,000	84,510,380	93%	97%
Total Tradable Float (A) - (C):	3,033,420	2,990,223	7%	3%

### **Public Securityholders (Registered)**



For the purposes of the following table, "public securityholders" are persons other than persons enumerated in section (B) of the above Issue Capital table, and only registered holders are listed.

**Class of Security: Common Shares**

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	1	1,250
2,000 – 2,999 securities	3	7,500
3,000 – 3,999 securities	1	3,750
4,000 – 4,999 securities	0	0
5,000 or more securities	17	1,789,236
<b>Total</b>	<b>22</b>	<b>1,801,736</b>

**Public Securityholders (Beneficial)**

For the purposes of the following table, "public securityholders (beneficial)" include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary; but does not include "non-public securityholders" being those persons enumerated in section (B) of the above Issued Capital table.

**Class of Security: Common Shares**

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	4	140
100 – 499 securities	21	5,790
500 – 999 securities	87	56,845
1,000 – 1,999 securities	117	131,910
2,000 – 2,999 securities	28	63,450
3,000 – 3,999 securities	4	13,250
4,000 – 4,999 securities	4	17,150
5,000 or more securities	69	1,232,551
Unable to confirm	Unable to confirm <sup>(1)</sup>	731,685
<b>Total</b>	<b>334</b>	<b>2,252,771</b>

<sup>(1)</sup> Shares are held by an unknown number of participants (intermediaries) through CDS & Co., the Canadian depository for securities.

**Non-Public Securityholders (Registered)**

For the purposes of this table, "non-public securityholders" are persons enumerated in section (B) of the above Issued Capital table.

**Class of Security: Common Shares**

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	2	780,651
<b>Total</b>	<b>2</b>	<b>780,651</b>

#### 14.2 Post Acquisition Fully Diluted Share Capital of the Issuer

The following table sets out the expected fully diluted share capital of the Resulting Issuer after giving effect to the Acquisition and Consolidation and assuming the exercise or conversion of all convertible securities into Common Shares of the Resulting Issuer:

Category of Security	Number and Percentage
Common Shares in the Issuer (Pre-Acquisition)	9,432,684 (23.36%)
Warrants in the Issuer (Pre-Acquisition)	5,011,442 (12.41%)
Common Shares issued to CoachellaGro Shareholders	6,000,000 (14.86%)
Common Shares issued pursuant to the Concurrent Financing	11,271,000 (27.91%)
Warrants issued pursuant to the Concurrent Financing	5,635,500 (13.96%)
Compensation Warrants issued to the Agent and Selling Group	865,680 (2.14)
Debenture convertible into Common Shares	2,166,666 (5.37%)
<b>Total proposed outstanding securities</b>	<b>40,382,972</b>

#### 14.3 Convertible/Exchangeable Securities

As at the date of the Listing Statement, there were 25,557,212 warrants issued and outstanding, 11,271,000 subscription receipts issued and outstanding, and Debentures in the amount of \$1,300,000 issued as follows:

Date Issued	Class of Security	Number of Common Shares Issued/Issuable	Price/ Exercise Price
January 3, 2017	Warrants <sup>1</sup>	20,815,000	\$0.05
January 3, 2017	Broker Warrants <sup>2</sup>	2,043,200	\$0.05

January 3, 2017	Warrants <sup>3</sup>	750,000	\$0.05
May 31, 2017	Subscription Receipts <sup>4</sup>	11,271,000	\$0.50/Nil
May 31, 2017	Broker Warrants <sup>5</sup>	865,680	Nil/\$0.50
August 2, 2017	Debentures <sup>6</sup>	2,166,666	\$0.60
August 2, 2017	Warrants <sup>7</sup>	1,083,332	\$0.85

Notes:

- (1) The Issuer issued 41,630,000 units at \$0.05 per unit for gross proceeds of \$2,081,500. Each unit consisted of one Common Share and one Common Share purchase warrant entitling the holder to purchase one Common Share at a price of \$0.05 per Common Share for 24 months from closing.
- (2) The Issuer issued 2,043,200 non-transferrable broker warrants, each exercisable at a price of \$0.05 per share for 24 months from closing.
- (3) The Issuer settled \$150,000.00 of debt through the issuance of 1,500,000 units of the Company at a price of \$0.05 per Unit share with an arms-length creditor. Each unit consisted of one Common Share and one Common Share purchase warrant entitling the holder to purchase one Common Share at a price of \$0.05 per Common Share for 24 months from closing.
- (4) In connection with the Acquisition, the Issuer completed a private placement of 11,271,000 Subscription Receipts of the Issuer at a price of \$0.50 per Subscription Receipt for aggregate gross proceeds of \$5,635,000. Following the completion of the Acquisition, in addition to other release factors noted in the Subscription Release Agreement among the Issuer, Garfinkle Biderman LLP, and First Republic Capital Corp., each subscription receipt shall be automatically exchanged, without any further action by the holder thereof and for no additional consideration, for one unit of the Issuer, with each unit consisting of one Common Share and one half of one Common Share purchase warrant exercisable for 24 months from the issuance of such Common Share purchase warrant at an exercise price of \$0.75.
- (5) The Issuer issued 865,680 non-transferrable broker warrants, each exercisable for one Common Share at a price of \$0.50 per Common Share for 24 months from the escrow release date of funds under the private place of subscription receipts.
- (6) In connection with the Acquisition, the Issuer completed a private placement of Debentures in the amount of \$1,300,000. The Debentures bear interest at a rate of 7.5% per annum and mature 2 years following the date of issuance of the Debentures. The Debentures are convertible at a conversion price of \$0.60 per Debenture Share.
- (7) In connection with the Debenture offering, Debentureholders also received one Warrant for each \$1.20 of the aggregate principal amount of Debentures subscribed for. Each Warrant entitled the holder to acquire one Warrant Share at an exercise price of \$0.85 per Warrant Share for a period of three years from the date of issuance of the Debentures.

### 14.3 Other Listed Securities

Not applicable. There are no listed securities of the Issuer currently reserved for issuance.

## 15. EXECUTIVE COMPENSATION

### 15.1 Form 51-102F6

A detailed Statement of Executive Compensation (Form 51-102F6) is contained in the Issuer's Information Circular dated October 14, 2016 which has been posted and is accessible under the Issuer's SEDAR profile at [www.sedar.com](http://www.sedar.com), and is specifically incorporated into and forms an integral part of this Listing Statement. The following provides a summary of that Statement of Executive Compensation and also provides information concerning compensation paid to the directors of the Issuer subsequent to the Issuer's 2016 fiscal year.

#### *Compensation of Current Board of Directors*

The Issuer's current Board of Directors is comprised of Brendan Purdy, Rukie Liyanage, and Johnathan Dewdney. The Issuer has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Issuer or its subsidiaries for their services in their capacity as directors. The directors of the Issuer may be reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors. Directors are also eligible to receive incentive stock options to purchase common

shares of the Issuer under the Issuer’s stock option plan, hereinafter described. In addition, directors of the Issuer may receive compensation for management and/or consulting services provided to the Issuer.

### ***Compensation of Previous Board of Directors***

Three of the Issuer’s directors were recently appointed and have not received or accrued any compensation, direct or indirect, from the Issuer. The total compensation, direct or indirect, paid or accruing due to the three recently departed directors since the date of their respective appointment to the Board of Directors of the Issuer is as follows:

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Share based awards (\$) (d)	Option-based awards (\$) (e)	Non-equity incentive plan compensation (\$) (f)		Pension value (\$) (g)	All other compensation <sup>(1)</sup> (\$) (h)	Total compensation (\$) (i)
					Annual incentive plans	Long-term incentive plans			
Rob Riley, <i>Director, Former CEO, President &amp; Director</i>	2016	Nil	Nil	Nil	Nil	Nil	Nil	\$25,000	\$25,000
	2015	Nil	Nil	Nil	Nil	Nil	Nil	\$25,000	\$25,000
Chris Cherry, <i>Former CFO, Secretary, Director</i>	2016	Nil	Nil	Nil	Nil	Nil	Nil	\$15,000	\$15,000
	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Kris Kottmeier, <i>Former Director</i>	2016	Nil	Nil	Nil	Nil	Nil	Nil	\$25,000	\$25,000
	2015	Nil	Nil	Nil	Nil	Nil	Nil	\$25,000	\$25,000

<sup>(1)</sup> Amounts paid as consulting fees to the director and/or companies controlled by the director.

### ***Elements of the Issuer’s Compensation Policies***

The Issuer does not currently have a formal compensation program or Compensation Committee and relies on the Board of Directors to decide on compensation issues. Compensation levels are determined by the Issuer’s Board of Directors which is responsible to ensure that total compensation paid to the Issuer’s management is fair and reasonable. The Issuer’s compensation policies are designed to be competitive with similar junior CSE listed companies and to recognize and reward executive performance consistent with the success of the Issuer. These policies and programs are intended to attract and retain capable and experienced people. The Board of Directors role and philosophy is to ensure that the Issuer’s goals and objectives, as applied to the actual compensation paid to the Issuer’s President and Chief Executive Officer and other executive officers, are aligned with the Issuer’s overall business objectives and with the interests of shareholders.

In addition to informal industry comparables from publicly available information, the Board of Directors will take into consideration a variety of factors when determining both compensation policies and programs and individual compensation levels. These factors include the long-range interests of the Issuer and its stockholders, overall financial and operating performance of the Issuer, and the Board of Director’s assessment of each executive’s individual performance and contribution toward meeting corporate objectives. Performance is also recognized through the Issuer’s incentive option plan.

There is no policy or target regarding cash and non-cash elements of the Issuer's compensation program. The Board of Directors will annually review the total compensation of the Issuer's executives on an individual basis, against the backdrop of the compensation goals and objectives described above and the individual components of the executives' compensation. The Issuer does not currently provide its Directors or Officers with personal benefits nor does the Issuer provide any additional compensation for serving as directors or as members of other Committees. The total compensation plans for the Issuer's Directors and Officers is comprised of two components: base salary or consulting fees and stock options.

### ***Base Salary and Consulting Fees***

As a junior CSE listed company with no ongoing cash flow or revenues from production, the Issuer establishes salaries at a minimal level, in keeping with the Issuer's available resources. As a general rule for establishing base salaries or consulting fees, the Board of Directors reviews competitive market data for each of the executive positions and determines placement at an appropriate level within a range. Compensation levels are typically negotiated with the candidate for the position prior to his or her selection as an executive officer or consultant. Salaries or consulting fees for the Issuer's Directors and Officers are reviewed annually to reflect external factors such as inflation as well as the overall corporate performance and the results of internal performance reviews.

### ***Stock Options***

The Issuer has a Stock Option Plan (the "Plan") in place for the granting of stock options to the directors, officers, employees and consultants of the Issuer. The purpose of granting such stock options is to assist the Issuer in compensating, attracting, retaining and motivating such persons and to closely align the personal interest of such persons to that of the Issuer's shareholders, having regard to the fact that the Issuer has no ongoing cash flow or revenue and, as a result, there are limited funds available for the payment of salaries or consulting fees. The allocation of options under the Issuer's Stock Option Plan is determined by the Board of Directors which, in determining such allocations, considers such factors as previous grants to individuals, overall Issuer performance, share price, the role and performance of the individual in question, the amount of time directed to the Issuer's affairs and time expended for serving on the Issuer's committees.

### ***Compensation Policy Risk Considerations***

The Directors review from time to time and at least once annually, the risks, if any, associated with the Issuer's compensation policies and practices at such time. Such a review occurred at the time of preparation of this Compensation Discussion & Analysis. Implicit in the review is that the Issuer's policies and practices respecting compensation, including those applicable to the Issuer's executives, be designed in a manner which is in the best interests of the Issuer and its shareholders and risk implications is one of many considerations which are taken into account in such design.

It is anticipated that a portion (set at a level consistent with its industry peers) of the Issuer's executive compensation will consist of options granted under the Plan. Such compensation is both "long term" and "at risk" and, accordingly, is directly linked to the achievement of long term value creation. As the benefits of such compensation, if any, are not realized by the executive until a significant period of time has passed, the ability of executives to take inappropriate or excessive risks that are beneficial to them from the standpoint of their compensation at the expense of the Issuer and its shareholders is extremely limited.

The other element of compensation, salary, or consulting fees, represents the remaining portion of an executive's total compensation. While salary or consulting fees, are not "long term" or "at risk", as noted above, this component of compensation represents a relatively small part of the total compensation and as a result it is unlikely that an executive would take inappropriate or excessive risks at the expense of the

Issuer and its shareholders that would be beneficial to them from the standpoint of their short term compensation when their long term compensation might be put at risk from their actions.

Due to the small size of the Issuer, and the current level of the Issuer's activity, the Board is able to closely monitor and consider any risks which may be associated with the Issuer's compensation policies and practices. Risks, if any, may be identified and mitigated through regular Board meetings during which, financial and other information of the Issuer are reviewed, and which review includes executive compensation. No risks have been identified arising from the Issuer's compensation policies and practices that are reasonably likely to have a material adverse effect on the Issuer.

There are no policies in place pursuant to which a director or officer of the Issuer is permitted to purchase financial instruments including for greater certainty, prepaid variable forward contracts, equity swaps, collars, units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by an officer or director.

### ***Other Compensation***

The Issuer does not provide any pension, retirement plan or other remuneration for its Directors or Officers that constitutes an expense to the Issuer, nor are there any plans or arrangements in respect of compensation received or that may be received by its Directors or Officers in the Issuer's most recently completed or current financial year to compensate such officers in the event of the termination of employment or a change in control of the Issuer.

## **16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

### **16.1 Aggregate Indebtedness**

No existing or proposed director, executive officer or senior officer of the Issuer or any associate of any of them, was indebted to the Issuer as at the financial year ended August 31, 2016, or is currently indebted to the Issuer.

### **16.2 Indebtedness under Securities Purchase and Other Programs**

Not applicable.

## **17. RISK FACTORS**

### **17.1 Risk Factors**

The following risk factors should be carefully considered in evaluating the Issuer. The risks presented below may not be all of the risks that the Issuer may face. It is believed that these are the factors that could cause actual results to be different from expected and historical

An investment in Issuer Shares should be considered highly speculative, not only due to the nature of CoachellaGro's existing business and operations, but also due to the uncertainty related to the completion of the Acquisition and the expected business of the Issuer upon completion of the Acquisition. In evaluating the Acquisition, holders of Issuer Shares and investors generally should carefully consider not only the following risk factors relating to the Issuer Shares and to the Acquisition, but the risk factors associated with the business of CoachellaGro set out below. The following list of risk factors is not a definitive list of all risk factors associated with the Acquisition. Additional risks and uncertainties, including those currently known or considered immaterial by the Issuer or CoachellaGro, may also adversely affect Issuer Shares, and/or the business of the Issuer.

### *Market Reaction*

The market reaction to the Acquisition and the future trading prices of the Issuer Shares cannot be predicted.

### *Additional Financing*

From time to time, the Issuer may require additional financing. The Issuer's ability to obtain additional financing, if and when required, will depend on investor demand, operating performance, the condition of the capital markets and other factors. If the Issuer raises additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences, or privileges senior to the rights of holders of the Issuer Shares, and existing holders of such shares may experience dilution.

The following are certain risk factors relating to the proposed business of the Resulting Issuer that prospective holders of Issuer Shares should carefully consider.

### *Holding Company Status*

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

### *Litigation*

CoachellaGro may become party to litigation from time to time in the ordinary course of their respective businesses which could adversely affect their respective operations. Should any litigation in which CoachellaGro become involved be determined against CoachellaGro respectively, such a decision may adversely affect CoachellaGro's respective abilities to continue operating, adversely affect the market price of Issuer Shares and use significant resources. Even if CoachellaGro, as the case may be, is involved in litigation and succeeds, litigation can redirect significant company resources. Litigation may also create a negative perception of CoachellaGro's brand, and ultimately the Resulting Issuer's brand.

### *Limited Market for Securities*

There can be no assurance that an active and liquid market for the Issuer Shares will be maintained and an investor may find it difficult to resell any securities of the Issuer.

### *Liquidity Risk*

The Issuer's ability to remain liquid over the long term depends on its ability to obtain additional financing. The Issuer's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

### *Foreign Currency Risk*

The Issuer will operate in California, United States to begin and may expand to other jurisdictions, and as a result, the Issuer will be exposed to foreign currency risk on fluctuations related to cash and accrued liabilities that are denominated in a foreign currency.

## **Risk Factors Related to the Real Estate Industry**

### *Real Property Ownership and Tenant Risks*

Real estate ownership is generally subject to numerous risks, including changes in general economic conditions such as the availability and cost of mortgage funds, local economic conditions such as the oversupply of office, industrial and retail properties or a reduction in demand for real estate in the area, the attractiveness of properties to potential tenants or purchasers, the ability of tenants to meet their lease obligations, competition for available space and other factors.

The value of real property and any improvements thereto depend on the credit and financial stability of tenants and upon the vacancy rates of the properties. In addition, certain significant expenditures, including property taxes, ground rent, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether a property is producing any income. Cash available for distribution will be adversely affected if a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the properties becomes vacant and cannot be leased on economically favourable lease terms.

### *Fixed Costs*

The failure to rent a material amount of unleased space on a timely basis, or at all, would likely have an adverse effect on the Issuer's financial condition and results of operation and decrease the amount of cash available for distribution. Certain significant expenditures, including property taxes, ground rent, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether a property is producing any income. If the Issuer is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale or the landlord's exercise of remedies. Costs may also be incurred in making improvements or repairs to property required by a new tenant and income may be lost as a result of any prolonged delay in attracting suitable tenants to the vacant space.

The timing and amount of capital expenditures by the Issuer will affect the amount of cash available for distribution to Shareholders. Distributions may be reduced, or even eliminated, at times when the Resulting Issuer deems it necessary to make significant capital or other expenditures.

### *Liquidity of Real Estate Investments*

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit the Issuer's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Issuer were to be required to liquidate its real property investments, the proceeds might be significantly less than the aggregate carrying value of its properties which could have an adverse effect on the Issuer's financial condition and results of operation and decrease the amount of cash available for distribution.

### *Development Activities*



Any development activities are subject to those risks usually attributable to construction projects, which include: (i) construction or other unforeseen delays, including municipal approvals; (ii) cost overruns; and (iii) the failure of tenants to occupy and pay rent in accordance with existing lease agreements, some of which are conditional.

### *Environmental Risks*

Real property is subject to various federal, provincial and state laws relating to environmental matters. Such laws provide that the Issuer could be liable for the costs of removal and remediation of certain hazardous, toxic substances released on or in its properties or disposed of at other locations, as well as potentially significant penalties. The Issuer has insurance and other policies and procedures in place to review and monitor environmental exposure, which it believes mitigates these risks to an acceptable level. The property owned by the Issuer could have tenants that use hazardous substances or create waste. Such uses can potentially create environmental liabilities. A few issues have been identified through site assessments, including the need to remediate or otherwise address certain contaminations. These issues are being carefully managed with the involvement of professional consultants. Where circumstances warrant, designated substance surveys and/or environmental assessments are conducted. Although environmental assessments provide some assurance, the Issuer may become liable for undetected pollution or other environmental hazards on its properties against which it cannot insure, or against which it may elect not to insure where premium costs are disproportionate to the Issuer's perception of relative risk. The Issuer does not currently anticipate material expenditures in respect of any required remediation.

### *Regulation*

The Issuer is subject to laws and regulations governing the ownership and leasing of real property, employment standards, environmental matters, taxes and other matters. It is possible that future changes in applicable federal, provincial, state, local or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting the Issuer (including with retroactive effect). Any changes in the laws to which the Issuer is subject could materially adversely affect the rights and title to the properties. It is not possible to predict whether there will be any further changes in the regulatory regimes to which the Issuer is subject or the effect of any such change on its investments.

## **Risks related to Leasing**

### *Lease Renewals and Rental Increases*

Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. Expiries of certain leases will occur in both the short and long term, including expiry of leases of certain significant tenants, and although certain lease renewals and/or rental increases are expected to occur in the future, there can be no assurance that such renewals or rental increases will in fact occur.

Numerous other developers, managers and owners of properties compete with the Issuer in seeking tenants. The existence of competing developers, managers and owners and competition for the Issuer's tenants could have an adverse effect on the Issuer's ability to lease its property and on the rents charged, and could adversely affect the Issuer's financial position and results of operations. In addition, any increase in the supply of available space in the market in which the Issuer operates or may operate could have an adverse effect on the Issuer's financial position and results of operations.

Changes in lease accounting rules may require tenants to account for real property leases differently and,

as a result, may incentivize tenants to seek new and renewal leases on different terms. Tenants may favour shorter term lease terms, fewer renewals and heavier weighting to variable as opposed to fixed rents, which could adversely affect the stability of the Issuer's rental income, the level of secured financing available, the value of the Resulting Issuer's property and the Issuer's financial position and results of operations.

#### *Reliance on Single Tenant*

The property is a single tenant property. In the event that the Issuer's tenant were to terminate its tenancy or become insolvent, the financial results of the Issuer would be materially adversely affected. Until such time as the Issuer is in a position to acquire more assets and further diversify its tenant base, management has take certain steps to mitigate any credit risk by closing monitoring the tenant's compliance with the terms of their respective leases and to report any issues as soon as they are identified.

#### *Tenant Defaults, Bankruptcies or Insolvencies*

The bankruptcy or insolvency of the Issuer's tenant may adversely affect the income provided by the Issuer's property. If the tenant defaults on its lease obligations, the Issuer may experience delays in enforcing its rights as a landlord and may incur substantial costs, including litigation and related expenses, in protecting its investment and-releasing its property. If a tenant files for bankruptcy, the Issuer generally cannot evict the tenant solely because of such bankruptcy. A court may authorize a bankrupt tenant to reject and terminate its lease. In such a case, any claim against the tenant for unpaid future rent would be subject to a statutory cap that might be substantially less than the remaining rent actually owed under the lease, and it is unlikely that a bankrupt tenant would pay in full amounts it owes under the lease. This shortfall could adversely affect the Issuer's cash flows and results of operations.

If the tenant experiences a downturn in its business or other types of financial distress, it may be unable to make timely rental payments. Under some circumstances, the Issuer may agree to partially or wholly terminate the lease in advance of the termination date in consideration for a lease termination fee that is less than the agreed rental amount. Additionally, without regard to the manner in which a lease termination occurs, the Issuer is likely to incur additional costs in the form of tenant improvements and leasing commissions in its efforts to lease the space to a new tenant, as well as possibly lower rental rates reflective of declines in market rents. The Issuer cannot assure an investor that it will have adequate sources of funding available for such purposes.

### **Risks related to Tenants operating in Cannabis Industry**

#### *Operations in United States*

Currently the Issuer's sole property is in California, United States. Any expansion may also include operations in various jurisdictions of the United States. As such, the Issuer will indirectly, through the payment of rent and other lease payments by its future tenant or tenants, be deriving a portion of its revenues from the cannabis industry in one or more U.S. states where local state law permits such activities, however such industry is illegal under the federal law of the United States. As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis business in the United States are subject to inconsistent legislation and regulation. Unless and until the United States Congress amends the Controlled Substances Act with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may

enforce current federal law, which may adversely affect the current and future investments of the Issuer in the United States.

### *Operations in Canada*

The Issuer is not anticipated to have operations in Canada on closing of the Transaction, however the Issuer may in the future expand to holding real estate and facilities in Canada to be leased to licensed producers of cannabis. The cannabis industry in Canada is highly regulated and rapidly evolving. As such risks may emerge related to these future operations, and management may not be able to predict such risk or be able to predict how such risks may result in actual results differing from any expected results. The cannabis industry in Canada is subject to extensive controls and regulations, and legislation is being developed relating to the expansion of the industry from medical access only to non-medical access, both federally and provincially. As a result, any future operations in Canada are expected to be significantly affected by such legislation and regulations, particularly as they affect the financial condition of market participants, the number of participants in the industry, and facility requirements.

### *Risks Inherent in an Agriculture Business*

The business of any tenant of the Issuer would involve the growing of cannabis, which is an agricultural product. As such, the business of the tenant, and its ability to fulfill the terms of its lease, are subject to the risks inherent in the agricultural business, such as pests, plant diseases and similar agricultural risks.

### *Vulnerability to Rising Energy Costs*

Cannabis growing operations consume considerable energy, making any tenant of the Issuer vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the tenant and its ability to fulfill the terms of its lease.

See “General Development of the Business – Trends, Commitments, Events or Uncertainties”.

## **18. PROMOTERS**

### **18.1 Promoters**

The executive management of the Issuer, being Brendan Purdy and Rukie Liyanage, are considered to be promoters of the Issuer in that they initiated the Acquisition. Following the Acquisition, Mr. Purdy will hold 60,000 (0.25%) Common Shares on a post-consolidated basis and 30,000 common share purchase warrants (exercisable at \$0.25 until January 3, 2019); and Mr. Liyanage will hold 20,000 (0.75%) Common Shares on a post-consolidated basis and 10,000 common share purchase warrants (exercisable at \$0.25 until January 3, 2019).

### **18.2 Corporate Cease Trade Orders or Bankruptcies**

Except as previously disclosed herein, no promoter, while acting in the capacity as director, chief executive officer or chief financial officer of any person or company, within 10 years before the date of this document:

- (a) was subject to a CTO (or an order similar to a cease trade order, or an order that denied the relevant person or company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days) that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer;

- (b) was subject to any such order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or
- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter.

## **19. LEGAL PROCEEDINGS**

### **19.1 Legal Proceedings**

The Issuer is not a party to any legal proceedings and is not aware of any such proceedings known to be contemplated.

### **19.2 Regulatory Actions**

As previously disclosed under “*Market for Securities*” in section 7 hereof, the BCSC issued a CTO against the Issuer on January 18, 2016 which was revoked on April 6, 2016.

## **20. INTEREST OF MANAGEMENT & OTHERS IN MATERIAL TRANSACTIONS**

### **20.1 Interest of Management and Others in Material Transactions**

No director or executive officer of the Issuer or any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class of the Issuer’s outstanding voting securities, or an associate or affiliate of any such persons or companies, has any material interest, direct or indirect, in any transaction within the three years preceding the date of this document, or any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer.

## **21. AUDITORS, TRANSFER AGENTS AND REGISTRARS**

The Issuer’s auditor is Manning Elliott LLP, Chartered Professional Accountants, of 11th Floor 1050 West Pender St. Vancouver, BC V6E 3S7. The Issuer’s transfer agent and registrar is Integral Transfer Agency, of 203-100 Queen Street East, Toronto, Ontario, M5C 1S6

## **22. MATERIAL CONTRACTS**

The Issuer has not entered into any material contracts within the two years before the date of this Listing Statement, other than contracts entered into in the ordinary course of business, except as follows:

1. Agency Agreement dated May 31, 2017 among the Purchaser, CoachellaGro and First Republic Capital Corp.;
2. Subscription Receipt Agreement dated May 31, 2017 among the Purchaser, First Republic Capital Corp. and Garfinkle Biderman LLP;
3. Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated January 20, 2017 among the Purchaser, CoachellaGro and Fidelity National Title Insurance Company;

4. Security Agreement dated January 20, 2017 between the Purchaser and CoachellaGro; and
5. Promissory Note for US\$1,900,000 dated January 20, 2017 issued by CoachellaGro to the Purchaser.

### **23. INTEREST OF EXPERTS**

No person or company named in this document as having prepared or certified a part of the document or a report described in this document and no responsible solicitor or any partner of a responsible solicitor's firm, holds any material beneficial interest, direct or indirect, in any securities or property of the Issuer or of an associate or affiliate of the Issuer.

### **24. OTHER MATERIAL FACTS**

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

### **25. FINANCIAL STATEMENTS**

#### **25.1 Financial Statements of Issuer**

The following financial statements of the Issuer which have been posted and are accessible under the Issuer's SEDAR profile at [www.sedar.com](http://www.sedar.com), are specifically incorporated into and form an integral part of this Listing Statement:

##### **(a) Annual Financial Statements**

- (i) Annual Audited Consolidated Financial Statements of the Issuer including the auditor's report from Manning Elliott LLP, Chartered Accountants, for the financial year ended August 31, 2016;
- (ii) Amended and Restated Annual Audited Consolidated Financial Statements of the Issuer including the auditor's report from Scrudato & Co., Certified Public Accounting Firm, for the financial year ended August 31, 2015;
- (iii) Annual Audited Consolidated Financial Statements of the Issuer including the auditor's report from Morgan and Company LLP, Chartered Accountants, for the financial year ended August 31, 2014;

##### **(b) Interim Financial Statements**

- (i) Unaudited Interim Financial Statements of the Issuer for the six months ended February 29, 2017; and
- (ii) Unaudited Interim Financial Statements of the Issuer for the three months ended November 30, 2015.

#### **25.2 Financial Statements of CoachellaGro**

Enclosed as Schedule “A” is a copy of the audited financial statements for CoachellaGro for the three months ended March 31, 2017. The auditor's consent and comfort letter of Jackson & Company, Chartered Accountants have also been enclosed.

Enclosed as Schedule “B” is a copy of the unaudited pro forma interim financial statements of the Issuer and CoachellaGro for the period ended March 31, 2017.

## CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, HIGH HAMPTON HOLDINGS CORP. hereby applies for the listing of the above mentioned securities on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to HIGH HAMPTON HOLDINGS CORP. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia this 29<sup>th</sup> day of August, 2017.

/s/ "Brendan Purdy"

BRENDAN PURDY  
Chief Executive Officer

/s/ "Rukie Liyanage"

RUKIE LIYANAGE  
Chief Financial Officer

/s/ "Richard Polanco"

RICHARD POLANCO  
Director

/s/ "Christian Scovenna"

CHRISTIAN SCOVENNA  
Director

/s/ "Daniel Petrov"

DANIEL PETROV  
Director

/s/ "David Argudo"

DAVID ARGUDO  
Director

**SCHEDULE "A"**

**CoachellaGro Corp. audited financial statements for the three months ended March 31, 2017**



**COACHELLAGRO CORP.**

**FINANCIAL STATEMENTS**

**March 31, 2017**

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Statements of Changes in Stockholders' Deficit	4
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## **INDEPENDENT AUDITORS' REPORT**

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To the Directors of Coachellagro Corp.,

We have audited the accompanying financial statements of Coachellagro Corp. which comprise the statements of financial position as at March 31, 2017, and the statements of operations and loss, cash flows, and changes in equity for the periods then ended, and the related notes comprising 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 as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of Coachellagro Corp. as at March 31, 2017, and its financial performance and cash flows for the periods then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### **Emphasis of Matter**

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

*"Jackson & Company"*  
JACKSON&COMPANY

**CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, British Columbia

August 24, 2017

**COACHELLAGRO CORP.**  
**Statements of Financial Position**  
**As of March 31, 2017, and December 31, 2016**  
*Expressed in Canadian Dollars*

	March 31, 2017	December 31, 2016
<b>ASSETS</b>		
<b>Current assets</b>	\$ -	\$ -
Land (Note 6)	2,490,520	-
<b>Total assets</b>	<u>\$ 2,490,520</u>	<u>\$ -</u>
<b>Current liabilities</b>		
Accounts payable & accrued liabilities (Note 7)	\$ 144,068	\$ 2,820
Related party payables (Note 4)	13,414	13,414
Interest payable (Note 5)	12,699	-
Notes payable (Note 5)	2,540,505	-
<b>Total current liabilities</b>	<u>2,710,686</u>	<u>16,234</u>
<b>Stockholders' equity</b>		
Share Capital (Note 3)	66,610	66,610
Subscription receivable	-	(66,610)
Accumulated deficit	(244,575)	(16,115)
Accumulated other comprehensive loss	(42,201)	(119)
<b>Total stockholders' equity</b>	<u>(220,166)</u>	<u>(16,234)</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 2,490,520</u>	<u>\$ -</u>

See notes to financial statements.

**COACHELLAGRO CORP.****Statements of Operations and Loss****Three Months Ended March 31, 2017 and the Period from December 2, 2016 (Date of Inception) to December 31, 2016***Expressed in Canadian Dollars*

	Three Months Ended March 31, 2017	From December 2, 2016 (date of inception) to December 31, 2016
Revenue	\$ -	\$ -
Operating expenses		
Professional fees	199,925	2,799
General and administrative	15,916	13,316
Total operating expenses	215,841	16,115
Other expenses		
Interest expense (Note 5)	12,619	-
Net loss	(228,460)	(16,115)
Translation adjustment	(42,082)	(119)
Comprehensive loss	\$ (270,542)	\$ (16,234)
Net loss per common share, basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average shares outstanding, basic and diluted	50,000,000	50,000,000

See notes to financial statements.

**COACHELLAGRO CORP.****Statements of Cash Flows****Three Months Ended March 31, 2017 and the Period from December 2, 2016 (Date of Inception) to December 31, 2016***Expressed in Canadian Dollars*

	March 31, 2017	December 31, 2016
<b>Cash flows from operating activities</b>		
Net loss	\$ (228,460)	\$ (16,115)
Adjustment to reconcile net loss to net cash used in operating activities		
Land acquisition costs – non-cash	9,267	-
Changes in operating liabilities:		
Accounts payable	141,248	2,820
Related party payables	-	13,414
Interest payable	12,699	-
<b>Net cash used in operating activities</b>	<u>(65,246)</u>	<u>119</u>
<b>Cash flows from investing activities</b>		
Purchase of land	<u>(2,490,520)</u>	-
<b>Net cash used in investing activities</b>	<u>(2,490,520)</u>	-
<b>Cash flows from financing activities</b>		
Notes payable	2,423,910	-
Shares issuance on inception	66,610	-
<b>Net cash used in financing activities</b>	<u>2,490,520</u>	-
Effect of foreign exchange	65,246	(119)
Net change in cash	-	-
Cash, beginning of period	-	-
Cash, end of period	<u>\$ -</u>	<u>\$ -</u>
<b>Supplemental disclosure of non-cash investing and financing activities</b>		
Note payable entered into for purchase of land	<u>\$ 1,179,720</u>	<u>\$ -</u>
Shares issued for debt settlement	<u>\$ 66,610</u>	<u>\$ -</u>

See notes to financial statements.

**COACHELLAGRO CORP.****Statements of Changes in Stockholders' Deficit****Three Months Ended March 31, 2017 and the Period from December 2, 2016 (Date of Inception) to December 31, 2016***Expressed in Canadian Dollars*

	Number of shares	Share capital \$	Subscription Receivable \$	Deficit \$	Accumulated Other Comprehensive Loss \$	Total \$
<b>Balance – December 2, 2016 (date of inception)</b>	-	-		-	-	-
Shares issued on inception	<b>50,000,000</b>	66,610	(66,610)	-	-	-
Net loss and comprehensive loss for the period	-	-		(16,115)	-	(16,115)
Translation adjustment	-	-		-	(119)	(119)
<b>Balance - December 31, 2016</b>	<b>50,000,000</b>	<b>66,610</b>	<b>(66,610)</b>	<b>(16,115)</b>	<b>(119)</b>	<b>(16,234)</b>

	Number of shares	Share capital \$	Subscription Receivable \$	Deficit \$	Accumulated Other Comprehensive Loss \$	Total \$
<b>Balance – December 31, 2016</b>	<b>50,000,000</b>	<b>66,610</b>	<b>(66,610)</b>	<b>(16,115)</b>	<b>(119)</b>	<b>(16,234)</b>
Subscription received	-		66,610	-	-	66,610
Net loss and comprehensive loss for the period	-	-		(228,460)	-	(228,460)
Translation adjustment	-	-		-	(42,082)	(42,082)
<b>Balance - March 31, 2017</b>	<b>50,000,000</b>	<b>66,610</b>	<b>-</b>	<b>(244,575)</b>	<b>(42,201)</b>	<b>(220,166)</b>

See notes to financial statements.

## **COACHELLAGRO CORP.**

### **Notes to Financial Statements**

**Three Months Ended March 31, 2017 and the Period from December 2, 2016 (Date of Inception) to December 31, 2016**

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of significant accounting policies of Coachellagro Corp. (the Company) is presented to assist in understanding the Company's financial statements. These audited condensed financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and the standard has been consistently applied in the preparation of the accompanying financial statements. These financial statements and notes are representations of the Company's management who are responsible for their integrity and objectivity.

##### Organization, Nature of Business and Trade Name

The Company was incorporated in the State of California on December 2, 2016 and is engaged in the business of real estate investment and development. The Company has elected a fiscal year end of December 31.

##### Basis of Presentation

###### *Statement of compliance*

The financial statements of the Company comply 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"). These financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

###### *Basis of measurement*

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

###### *Foreign currency translation*

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the US dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange.

The Company's presentation currency is CAD, accordingly, the accounts of the Company are translated into CAD dollars as follows:

- all of the assets and liabilities are translated at the rate of exchange in effect on the date of the statement of financial position;
- revenue and expenses are translated at the exchange rate approximating those in effect on the date of the transactions; and
- exchange gains and losses arising from translation are included in accumulated other comprehensive income/loss.

**COACHELLAGRO CORP.**

**Notes to Financial Statements**

**Three Months Ended March 31, 2017 and the Period from December 2, 2016 (Date of Inception) to December 31, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Foreign currency translation (continued)*

Foreign currency transactions are translated into presentation currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with maturity of three months or less to be cash equivalents.

Financial Instruments

Financial assets and financial liabilities are recognized on the statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

Financial Assets

The Company classifies its financial assets into one of the following categories, at initial recognition, depending on the purpose for which the asset was acquired for. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* – This category comprises derivatives or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss. The Company classifies its cash as fair value through profit or loss.

*Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

*Held-to-maturity* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss. The Company does not have any assets classified as held-to-maturity.



## **COACHELLAGRO CORP.**

### **Notes to Financial Statements**

**Three Months Ended March 31, 2017 and the Period from December 2, 2016 (Date of Inception) to December 31, 2016**

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### Financial Assets (continued)

*Available-for-sale* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss. The Company does not have any assets held classified as available-for-sale.

Transaction costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired.

##### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. A change in managements' estimates or assumptions could have a material impact on the Company's financial condition and results of operations during the period in which such changes occurred. Actual results could differ from those estimates. The Company's financial statements reflect all adjustments that management believes are necessary for the fair presentation of their financial condition and results of operations for the periods presented.

##### Income Taxes

The Company recognizes the tax effects of transactions in the year in which such transactions enter into the determination of net income, regardless of when reported for tax purposes.

##### Property, Plant, and Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses; half year rule is applied to the first year of acquisition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

## **COACHELLAGRO CORP.**

### **Notes to Financial Statements**

**Three Months Ended March 31, 2017 and the Period from December 2, 2016 (Date of Inception) to December 31, 2016**

#### **NOTE 2 – GOING CONCERN**

These audited condensed financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and the standard has been consistently applied in the preparation of the accompanying financial statements as a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, the Company does not have significant cash or other current assets, nor does it have an established source of revenues sufficient to cover its operating costs and to allow it to continue as a going concern.

Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading, or seeking protection from creditors pursuant to laws or regulations. Accordingly, assets and liabilities are recorded on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plan described in the Business paragraph and eventually attain profitable operations. The accompanying financial statements do not include any adjustments that may be necessary if the Company is unable to continue as a going concern.

During the next year, the Company's foreseeable cash requirements will relate to continual development of the operations of its business, maintaining its good standing and making the requisite filings with the Securities and Exchange Commission, and the payment of expenses associated with research and development. The Company may experience a cash shortfall and be required to raise additional capital.

The company has relied upon internally generated funds and funds from the sale of shares of stock to finance its operations and growth. Management may raise additional capital through future public or private offerings of the Company's stock or through loans from private investors, although there can be no assurance that it will be able to obtain such financing. The Company's failure to do so could have a material and adverse effect upon it and its shareholders.

#### **NOTE 3 – COMMON STOCK**

During the period from inception on December 2, 2016 through December 31, 2016, the Company issued a total of 50,000,000 common shares to the Company's founders at a price of US\$0.001 per share for total proceeds of \$66,610 (50,000 USD), which were received during the 3 months period ended March 31, 2017.

There were 50,000,000 shares issued and outstanding at March 31, 2017 and December 31, 2016.

#### **NOTE 4 - RELATED PARTY TRANSACTIONS**

The Company neither owns nor leases any real or personal property for office use. The officers and directors for the Company are involved in other business activities and may, in the future, become involved in other business opportunities. If a specific business opportunity becomes available, such persons may face a conflict in selecting between the Company and their other business interest. The Company has not formulated a policy for the resolution of such conflicts.

During the period from inception on December 2, 2016 through December 31, 2016, the Company received advances from related parties totaling \$13,414 (9,990 USD) to fund operations. The advances are non-interest bearing, due on demand and as such included in current liabilities. There was \$13,414 (9,990 USD) due to related parties as of March 31, 2017 and December 31, 2016.

#### **NOTE 5 – NOTES PAYABLE**

On January 20, 2017, the Company entered into a note payable to borrow up to \$2,534,410 (1,900,000 USD). The note

**COACHELLAGRO CORP.****Notes to Financial Statements****Three Months Ended March 31, 2017 and the Period from December 2, 2016 (Date of Inception) to December 31, 2016**

accrues interest at a rate of 1% per annum compounded monthly and matures on July 20, 2017. During the three months ended March 31, 2017, the Company received advances under the note of \$1,408,135 (1,057,000 USD). There was \$1,408,135 (1,057,000 USD), \$Nil of principal and interest of \$2,707 (2,032 USD) due as of March 31, 2017.

On January 27, 2017, the Company completed a purchase of a parcel of land for \$ 2,490,520 (1,900,000 USD) of which \$1,179,720 (900,000 USD) note payable was financed directly by the seller. The Company is required to make interest only payments monthly at \$4,996 (3,750 USD) representing an annual interest rate of 5%. The note is due on July 20, 2017. There was \$1,132,370 (850,000 USD), \$Nil of principal and \$Nil of \$9,992 (7,500 USD) accrued interest due as of March 31, 2017.

**NOTE 6 – LAND**

On January 27, 2017, the Company purchased a plot of land in the Coachella Valley for \$2,490,520 (1,900,000 USD). This parcel of land was purchased for and zoned as a marijuana growth area. The Company plans to cultivate this land for the generation of revenue in future periods.

**NOTE 7 – ACCOUNTS PAYABLE**

The accounts payable consists of amounts owed to suppliers for travel, legal fees and engineering consultation related to the purchase of land.

**NOTE 8 – SUBSEQUENT EVENTS**

The Company evaluated all events or transactions that occurred after March 31, 2017 through the date of this filing. No additional disclosure required.

**SCHEDULE "B"**

**Unaudited pro forma interim financial statements of the Issuer and  
CoachellaGro for the period ended March 31, 2017.**

**High Hampton Holdings Corp.**  
Pro Forma Consolidated Financial Statements  
(Unaudited)

**March 31, 2017**  
(Expressed in Canadian Dollars)

**High Hampton Holdings Corp.**

## Pro Forma Consolidated Statement of Financial Position

(Unaudited)

(Expressed in Canadian Dollars)

	High Hampton Holdings Corp. March 31, 2017	CoachellaGro Corp. March 31, 2017	Pro Forma Adjustments Dr. / (Cr.)	Note	Pro Forma Consolidated March 31, 2017
<b>Assets</b>					
<b>Current</b>					
Cash and cash equivalents	\$ 204,141	\$ -	\$ 5,635,500	3.a)i	<b>6,739,641</b>
			1,300,000	3.a)ii	
			(300,000)	3.b)	
			(100,000)	3.b)	
Taxes and other receivables	18,474	-	-		18,474
Prepaid expenses	46,173	-	-		46,173
Loans receivables	1,408,060	-	-		1,408,060
	1,676,848	-	-		8,212,348
<b>Land</b>	-	2,490,520	2,000,000	3.e)i	4,490,520
<b>Goodwill</b>	-	-	1,020,166	3.e)ii	1,020,166
	\$ 1,676,848	\$ 2,490,520	9,585,666		\$13,723,034
<b>Liabilities And Shareholders' Equity</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	\$ 55,356	\$ 144,068	-		199,424
Related party payable	-	13,414	-		13,414
Interest Payable		12,699	-		12,699
Notes Payable		2,540,505	-		2,540,505
<b>Long Term</b>					
Debenture			1,300,000	3.a)ii	1,300,000
	55,356	2,710,686	1,300,000		4,066,042
<b>Shareholders' Equity</b>					
Share capital	3,723,230	66,610	(66,610)	3.c)	<b>12,058,730</b>
			5,635,500	3.a)i	
			3,000,000	3.c)	
			(300,000)	3.b)	
Contributed surplus	4,468,592				4,468,592
Retained earnings (deficit)	(6,570,330)	(244,575)	244,575	3.c)	<b>(7,070,330)</b>
Accumulated other comprehensive loss		(42,201)	42,201	3.c)	
			(500,000)	3.e)iii	
	1,621,492	(220,166)			9,456,992
	\$ 1,676,848	\$ 2,490,520	\$ 8,255,666		\$13,723,034

See accompanying notes to the unaudited pro forma consolidated financial statements.

## **High Hampton Holdings Corp.**

Notes to the Pro Forma Consolidated Financial Statements

As at March 31, 2017

(Unaudited)

(Expressed in Canadian Dollars)

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### **1. BASIS OF PRESENTATION**

On June 29, 2017, High Hampton Holdings Corp. (“High Hampton”) and CoachellaGro Corp. (“CoachellaGro”) announced that they entered into a definitive share exchange agreement (the “Share Exchange Agreement”) pursuant to which High Hampton has agreed to acquire 100% of the issued and outstanding securities of CoachellaGro (the “Acquisition”). Pursuant to the terms of the Share Exchange Agreement, all common shares of CoachellaGro (the “CoachellaGro Shares”) issued and outstanding immediately prior to consummation of the transaction will be exchanged for common shares of High Hampton (the “High Hampton Shares”) on a one-for-one basis (the “Transaction”). In the opinion of the Company’s management, the unaudited pro forma consolidated financial statements include all adjustments necessary for fair presentation of the transaction as described below. Upon closing of the noted Transaction, the combined entity will continue under the name “High Hampton Holdings Corp.” (the “Company”). The unaudited pro forma consolidated financial statements have been prepared to give effect to the concurrent Subscription Receipt Financing for inclusion in the Listing Statement of High Hampton in conjunction with the Transaction.

These unaudited pro forma consolidated financial statements have been prepared in accordance with policies consistent with International Financial Reporting Standards (“IFRS”). The unaudited pro forma consolidated financial statements have been prepared from, and should be read in conjunction with, the following historical information prepared in accordance with IFRS and applicable securities regulations:

- i. the unaudited financial statements of High Hampton Holdings Corp. as at March 31, 2017; and
- ii. the audited financial statements of CoachellaGro as at March 31, 2017.

The unaudited pro forma consolidated statement of financial position as at March 31, 2017 has been prepared as if the Transaction described in Note 2 and pro forma adjustments and assumptions described in Note 3 had occurred on March 31, 2017. The unaudited pro forma consolidated financial statements may not be indicative of the results that actually would have occurred if the events reflected therein had been in effect on the dates indicated or the results which may be obtained in the future. In preparing these unaudited pro forma consolidated financial statements no adjustments have been made to reflect the operating synergies and administrative cost savings that could result from the operations of the combined assets.

Accounting policies used in the preparation of the unaudited pro forma consolidated financial statements are in accordance with those disclosed in the audited financial statements of CoachellaGro as at March 31, 2017 which are consistent with High Hampton’s accounting policies. In the opinion of management these unaudited pro forma consolidated financial statements include all the necessary adjustments for a fair presentation of the ongoing entity.

Certain elements of the financial statements of High Hampton and CoachellaGro have been reclassified to provide a consistent format.

### **2. ACQUISITION**

Pursuant to the Definitive Agreement, High Hampton will acquire all the issued and outstanding common shares of CoachellaGro, wherein High Hampton will issue one (1) High Hampton post-consolidation common share for every one (1) outstanding CoachellaGro post-consolidation common totaling 6,000,000 common shares to the shareholders of CoachellaGro.

The Acquisition does not meet the definition of a business combination under IFRS 3 Business Combinations, accordingly High Hampton will account for the Acquisition in accordance with IFRS 2 Share-based Payment. As a result, the Acquisition is accounted for as a capital transaction with High Hampton being identified as the acquirer and the Acquisition being measured at the fair value of the net assets acquired from

CoachellaGro. All share capital and deficit of CoachellaGro has been eliminated.

For the purpose of the pro forma consolidated financial statements the fair value of the net assets of CoachellaGro are estimated as follows:

#### **Purchase Price Consideration Paid**

Fair value of 6,000,000 CoachellaGro Shares issued	\$3,000,000
Estimated transaction costs (see Note 3.b))	300,000
<u>Total Purchase Price</u>	<u>\$3,300,000</u>
Land	\$2,490,520
Accounts Payable	(144,068)
Related Party Payable	(13,414)
Interest Payable	(12,699)
<u>Notes Payable</u>	<u>(2,540,505)</u>
Net Assets Assumed Assets	(220,166)
Land Premium	2,000,000
Goodwill	1,020,166
<u>Transaction costs</u>	<u>500,000</u>
	<u>\$3,300,000</u>

The above amounts are estimates, which have been made by management of High Hampton for the acquisition, based on information available. Amendments to these amounts as values subject to estimate are finalized and to account for final balances at the time of closing. The total consideration of CoachellaGro has been estimated based on an estimated value of approximately \$0.50 per common share. The Acquisition costs have been included in the deficit.

### **3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS**

These unaudited pro forma consolidated financial statements incorporate the following pro forma assumptions:

- a) It is assumed that the private placement financings of the resulting issuer is completed which will include:
  - i. 11,271,000 subscription receipts ("Subscription Receipt") at a price of \$0.50 per Subscription Receipt for gross proceeds of \$5,635,500. Each Unit will consist of one common shares and one-half of one common share purchase warrant (the "Warrant"), with each whole Warrant being exercisable for to acquire one common share at a price of \$0.75 for a period of 36 months following the closing of the Offering. A \$Nil value was allocated to the Warrants in the Subscription Receipt financing; and
  - ii. secured convertible debentures (the "Debentures") in the aggregate amount of \$1,300,000 (the "Offering"). The Debentures bear interest at a rate of 7.5% per annum and mature two years following the date of issuance of the Debentures.
- b) Net proceeds of the sale of the Subscription Receipts and Debentures are estimated to be \$6,535,500 after giving effect to the estimated cash transaction costs of \$100,000 include legal, accounting, filing costs and an estimated Agent's cash commission costs of \$300,000.
- c) Equity balances of CoachellaGro are eliminated.
- d) The total pro forma purchase price as described in Note 2 above results in a share capital increase of \$3,000,000 which represents the fair value of High Hampton Shares issued to CoachellaGro to effect the Acquisition.



- e) The fair value of consideration paid for CoachellaGro by High Hampton exceeds the fair value of net assets of CoachellaGro assumed by \$3,550,166 (Note 2) which will be treated as follows:
- i. Land was increased by \$2,000,000 to reflect High Hampton management's assessment of the fair market value of the Coachella Property (as such term is defined in the Listing Statement). Management considered the average price per acre for comparable properties within the Coachella cultivation zone.
  - ii. Goodwill was increased by \$1,050,166 in connection with the retention of the management team of CoachellaGro post-Acquisition including Richard Polanco, former Senate majority leader in the State of California.
  - iii. Transaction costs were increased by \$500,000 and expensed for the three months ended March 31, 2017.

### 3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

Share capital as at March 31, 2017, in the unaudited pro forma consolidated statement of financial position is comprised of the following:

	<b>Number of Shares</b>	<b>Amount</b>
Common Shares of High Hampton issued and outstanding	9,332,684	\$ 3,723,230
Common Shares of CoachellaGro issued and outstanding	6,000,000	66,610
Pro forma adjustments to give effect to the Subscription Receipt financing (Note 3.a.i))	11,271,000	5,635,500
Pro forma adjustment to give effect to the share issuance cost of the Subscription Receipt financing (Note 3.b))		(300,000)
Pro forma adjustment for the Transaction (Note 3.c))		(66,610)
Fair value of common shares issued to acquire CoachellaGro		3,000,000
<b>Pro Forma Share Capital</b>	<b>26,603,684</b>	<b>\$ 12,058,730</b>