FILING STATEMENT

OF

SPIRIT BEAR CAPITAL CORP.

(to be renamed "Gaia Grow Corp.")

With respect to the Proposed Acquisition of

Gaia Grow Corp.

June 28, 2019

All information contained in this Filing Statement with respect to Gaia Grow Corp. was supplied by Gaia Grow Corp. for inclusion herein.

*Neither the TSX Venture Exchange Inc. (the "**Exchange**") nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement.*

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GLOSSARY OF TERMS

"**Acquisition**" means the acquisition by the Company of all of the issued and outstanding Gaia Shares by way of "three cornered" amalgamation as contemplated by the Amalgamation Agreement, which will constitute the Company's Qualifying Transaction in accordance with the CPC Policy.

"**Affiliate**" means a Person that is affiliated with another Person as described below.

A Person is an "Affiliate" of another Person if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same Person.

A Person is a subsidiary of another Person if the Person is controlled by that other Person.

A Person is "controlled" by another Person if:

(a) voting securities of the Person are held, other than by way of security only, by or for the benefit of that Person, and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Person.

A Person beneficially owns securities that are beneficially owned by:

(a) Person controlled by that first Person, or

(b) an Affiliate of that Person or an Affiliate of any Person controlled by that Person.

"**Amalco**" means the corporation amalgamated under the BCBCA, to be named "Gaia Grow Holdings Corp.", which will result from the Amalgamation.

"**Amalgamation**" means the amalgamation under the BCBCA of Gaia and Spirit Bear Sub, and the issuance by Spirit Bear of Company Shares to the former Gaia Shareholders for the purposes of effecting the Acquisition.

"**Amalgamation Agreement**" means the amalgamation agreement entered into among the Company, Spirit Bear Sub and Gaia on January 31, 2019 with respect to the Amalgamation, a copy of which is filed on SEDAR at www.sedar.com under the profile of the Company.

"**Associate**" when used to indicate a relationship with a Person, means:

(a) an Issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling it to more than 10% of the voting rights attached to outstanding securities of the Issuer,

(b) any partner of the Person,

(c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity,

(d) in the case of a Person who is an individual

(i) that Person’s spouse or child, or

(ii) any relative of the Person or of his spouse who has the same residence as that Person;

but

(e) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D of the Rule Book of the Exchange with respect to that Member firm, Member corporation or holding company.

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

"**Board**" means the board of directors of the Company or the Resulting Issuer, as the context requires.

“**Cannabis Act**” means *The Cannabis Act* (Canada), S.C. 2018, c. C-26, as may be amended from time to time.

"**Capital Pool Company**" or "**CPC**" means a corporation: (a) that has been incorporated or organized in a jurisdiction in Canada; (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and (c) in regard to which the completion of a Qualifying Transaction has not yet occurred.

"**CEO**" means Chief Executive Officer.

"**CFO**" means Chief Financial Officer.

"**Closing**" means the completion of the Acquisition.

"**Closing Date**" means the date on which the Closing occurs.

"**Company**" or "**Spirit Bear**" means Spirit Bear Capital Corp., a corporation incorporated under the BCBCA.

"**Company Shares**" means the common shares in the capital of the Company or the Resulting Issuer, as the context may require.

"**Completion Date**" means the date of the Final Exchange Bulletin.

"**Control Person**" means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding Voting Shares of an Issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the Issuer.

"CPC Escrow Agreement" means the escrow agreement on Exchange Form 2F dated April 12, 2012 among the Company, the Escrow Agent and certain shareholders of the Company.

"**CPC Policy**" means Policy 2.4 – *Capital Pool Companies* of the Exchange Policies.

"**Escrow Agent**" means Computershare Investor Services Inc., the registrar and transfer agent of the Company.

"**Escrow Policy**" means Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions* of the Exchange Policies.

"**Exchange**" means the TSX Venture Exchange.

"**Exchange Policies**" means the policies of the Exchange and all bulletins, orders, policies, rules, regulations and by-laws of the Exchange as amended from time to time.

"**Filing Statement**" means this filing statement.

"**Final Exchange Bulletin**" means the bulletin issued by the Exchange following the Closing and the submission of all further documentation required by the Exchange, which evidences the final Exchange acceptance of the Acquisition.

"**Form 51-102F6**" means Form 51-102F6 – *Statement of Executive Compensation* pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations*.

"**Gaia**" means Gaia Grow Corp., a corporation continued under the BCBCA.

"**Gaia Bio**" means Gaia Bio-Pharmaceuticals Inc., a corporation incorporated under the *Business Corporations Act* (Alberta).

"**Gaia Bio Acquisition**" means the acquisition by Gaia of all of the issued and outstanding Gaia Bio Shares, pursuant to the terms of the Share Purchase Agreement.

"**Gaia Bio Shareholders**" means collectively, Ambitious Holdings Inc., Ed Nichols, Karen Nichols, Kenneth Ehry and Andrew McCready.

“**Gaia Bio Shares**” means the issued and outstanding Class A common shares of Gaia Bio.

"**Gaia Principals**" means Frederick Pels and Etienne Moshevich, as well as their respective holding companies, Pelsco Holdings Corp. and Transcend Capital Inc.

"**Gaia Private Placement**" means the private placement of 45,076,969 Gaia Subscription Receipts, at a price of $0.10 per Gaia Subscription Receipt, which was closed over three tranches as more particularly described in this Filing Statement.

"**Gaia Shareholders**" means shareholders of Gaia.

"**Gaia Shares**" means common shares in the capital of Gaia.

"**Gaia Subscription Receipts**" means the subscription receipts of Gaia issued in connection with the Gaia Private Placement, each of which will automatically convert into one Gaia Share immediately prior to completion of the Amalgamation.

"**IHR**" means the *Industrial Hemp Regulations* created pursuant to the Cannabis Act, as may be amended from time to time.

"**Insider**" if used in relation to an Issuer, means:

(a) a director or senior officer of the Issuer;

(b) a director or senior officer of a Person that is an Insider or subsidiary of the Issuer;

(c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Issuer; or

(d) the Issuer itself if it holds any of its own securities.

"**Issuer**" means a Person and its subsidiaries which have any of its securities listed for trading on the Exchange, and in this Filing Statement means the Company, as the context requires.

"**MD&A**" means management’s discussion and analysis as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*.

"**Member**" means a member of the Exchange as defined in the Exchange Policies.

"**Name Change**" means the name change of the Company to "Gaia Grow Corp." (or such other name as directed in writing by Gaia in its discretion) concurrently with the closing of the Acquisition.

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*, and the companion policies and forms thereto, as amended from time to time.

"**Non Arm's Length Party**" means in relation to a Person other than an individual, a promoter, officer, director, other Insider or Control Person of that Person (including an Issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Person of which the individual is a promoter, officer, director, Insider or Control Person.

"**Non Arm's Length Qualifying Transaction**" means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction.

"**Party**" means a party to the Amalgamation Agreement, being Gaia, Spirit Bear Sub and the Company and "**Parties**" means any one of them.

"**Person**" includes any natural person, partnership, limited partnership, joint venture, syndicate, sole proprietorship, body corporate with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative.

"**Qualifying Transaction**" means, generally, a transaction where a CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means and, in respect of the Company, means the Acquisition, as more particularly described herein.

"**Resulting Issuer**" means the Company at the time of and following completion of the Acquisition, as the context requires, under its new name "Gaia Grow Corp.".

"**SEDAR**" means System for Electronic Document Analysis and Retrieval being the official website that provides access to most public securities documents and information filed by Issuers and investment funds with the Canadian Securities Administrators at www.sedar.com.

"**Share Purchase Agreement**" means the purchase of business agreement dated August 6, 2018, as amended pursuant to an amending agreement dated November 2, 2018 and a subsequent amending agreement dated June 7, 2019, between the Gaia Bio Shareholders, James Kilpatrick, Gaia and Gaia Bio, pursuant to which Gaia agreed to acquire all of the issued and outstanding Gaia Bio Shares.

"**Significant Assets**" means, generally, one or more assets or businesses which, when purchased, optioned or otherwise acquired by a Person together with any other concurrent transactions, results in the Person meeting the minimum listing requirements of the rules and policies of the Exchange and, in respect of the Qualifying Transaction contemplated by this Filing Statement, means Gaia.

"**Spirit Bear Sub**" means a corporation incorporated under the BCBCA for the purposes of completing the Amalgamation.

"**Sponsorship Policy**" means Policy 2.2 – *Sponsorship and Sponsorship Requirements* of the Exchange Policies.

"**Stock Option Plan**" means the stock option plan of the Company, as amended from time to time, as described under *"Information Concerning the Company – Stock Option Plan"*.

"**Subscription Receipt Agent**" has the meaning ascribed thereto under the heading "*Summary – Gaia Private Placement*".

"Surplus Escrow Agreement" means the escrow agreement in Exchange Form 5D pursuant to which certain securities will be subject to release in accordance with schedule B(4) of Exchange Form 5D, to be entered into in conjunction with the Acquisition in accordance with the Escrow Policy, among the Company, the Escrow Agent and the Gaia Principals.

"**Termination Date**" means the date on which the Amalgamation Agreement terminates in accordance with its terms.

"Value Escrow Agreement" means the escrow agreement in Exchange Form 5D pursuant to which certain securities will be subject to release in accordance with schedule B(2) of Exchange Form 5D, to be entered into in conjunction with the Acquisition in accordance with the Escrow Policy, among the Company, the Escrow Agent and certain shareholders of Gaia who were issued shares at a price less than $0.05.

"**Voting Share**" means a security of an Issuer that:

(a) is not a debt security, and

(b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

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

Certain additional terms are defined within the body of this Filing Statement and in such cases will have the meanings ascribed thereto.

FORWARD LOOKING STATEMENTS

The information provided in this Filing Statement, including information incorporated by reference, may contain "forward-looking statements" or "forward-looking information" (collectively referred to hereafter as "**forward-looking statements**") about the Company and/or Gaia. In addition, the Company and/or Gaia may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company and/or Gaia that are not statements of historical fact and may also constitute forward-looking statements.

All statements, other than statements of historical fact, made by the Company and/or Gaia that address activities, events or developments that the Company and/or Gaia expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words, and Gaia’s and the Resulting Issuer's proposed business objectives, including plans relating to outdoor hemp cultivation and industrial hemp biomass production for the Canadian market. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance, business developments, objectives or milestones. These statements speak only as of the date they are made and are based on information currently available and on the then current expectations of the Company and/or Gaia and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements. See "*Risk Factors*".

Consequently, all forward-looking statements made in this Filing Statement and other documents of the Company and/or Gaia are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company and/or Gaia. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or Gaia and/or persons acting on their behalf may issue. The Company and/or Gaia undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

INFORMATION RELATING TO GAIA

The information contained or referred to in this Filing Statement relating to Gaia has been furnished by Gaia. In preparing this Filing Statement, the Company relied upon Gaia to ensure that the Filing Statement contains full, true and plain disclosure of all material facts relating to Gaia.

CURRENCY

In this Filing Statement, references to "$" or "dollars" are to the lawful currency of Canada, unless otherwise indicated. If applicable, all references to "US$" or "USD" are to the lawful currency of the United States.

DATE OF INFORMATION

Except as otherwise indicated in this Filing Statement, all information disclosed in this Filing Statement is as of June 28, 2019 and the phrase "as of the date hereof" and equivalent phrases refer to that date.

SUMMARY

The following is a summary of information related to the Company, Gaia and the Resulting Issuer (assuming completion of the Acquisition) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement, including the Schedules, which are incorporated herein and form part of this Filing Statement. Certain capitalized words and terms used in this Summary are defined in the Glossary of Terms.

The Parties

The Company is a British Columbia based Capital Pool Company listed on the Exchange. Gaia is a private British Columbia company whose principal business, which is operated through Gaia Bio, is outdoor hemp cultivation and industrial hemp biomass production. Following completion of the Acquisition, the Company intends to be listed as a Tier 2 Industrial Issuer on the Exchange, and the business of Gaia will become the Company's business. Please see *"Information Concerning Gaia"*, *"Information Concerning the Company"* and "*Information Concerning the Resulting Issuer*" for further information.

Gaia Private Placement

On March 1, 2019, Gaia completed the closing of the first tranche of the Gaia Private Placement pursuant to which 30,925,000 Gaia Subscription Receipts were issued. Proceeds from the Gaia Private Placement are held in escrow with Computershare Trust Company of Canada, as subscription receipt agent (the "**Subscription Receipt Agent**"), and will not be released to Gaia until completion of the Acquisition.

Pursuant to the terms of the subscription receipt agreement dated March 1, 2019 between Gaia and the Subscription Receipt Agent (the "**Subscription Receipt Agreement**"), the Gaia Subscription Receipts will automatically convert, without any action on the part of the holders of the Gaia Subscription Receipts, into Gaia Shares upon the occurrence of: (i) the Company receiving approval from the Exchange for its Qualifying Transaction; and (ii) Gaia having delivered a release note to the Subscription Receipt Agent.

On March 29, 2019, Gaia completed the closing of the second tranche of the Gaia Private Placement pursuant to which 8,901,827 Gaia Subscription Receipts were issued. The proceeds from the second tranche are being held with the Subscription Receipt Agent and will be released to Gaia in accordance with the terms of the Subscription Receipt Agreement.

On May 15, 2019, Gaia completed the closing of the third tranche of the Gaia Private Placement pursuant to which 5,250,142 Gaia Subscription Receipts were issued. The proceeds from the third tranche are being held with the Subscription Receipt Agent and will be released to Gaia in accordance with the terms of the Subscription Receipt Agreement.

In connection with the Gaia Private Placement, Gaia has agreed to pay finders fees of $86,065 to certain arms'-length parties who assisted Gaia by introducing subscribers. Payment of the fees is contingent on the due conversion of the Gaia Subscription Receipts in accordance with the terms of the Subscription Receipt Agreement.

Gaia Bio Acquisition

On August 6, 2018, Gaia entered into the Share Purchase Agreement pursuant to which Gaia agreed to acquire all of the issued and outstanding Gaia Bio Shares for the following consideration:

(a) $200,000, paid in a series of tranches, as a non-refundable deposit to the shareholders of Gaia Bio ($76,000 paid and $124,000 has been recorded in due to related party). The amount due to related party is non-interest bearing and repayable upon demand;
(b) the issuance of 8,400,000 Gaia Shares (complete);
(c) a conditional payment of $1,600,000 in cash or equivalent in common shares of the Company, in the event that the common shares of the Resulting Issuer are valued less than $2,000,000 at any time during the 60 day period after Gaia is in receipt of a license to cultivate from Health Canada;
(d) the assumption of a business loan in the amount of $10,625 (currently in the amount of $6,123); and
(e) the assumption of Gaia Bio's commitment pursuant to an Offer to Purchase Agreement ("**Offer to Purchase**") whereby Gaia Bio agreed to purchase a plot of land (the "**Property**") located in Lamont County, Alberta for the purpose of growing hemp. The purchase price, as last amended, is $190,000 and 5% of the total number of common shares of Gaia Bio (complete), subject to the condition that the number of shares may change depending on whether more shares are issued.

Gaia Bio is a corporation incorporated under the laws of the Province of Alberta and has received its licence to cultivate and sell industrial hemp under the Cannabis Act and the IHR. Gaia Bio is also currently an applicant for a licence to cultivate cannabis for medical purposes under the Cannabis Act.

The Gaia Bio Acquisition was completed on March 22, 2019, pursuant to which Gaia Bio became a wholly-owned subsidiary of Gaia.

Gaia Bio, a wholly-owned subsidiary of Gaia, is the operational branch of Gaia and references to the business of Gaia throughout this Filing Statement also includes the business of Gaia Bio.

Please see "*Information Concerning Gaia – Significant Acquisitions and Dispositions*" for further details.

The Acquisition

The parties to the Acquisition are Gaia, the Company and Spirit Bear Sub.

To give effect to the Acquisition, Gaia will amalgamate with Spirit Bear Sub to form Amalco and the Gaia Shareholders, including the holders of Gaia Subscription Receipts who participated in the Gaia Private Placement, will exchange their Gaia Shares (including those Gaia Shares issued upon the due conversion of such Gaia Subscription Receipts) for equivalent securities of the Company on the basis of one Company Share for each Gaia Share held.

Pursuant to the Amalgamation, each holder of Gaia Shares (including those Gaia Shares issued upon the due conversion of the Gaia Subscription Receipts) will receive one equivalent Company Share exchanged for each Gaia Share held. As a result of the Amalgamation, it is expected that the Company will issue approximately 165,076,969 Company Shares issuable in exchange for the outstanding Gaia Shares. In addition, upon completion of the Acquisition, the Company intends to issue 6,325,000 Company Shares to an arms'-length party who assisted the Company in facilitating the Acquisition.

Upon completion of the Acquisition, Amalco will be a wholly owned subsidiary of the Resulting Issuer.

For more detailed information regarding the Acquisition, please see "*The Acquisition*".

Escrow Restrictions

Company Shares issued to Gaia Principals will be subject to escrow restrictions pursuant to the terms of the Surplus Escrow Agreement. In addition certain shareholders of Gaia who purchased Gaia Shares at less than $0.05 per share will be subject to escrow restrictions pursuant to the terms of the Value Escrow Agreement in accordance with the "Seed Share Resale Restrictions" imposed by the Exchange. Company Shares held on Closing by seed shareholders of the Company will remain subject to the CPC Escrow Agreement. For additional information concerning the escrow restrictions applicable to the securities of the Company, please see "*The Acquisition – Escrow Restrictions*" and "*Information Concerning the Resulting Issuer – Escrowed Securities*".

Changes to Board and Management of the Company

The Company's current directors are Zula Kropivnitski, Nizar Bharmal and John Lagourgue. In connection with the Closing of the Acquisition, Zula Kropivnitski and Nizar Bharmal will resign as directors and Frederick Pels, James Tworek and Marc Lowenstein will be appointed as directors of the Resulting Issuer. John Lagourgue will continue to act as a director of the Resulting Issuer.

Frederick Pels will also be appointed as CEO of the Resulting Issuer; James Tworek will be appointed as President of the Resulting Issuer; Zula Kropivnitski will be appointed as CFO of the Resulting Issuer and Cassandra Gee will be appointed as Corporate Secretary of the Resulting Issuer.

Please see "*The Acquisition – Directors and Management*" and "*Information Concerning the Resulting Issuer – Directors, Officers and Promoters*" for additional information.

Interest of Insiders, Promoters or Control Persons

As of the date of this Filing Statement, Insiders of the Company hold an aggregate of 2,000,012 Company Shares, representing 6.9% of the issued and outstanding Company Shares.

The following table shows the names of the Insiders of the Company (and any Associates and Affiliates) and the number and percentage of Company Shares they currently hold and are expected to hold on completion of the Acquisition:

Name of Insider or Affiliate or Associate of Insider	Company Shares as at the date of this Filing Statement	% of Company Shares as at the date of this Filing Statement	Company Shares after the Acquisition	% of Company Shares after the Acquisition
Zula Kropivnitski	2,000,012	6.9%	2,000,012	1.00%
Nizar Bharmal	Nil	N/A	Nil	N/A
John Lagourgue	Nil	N/A	Nil	N/A
Total	**2,000,012**	**6.9%**	**2,000,012**	**1.00%**

Assuming the conversion of no convertible securities, the Insiders of the Company will hold approximately 1.00% of the issued and outstanding Company Shares upon completion of the Acquisition.

Please see "*Information Concerning the Resulting Issuer – Escrowed Securities*" and "*Pro-Forma Capitalization*" for additional information.

Arm's Length Transaction

The Acquisition is not a Non-Arm's Length Qualifying Transaction within the meaning of Policy 2.4 of the Exchange Policies.

Available Funds and Use of Proceeds

As of the most recent month end prior to the date of this Filing Statement, being May 31, 2019, the Company had working capital of approximately $825,576 and Gaia Bio had nil working capital. The costs of the Company and Gaia to complete the Acquisition are estimated to be approximately $280,000. Based on these amounts and proceeds from the Gaia Private Placement totalling $4,507,697, and assuming payment of $86,065 as finders fees in connection with the Gaia Private Placement, the Resulting Issuer is expected to have approximately $4,967,208 in available funds after giving effect to the Acquisition.

It is anticipated that the principal purpose of such funds, after giving effect to the Acquisition and for the 12 months thereafter, will be as follows:

Item	Budgeted Expenditures
Payment to Farmers (1,643 acres at $500 per acre)	$821,500
Additional Joint Venture Interests (assuming 1,757 acres at $500 per acre)	$878,500
Land Preparation – Core Ag (assuming 3,400 acres)	$119,000
Purchase of Seeds (assuming 3,400 acres)	$240,000
Third-Party Harvesting Crew	$340,000
Land Purchase – Lamont Property (as defined herein)	$190,000
Crop insurance (assuming 3,400 acres at $100 per acre)	$340,000
Anticipated Investor Relations Fees	$250,000
General and administrative expenses for the 12 month period following Closing	$300,000
Unallocated working capital to fund ongoing operations	$1,488,208
Total	**$4,967,208**

See "*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*" for more information.

Selected Pro Forma Consolidated Financial Information

The following table sets out certain financial information for Gaia and the Company and pro forma financial information for the Company after giving effect to the Acquisition and certain other adjustments.

The following information should be read in conjunction with the financial statements and reports thereon included in this Filing Statement, being:

- financial statements of the Company for the years ended January 31, 2019, 2018 and 2017, which are together attached as Schedule "A" hereto;

- MD&A of the Company for the years ended January 31, 2019 and 2018, which are together attached as Schedule "B" hereto;
- financial statements of Gaia for the three-month period ended March 31, 2019 and the period from incorporation to December 31, 2018, which is attached hereto as Schedule "C";
- financial statements of Gaia Bio for the three-month period ended March 31, 2019 and the years ended December 31, 2018 and 2017, which is attached hereto as Schedule "C";
- MD&A of Gaia Bio for for the three-month period ended March 31, 2019 and the year ended December 31, 2018, which is attached hereto as Schedule "D"; and
- unaudited pro forma financial statements of the Resulting Issuer giving effect to the Acquisition which are attached as Schedule "F" hereto.

The information provided in the table below is derived from the audited financial statements of the Company for the year ended January 31, 2019, the unaudited financial statements of Gaia Bio for the period ended March 31, 2019, the unaudited financial statements of Gaia for the period ended March 31, 2019 and the unaudited pro forma financial statements of the Resulting Issuer giving effect to the Acquisition.

Balance Sheet Data	**The Company as at January 31, 2019 $**	**Gaia Bio as at March 31, 2019 $**	**Gaia Grow as at March 31, 2019 $**	**Adjustments $**	**Pro Forma as at March 31, 2019 $**
Assets:					
Current Assets	984,599	9,092	4,316,483	(126,583)	5,183,591
Property	-	-	-	190,000	190,000
Total Assets	**984,599**	**9,092**	**4,316,483**	**63,417**	**5,373,591**
Liabilities:					
Current Liabilities	89,646	196,316	4,320,683	(3,954,215)	652,430
Total Liabilities	**89,646**	**196,316**	**4,320,683**	**(3,954,215)**	**652,430**
Shareholders' Equity:					
Share Capital	1,248,051	100	490	6,685,492	7,934,133
Reserves	42,150	Nil	Nil	(42,150)	Nil
Deficit	(395,248)	(187,324)	(4,690)	(2,625,710)	(3,212,972)
Total Equity	**894,953**	**(187,224)**	**(4,200)**	**4,017,632**	**4,721,161**
Total liabilities and equity	**984,599**	**9,092**	**4,316,483**	**63,417**	**5,373,591**
Number of shares issued and outstanding	**28,800,012**	**100**	**111,600,000**	**59,801,869**	**200,201,981**

Market for Securities

The Company Shares are listed on the "NEX" board of the Exchange with the trading symbol "SBG". The closing price of the Company Shares on December 17, 2018, being the last day Company Shares traded prior to the announcement of the Qualifying Transaction, was $0.12. See *"Information Concerning the Company – Stock Exchange Price"*.

Upon completion of the Acquisition, the Company Shares will continue to be listed on the Exchange as a Tier 2 Industrial Issuer under the trading symbol "GAIA".

There is no public market for the shares of Gaia or Gaia Bio.

Sponsor

Pursuant to the Sponsorship Policy, sponsorship is generally required in conjunction with a Qualifying Transaction. The Company has received a waiver from the Exchange from the sponsorship requirement.

Please see "*General Matters – Sponsorship*".

Conflicts of Interest

The directors and officers of the Company and Gaia are involved in other projects, including projects in the hemp cultivation and cannabis industry, and may have a conflict of interest in allocating their time between the business of the Company and other businesses or projects in which they are or will become involved. Please see *"Information Concerning the Resulting Issuer – Conflicts of Interest".*

For information concerning the director and officer positions held by the proposed directors and officers of the Resulting Issuer, please see *"Information Concerning the Resulting Issuer – Other Reporting Issuer Experience".*

Interests of Experts

To the best of Gaia's and the Company's knowledge, no direct or indirect interest in the Company or Gaia is held or will be received by any experts. Please see "*Information Concerning the Resulting Issuer – Experts*" for more information.

Risk Factors

The Company is and will be subject to certain risk factors which should be carefully considered in connection with your review of the Acquisition. There are certain risks that the Resulting Issuer will face in its normal course of business following completion of the Acquisition, which include, but are not limited to, the following: regulatory risks associated with hemp cultivation and the cannabis industry; other risks associated with hemp cultivation and operation in the cannabis industry, including industry competition, product liability and other operational risks; management experience and dependence on key personnel; uncertainty of additional funding; negative cash flow; uninsured or uninsurable risks; contractual risk; and unforeseen expenses.

See "*Risk Factors"* for a more detailed description of these risk factors and other risks. Company Shares are a risky and speculative investment.

Conditional Listing Approval

The Exchange has conditionally accepted the Acquisition subject to the Company fulfilling all of the requirements of the Exchange.

Shareholder Approval

The CPC Policy provides that the Company is not required to obtain shareholder approval for the Acquisition, in light of the fact that the Acquisition is not a Non-Arm's Length Qualifying Transaction within the meaning of Exchange Policies.

RISK FACTORS

The Resulting Issuer's securities should be considered highly speculative due to the nature of the Resulting Issuer's business. An investor should carefully consider the risk factors set out below. In addition, investors should carefully review and consider all other information contained in this Filing Statement (including all Schedules hereto) before making an investment decision. An investment in securities of the Resulting Issuer should only be made by persons who can afford a significant or total loss of their investment.

An investment in the Company Shares and the shares of the Resulting Issuer should be considered highly speculative, not only due to the nature of the Company's existing and proposed business and operations, but also because of the uncertainty related to completion of the Acquisition and the business of the Resulting Issuer if the Acquisition is completed. In addition to the other information in this Filing Statement (including all Schedules hereto), an investor should carefully consider each of, and the cumulative effect of, the following factors, which assume the completion of the Acquisition.

Completion of the Acquisition

There are risks associated with the Acquisition including (i) market reaction to the Acquisition and the future trading prices of the shares of the Resulting Issuer cannot be predicted; (ii) uncertainty as to whether the Acquisition will have a positive impact on the entities involved therein; and (iii) there is no assurance that required approvals will be received.

The completion of the Acquisition is subject to several conditions under the Amalgamation Agreement. See "*The Acquisition – Conditions to the Acquisition*". In the event that any of those conditions are not satisfied or waived, the Acquisition may not be completed.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Resulting Issuer's securities will be established or sustained. The market price for the Resulting Issuer's securities could be subject to wide fluctuations. Factors such as government regulation, interest rates, share price movements of peer companies and competitors, announcements of quarterly variations in operating results, revenues and costs, and sentiments toward stocks as well as overall market movements, may have a significant adverse impact on the market price of the securities of the Resulting Issuer. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of a particular company.

Limited Operating History

Gaia was incorporated in June of 2018 and has yet to generate any revenue. The Resulting Issuer is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Speculative Nature of Investment Risk

An investment in the securities of the Resulting Issuer carries a high degree of risk and should be considered as a speculative investment. Each of the Company and the Resulting Issuer has no history of earnings, limited cash reserves, a limited operating history, has not paid dividends, and is unlikely to pay dividends in the immediate or near future.

Liquidity and Future Financing Risk

The Resulting Issuer will likely operate at a loss until its business becomes established Parties and it may require additional financing in order to fund future operations and expansion plans. The Resulting Issuer's ability to secure any required financing to sustain operations and expansion plans will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Resulting Issuer will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. Moreover, future activities may require the Resulting Issuer to alter its capitalization significantly and, if additional financing is raised by issuance of additional shares of the Resulting Issuer from treasury, control may change and shareholders may suffer dilution. The inability of the Resulting Issuer to access sufficient capital for its operations could have a material adverse effect on the Resulting Issuer's financial condition and results of operations.

Risks Related to the Resulting Issuer's Business and Operations

Competition

We face competition in the markets in which we operate and intend to operate in the near future. Some of our competitors may be better positioned to develop superior product features and technological innovations, and able to better adapt to changing market conditions than us. Our ability to compete depends on, among other things, consistent high product quality, short lead-time, timely delivery, competitive pricing, range of product offerings and superior customer service and support. Increased competition in the markets in which we operate may force us to reduce our product prices or may result in increased costs and may have a material adverse effect on our business and operating results. Any decrease in the quality of our products or level of service to customers, or any forced decrease in product pricing may adversely affect our business and operating results.

Agricultural Operations Risk

Our business is dependent on the growth and production of industrial hemp, an agricultural product. As such, the risks inherent in engaging in agricultural businesses apply to us. Potential risks include the risk that crops may become diseased or victim to insects or other pests and contamination, or subject to extreme weather conditions such as excess rainfall, freezing temperature, or drought, all of which could result in low crop yields, decreased availability of industrial hemp, and higher acquisition prices. Although we intend to grow and produce our hemp in permitted environments, there can be no guarantee that an agricultural event will not adversely affect our business and operating results.

Success of Quality Control Systems

The quality and safety of our products are critical to the success of our business and operations. As such, it is imperative that our and our service providers' quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although we strive to ensure that all of our service providers have implemented and adhere to high-caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on our business and operating results.

Reliance on Third-Party Suppliers and Manufacturers

We intend to maintain a full supply chain for the production of hemp biomass. Despite maintaining full federal compliance and legality, our co-packers and other suppliers may elect, at any time, to cease to engage in production agreements for hemp biomass. Loss of our manufacturers and suppliers would have a material adverse effect on our business and operational results.

Effectiveness and Efficiency of Advertising and Promotional Expenditures

Our future growth and profitability will depend on the effectiveness and efficiency of advertising and promotional expenditures, including our ability to (i) create greater awareness of our products; (ii) determine the appropriate creative message and media mix for future advertising expenditures; and (iii) effectively manage advertising and promotional costs in order to maintain acceptable operating margins. There can be no assurance that advertising and promotional expenditures will result in revenues in the future or will generate awareness of our technologies or services. In addition, no assurance can be given that we will be able to manage our advertising and promotional expenditures on a cost-effective basis.

Maintaining and Promoting Our Brand

We believe that maintaining and promoting our brand is critical to expanding our customer base. Maintaining and promoting our brand will depend largely on our ability to continue to provide quality, reliable and innovative products, which we may not do successfully. We may introduce new products or services that our customers do not like, which may negatively affect our brand and reputation. Maintaining and enhancing our brand may require us to make substantial investments, and these investments may not achieve the desired goals. If we fail to successfully promote and maintain our brand or if we incur excessive expenses in this effort, our business and financial results from operations could be materially adversely affected.

Changing Consumer Preferences

As a result of changing consumer preferences, many nutraceutical and other innovative products attain financial success for a limited period of time. Even if our products find retail success, there can be no assurance that any of our products will continue to see extended financial success. Our success will be dependent upon our ability to develop new and improved product lines. Even if we are successful in introducing new products or developing our current products, a failure to continue to update them with compelling content could cause a decline in our products' popularity that could reduce our revenues and harm our business, operating results and financial condition. Our failure to introduce new features and product lines and to achieve and sustain market acceptance could result in us being unable to meet consumer preferences and generate revenue which would have a material adverse effect on our profitability and financial results from operations.

Reliance on Key Personnel

Our success and future growth will depend, to a significant degree, on the continued efforts of our directors and officers to develop the business and manage operations and on their ability to attract and retain key technical, scientific, sales and marketing staff or consultants. The loss of any key person or the inability to attract and retain new key persons could have a material adverse effect on our business. Competition for qualified technical, scientific, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that we will be able to attract or retain key personnel in the future. Our inability to retain and attract the necessary personnel could materially adversely affect our business and financial results from operations.

Reliance on Contract Farmers and Skilled Labour

The ability of the Resulting Issuer to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. The Resulting Issuer's success is also dependent on its ability to establish and maintain ongoing relationships with contract farmers. No assurances can be given that the Resulting Issuer will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Resulting Issuer.

Management of Growth

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

Risks Related to the Hemp Industry

Reliance on Licences

The ability of the Resulting Issuer to successfully grow, store and sell hemp in Canada is dependent on Gaia Bio's current licence from Health Canada to cultivate and sell industrial hemp (the "**Licence**"). The Licence is subject to ongoing compliance and reporting requirements. Failure to comply with the requirements and terms of the Licence or any failure to maintain the Licence or any failure to renew the Licence after its expiry date, would have a material adverse impact on the business, financial condition and operating results of the Resulting Issuer.

Although the Resulting Issuer believes that it will meet the requirements of the Cannabis Act and the IHR for future extensions or renewals of the Licence, there can be no assurance that Health Canada will extend or renew the Licence or, if extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the Licence or should they renew the licence on different terms, the business, financial condition and operating results of the Resulting Issuer would be materially adversely affected.

Risks Related to the Canadian Regulation of Industrial Hemp

The proposed activities of the Resulting Issuer will be subject to regulation by governmental authorities, particularly Health Canada's Office of Controlled Substances and the Canada Revenue Agency. The Resulting Issuer's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Resulting Issuer cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain, regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Furthermore, although the operations of the Resulting Issuer are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Resulting Issuer's ability to produce or sell industrial hemp. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of industrial hemp, or more stringent implementation thereof, could have a substantial adverse impact on the Resulting Issuer.

Governmental Regulations and Risks

The operations for the licence of the production of industrial hemp is subject to environmental regulation in the jurisdiction in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Resulting Issuer's operations.

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

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. The Resulting Issuer may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of industrial hemp, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

The Resulting Issuer will be an Entrant Engaging in a New Industry

The industrial hemp industry is fairly new. There can be no assurance that an active and liquid market for the Resulting Issuer’s shares will develop and shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that the Resulting Issuer will be successful in the long term.

The Resulting Issuer may not be able to develop its products, which could prevent it from ever becoming profitable

If the Resulting Issuer cannot successfully develop, manufacture and distribute its products, or if the Resulting Issuer experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Resulting Issuer may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect the Resulting Issuer’s ability to effectively enter the market. A failure by the Resulting Issuer to achieve a low-cost structure through economies of scale or improvements in cultivation and manufacturing processes would have a material adverse effect on the Resulting Issuer’s commercialization plans and the Resulting Issuer’s business, prospects, results of operations and financial condition.

Unfavourable Publicity or Consumer Perception

Management of the Resulting Issuer believes the industrial hemp industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the industrial hemp produced. Consumer perception of the Resulting Issuer’s proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the industrial hemp market or any particular product, or consistent with earlier publicity.

Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Resulting Issuer's proposed products and the business, results of operations, financial condition and cash flows of the Resulting Issuer. The Resulting Issuer's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Resulting Issuer, the demand for the Resulting Issuer's proposed products, and the business, results of operations, financial condition and cash flows of the Resulting Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of industrial hemp in general, or the Resulting Issuer's proposed products specifically, or associating the consumption of industrial hemp with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Difficulty to Forecast

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

Internal Controls

Effective internal controls are necessary for the Resulting Issuer to provide reliable financial reports and to help prevent fraud. Although the Resulting Issuer will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Resulting Issuer under Canadian securities law, the Resulting Issuer cannot be certain that such measures will ensure that the Resulting Issuer will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Resulting Issuer's results of operations or cause it to fail to meet its reporting obligations. If the Resulting Issuer or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Resulting Issuer's consolidated financial statements and materially adversely affect the trading price of the Resulting Issuer's shares.

Need for Additional Financing and Possible Effects of Dilution

The Resulting Issuer may issue equity securities to finance its activities, including future acquisitions. If the Company were to issue additional common shares following the Acquisition, existing holders of such common shares may experience dilution in their holdings. Moreover, when the Resulting Issuer's intention to issue additional equity securities becomes publicly known, the Resulting Issuer's share price may be adversely affected.

Litigation

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

Dividends

Neither the Company nor Gaia has paid any dividends on its outstanding shares, nor is there any intention of paying dividends in the foreseeable future. Any decision to pay dividends on the shares of the Resulting Issuer will be made by its board of directors on the basis of the Resulting Issuer’s earnings, financial requirements and other conditions.

Conflicts of Interest

Certain of the directors and officers of the Resulting Issuer will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including other cannabis or hemp companies) and, as a result of these and other activities, such directors and officers of the Resulting Issuer may become subject to conflicts of interest. The BCBCA provides that in the event that a director or senior officer has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director or senior officer must disclose his interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the proposed management of the Resulting Issuer’s knowledge, as at the date hereof there are no existing or potential material conflicts of interest between the Resulting Issuer and a proposed director or officer of the Resulting Issuer except as otherwise disclosed in this Filing Statement.

Insurance and Uninsured Risks

The Resulting Issuer's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Resulting Issuer maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Resulting Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Resulting Issuer is not generally available on acceptable terms. The Resulting Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Resulting Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Tax Risk

The Resulting Issuer is subject to various taxes including, but not limited to the following: income tax; goods and services tax; sales tax; land transfer tax; and payroll tax. The Resulting Issuer's tax filings will be subject to audit by various taxation authorities. While the Resulting Issuer intends to base its tax filings and compliance on the advice of its tax advisors, there can be no assurance that its tax filing positions will never be challenged by a relevant taxation authority resulting in a greater than anticipated tax liability.

THE ACQUISITION

The Acquisition

The parties to the Acquisition are Gaia, the Company and Spirit Bear Sub. The Acquisition is an arm's length transaction as Gaia has no relationship to the Company or its Affiliates and Associates and the Company has no relationship to Gaia or its Affiliates and Associates.

Pursuant to the provisions of the Amalgamation Agreement, Gaia will amalgamate with Spirit Bear Sub to form Amalco and the Gaia Shareholders will exchange their Gaia Shares for equivalent securities of the Company on the basis of one Company Share for each Gaia Share held. The Amalgamation Agreement sets forth the terms of the Amalgamation of Gaia and Spirit Bear Sub and the issuance of the Company Shares in exchange for Gaia Shares. The Amalgamation is subject to the approval of a special resolution of the Gaia Shareholders by written unanimous resolution or at least 66 2/3% of the Gaia Shareholders present in person or by proxy at a special general meeting of Gaia Shareholders. The Acquisition is also subject to the approval of the Exchange. A copy of the Amalgamation Agreement is available under the Company's SEDAR profile at www.sedar.com.

Gaia Shareholders may exercise a right of dissent in respect of the Acquisition and be paid fair value for their Gaia Shares provided such dissenting Gaia Shareholder complies with the applicable provisions of the BCBCA. If a dissenting Gaia Shareholder properly exercises their right to dissent and the Acquisition proceeds, the Company shall be obligated to pay fair value to such Gaia Shareholder for their Gaia Shares. The Amalgamation Agreement provides that it is a condition to closing for the benefit of the Company that no Gaia Shareholders have exercised their right of dissent.

Pursuant to the Amalgamation, each holder of a Gaia Share will receive one Company Share for each Gaia Share held. As a result of the Amalgamation, it is expected that the Company will issue approximately 165,076,969 Company Shares in exchange for the outstanding Gaia Shares.

Upon completion of the Acquisition, Amalco will be a wholly owned subsidiary of the Resulting Issuer.

The Amalgamation Agreement

The Acquisition will be effected in accordance with the Amalgamation Agreement, a copy of which has been filed by the Company on SEDAR at www.sedar.com as a material contract. The Amalgamation Agreement contains certain representations and warranties made by each of Gaia and the Company in respect of the assets, liabilities, capital, financial position and operations of Gaia and the Company, respectively. In addition, each of Gaia and the Company provide covenants which govern the conduct of their operations and affairs prior to the completion of the Acquisition. The Amalgamation Agreement contains a number of conditions precedent to the obligations of the Parties thereunder. Unless all of such conditions are satisfied or waived by the Party or Parties for whose benefit such conditions exist, to the extent they may be capable of waiver, the Acquisition will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis, or at all.

Covenants

Gaia and the Company have each given to the other usual and customary covenants in respect of the Acquisition until the earlier of the Closing Date or the Termination Date to conduct its business, affairs and operations in the ordinary and usual course consistent with past practices and shall not:

(a) enter into (or terminate) any material contract or material transaction, except where any such material contract relates to the establishment of Gaia's business necessary to meet the listing criteria of the Exchange;

(b) expend any material amount of funds or incur any material liabilities or obligations, except to the extent such expenses relate to the Acquisition, or are necessary for the establishment of Gaia's business;

(c) issue any securities other than in accordance with the Gaia Private Placement or Gaia Bio Acquisition, such that no more than 120,000,000 Company Shares shall be issued to the existing Gaia Shareholders (with the exception of such existing Gaia Shareholders that have participated in the Gaia Private Placement);

or otherwise take any other action with the intent or foreseeable effect of leading to any of the foregoing, without first obtaining the written of the other Parties.

In addition, the Parties agreed that from the date of the Amalgamation Agreement until the earlier of the Closing Date or the Termination Date, each Party and its respective directors, officers, employees and agents shall not, and shall not permit any other person to, directly or indirectly discuss, solicit, encourage, accept or approve any offer to acquire it or its business or assets, whether as a primary or backup offer, or take any other action with the intent or foreseeable effect of leading to any negotiation, agreement, commitment or understanding for the acquisition of it or its business or assets or leading to the frustration of or any interference with the Amalgamation Agreement.

The Parties have agreed to bear their own costs in association with the Acquisition.

Conditions to the Acquisition

The respective obligations of the Parties to complete the transactions contemplated by the Amalgamation Agreement are subject to a number of conditions which must be satisfied or waived in order for the Acquisition to be completed. There is no assurance that these conditions will be satisfied or waived on a timely basis or at all. The following significant conditions, in addition to other conditions, are contained in the Amalgamation Agreement:

(a) the Board shall be reconstituted to consist of no more than four members, comprising the following persons:

  a. Frederick Pels;
  b. James Tworek;
  c. John LaGourgue; and
  d. Marc Lowenstein;

(b) Management of the Company shall be reconstituted to comprise the following persons:

  a. Frederick Pels – Chief Executive Officer;
  b. James Tworek – President;
  c. Zula Kropivnitski – Chief Financial Officer; and
  d. Cassandra Gee – Corporate Secretary;

(c) neither the Company nor Gaia shall have issued any further securities without the consent of the other party, other than as contemplated in the Amalgamation Agreement, or in the case of Gaia in connection with the Gaia Private Placement or the Gaia Bio Acquisition, such that no more than 120,000,000 Company Shares shall be issued to the existing Gaia Shareholders (with the exception of such existing Gaia Shareholders that participated in the Gaia Private Placement);

(d) completion of the Gaia Private Placement;

(e) completion of the Gaia Bio Acquisition;

(f) each of Spirit Bear Sub and Gaia shall have received the requisite approval of their respective shareholders for the adoption of the Amalgamation Agreement and the completion of the Amalgamation;

(g) the receipt of all required consents, approvals, orders, and authorizations that are necessary or advisable for the consummation of the Acquisition including the approval of the Exchange; and

(h) there shall be no prohibition at law against completion of the Acquisition.

The obligation of the Company to complete the transactions contemplated by the Amalgamation Agreement is subject to the fulfillment or waiver of certain additional conditions, as set forth in the Amalgamation Agreement, at or before the Closing Date, including, but not limited to:

(a) a certified list of Gaia Shareholders and holders of Gaia Subscription Receipts;

(b) delivery by Gaia of the Gaia financial statements;

(c) no Gaia Shareholders shall have exercised their dissent rights under the BCBCA in respect of the Amalgamation; and

(d) no material adverse change shall have occurred in the business, operations or capital of Gaia that would reasonably be expected to have a significant adverse effect on the market price or value of a security of Gaia.

The obligation of Gaia to complete the transactions contemplated by the Amalgamation Agreement is subject to the fulfillment or waiver of certain additional conditions, as set forth in the Amalgamation Agreement, at or before the Closing Date, including, but not limited to:

(a) the Company Shares shall be listed on the NEX board of the Exchange and the Company shall be a reporting issuer in good standing in the provinces of Alberta, British Columbia and Ontario and shall not be in material default of any requirement of any applicable securities laws or the requirements of the Exchange and neither the Company nor any of its securities shall be the subject of any cease trade order or regulatory enquiry or investigation in any jurisdiction; and

(b) no material adverse change shall have occurred in the business, operations or capital of the Company and Spirit Bear Sub that would reasonably be expected to have a significant adverse effect on the market price or value of a securities of either company.

Representations and Warranties

The Amalgamation Agreement contains representations and warranties made by each of Gaia, the Company and Spirit Bear Sub. The assertions embodied in those representations and warranties are solely for the purposes of the Amalgamation Agreement.

The Amalgamation Agreement contains representations and warranties of Gaia, the Company and Spirit Bear Sub relating to certain matters including, among other things: incorporation; absence of conflict with or violation of constating documents, agreements or applicable laws; authority to execute and deliver the Amalgamation Agreement and perform its obligations under the Amalgamation Agreement; due authorization and enforceability of the Amalgamation Agreement; composition of share capital; options or other rights for the purchase of securities, records and accounts; its assets, and conduct of operations; absence of litigation, judgment or order; reporting issuer and listing status; and matters related to the Acquisition.

Termination of Amalgamation Agreement

The Amalgamation Agreement may be terminated (i) by mutual agreement of the Parties, (ii) by either of the Company or Gaia, if the effective time of the Amalgamation has not occurred on or before June 30, 2019, or such other date as mutually agreed to between Gaia and the Company; or (iii) by either of the Company or Gaia, if the other Party is in default of any covenant on its part to be performed and fails to cure such breach or default within 14 days after receiving written notice of same from the terminating Party.

Escrow Restrictions

Company Shares issued to Gaia Principals will be subject to escrow restrictions pursuant to the terms of the Surplus Escrow Agreement, such that 5% of the securities will be released on the date of the Final Exchange Bulletin, with a further 5% released six months thereafter, 10% released twelve and eighteen months thereafter, 15% released twenty-four and thirty months thereafter and 40% released thirty-six months thereafter, provided that the Resulting Issuer qualifies as a Tier 2 issuer. In addition certain shareholders of Gaia who purchased Gaia Shares at less than $0.05 per share will be subject to escrow restrictions pursuant to the terms of the Value Escrow Agreement, in accordance with the "Seed Share Resale Restrictions" imposed by the Exchange, such that 10% of the securities will be released on the date of the Final Exchange Bulletin and the remaining escrowed securities will be released in six tranches of 15% every six months thereafter, provided that the Resulting Issuer qualifies as a Tier 2 issuer. For additional information concerning the escrow restrictions applicable to the securities to be issued to the Gaia Principals and non-Gaia Principals, please see "*Information Concerning the Resulting Issuer – Escrowed Securities*".

Additionally, Company Shares held by seed shareholders of the Company will be subject to escrow restrictions pursuant to the terms of the CPC Escrow Agreement and will be released from escrow upon the passage of time in accordance with the Escrow Policy, such that 10% of the securities will be released on the date of the Final Exchange Bulletin and the remaining escrowed securities will be released in six tranches of 15% every six months following the date of the Final Exchange Bulletin, provided that the Exchange determines that the Resulting Issuer will qualify as a Tier 2 issuer. For additional information concerning the escrow restrictions applicable to the securities held by the principals of the Resulting Issuer, please see "*Information Concerning the Resulting Issuer – Escrowed Securities*".

Directors and Management

Concurrently with the Closing and the completion of the Acquisition, Zula Kropivnitski and Nizar Bharmal and, being two of the three current directors of the Company, will resign in favour of nominees of Gaia, being Frederick Pels, who shall also be appointed CEO, James Tworek, who shall also be appointed President and Marc Lowenstein. John LaGourgue will remain as a director of the Company. Zula Kropivnitski will be appointed Chief Financial Officer and Cassandra Gee will be appointed Corporate Secretary of the Resulting Issuer.

INFORMATION CONCERNING THE COMPANY

The following information reflects the current business, financial and share capital position of the Company. See "*Information Concerning the Resulting Issuer*" for pro forma business, financial and share capital information following the conclusion of the Acquisition.

Corporate Structure

The Company was incorporated under the BCBCA on November 8, 2011. The Company's head and registered office is located at Suite 303, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7.

The Company is a capital pool company as defined in Policy 2.4 of the Exchange. Until August 5, 2014 the common shares of the Company were listed for trading on the Exchange. The Company did not meet the deadline to complete its Qualifying Transaction as required by Exchange policies by May 14, 2014, and accordingly, on July 15, 2014 the shareholders approved the Company transfer its listing to NEX trading board of the Exchange. The Company is currently a reporting issuer in the Provinces of British Columbia, Alberta and Ontario and its common shares are listed for trading on the NEX trading board of the Exchange.

On February 5, 2018, the Board approved an alteration of the Articles of the Company to include an advance notice provision (the "**Advance Notice Provision**"). The Advance Notice Provision stipulates the requirement to provide advance notice to the Company in circumstances where nominations of persons for election to the Board are made by shareholders of the Company other than pursuant to: (i) a requisition of a meeting made pursuant to the provisions of the BCBCA; or (ii) a shareholder proposal made pursuant to the provisions of the BCBCA. The shareholders of the Company approved and ratified the Advance Notice Provision on March 8, 2018.

General Development of the Business

The Company is a CPC, meaning that its principal business is to identify and evaluate opportunities for the acquisition of an interest in assets or businesses, and, once identified and evaluated, to negotiate an acquisition or participation in such assets or business in order to complete a Qualifying Transaction. Until the Company completes a Qualifying Transaction, it will not carry on any business other than the identification and evaluation of assets or businesses in connection with a potential Qualifying Transaction. The Acquisition is intended to be the Company's Qualifying Transaction.

On April 27, 2012, the Company completed its initial public offering by issuing 3,000,000 Company Shares at a price of $0.10 per share pursuant to Policy 2.4. The Company Shares were listed and posted for trading on the Exchange under the trading symbol "SBG.P" at the opening of the market on May 14, 2012. The proceeds of the initial public offering were to be used to identify and evaluate assets or business for acquisition with a view to completing a Qualifying Transaction.

On May 16, 2014, the Company Shares were suspended from trading on the Exchange for failure to complete a Qualifying Transaction by May 14, 2014, being the date that was 24 months from the date of its listing on the Exchange pursuant to Policy 2.4. The Exchange gave the Company until August 12, 2014 (90 days) to complete a Qualifying Transaction or receive the necessary shareholder approvals to transfer to the NEX trading board of the Exchange. On July 15, 2014, the Company received shareholder approval to (i) cancel one-half of its seed shares (being 1,000,006 Company Shares) purchased by Non-Arm’s Length Parties, and (ii) apply to transfer the listing of the Company Shares from the Exchange to the NEX trading board of the Exchange. On July 31, 2014, 1,000,006 Company shares held by Non-Arm’s Length Parties were cancelled and on July 31, 2014, the Company's listing was transferred to the NEX trading board, and the Company's stock symbol changed from "SBG.P" to "SBG.H".

On October 3, 2017, the Company closed a non-brokered private placement for gross proceeds of $513,000 through the issuance of 5,400,000 Company Shares at a price of $0.095 per share.

On December 4, 2017, the Company entered into a non-binding letter of intent for the arm's length acquisition of 100% of the common shares of FinX Solutions Inc. (“**FinX**”), which was intended to constitute the Company’s Qualifying Transaction pursuant to Policy 2.4.

On March 16, 2018, the Company entered into a securities exchange agreement with FinX, pursuant to which the Company would acquire 100% of the common shares of FinX.

On May 15, 2018, the securities exchange agreement between the Company and FinX was cancelled.

On October 9, 2018, the Company closed a non-brokered private placement for gross proceeds of $475,000 through the issuance of 5,000,000 Company Shares at a price of $0.095 per share.

On November 19, 2018, the Company announced that it would complete a forward share split on the basis of one additional Company Share for every one Company Share then outstanding, resulting in 28,800,012 Company Shares outstanding. The Company Shares began trading on a post-split basis effective at the open of markets on December 7, 2018.

Selected Consolidated Financial Information and MD&A

The following table sets out certain selected consolidated financial information of the Company for the financial year ended January 31, 2019, 2018 and 2017:

	Total Expenses	**Amounts deferred in connection with the Acquisition**
Year ended January 31, 2019	$113,818	Nil
Year ended January 31, 2018	$118,732	N/A
Year ended January 31, 2017	$35,106	N/A
Total	**$267,656**	**Nil**

MD&A

Management's Discussion and Analysis of the Company in respect of its financial year ended January 31, 2019 is attached as Schedule "B" hereto and available on SEDAR, and should be read in conjunction with the Company's financial statements and notes thereto for the year ended January 31, 2019, which is attached hereto as Schedule "A" and are also available on SEDAR at www.sedar.com.

Description of the Securities

The authorized capital of the Company consists of an unlimited number of Company Shares without par value. As at the date of this Filing Statement, there are 28,800,012 Company Shares outstanding. The holders of the Company Shares are entitled to vote at all meetings of shareholders, to receive dividends if, as and when declared by the directors and to participate ratably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Company. The Company Shares carry no pre-emptive rights, conversion or exchange rights, redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring the holder of Company Shares to contribute additional capital and no restrictions on the issuance of additional securities by the Company.

The Company has not declared or paid any dividends on the Company Shares since its incorporation and will not declare or pay any dividends prior to completion of the Acquisition.

Stock Option Plan

The Company has adopted the Stock Option Plan, which allows for the reservation of a maximum of 10% of the issued and outstanding Company Shares at the time of the stock option grant.

The Company will not grant any stock options prior to the Closing. See "*Information Concerning the Resulting Issuer – Options to Purchase Securities*" for details regarding the options to purchase Company Shares that are anticipated to be outstanding after giving effect to the Acquisition.

The policies of the Exchange and the Stock Option Plan established by the directors of the Company on March 29, 2012 and subsequently approved by the shareholders of the Company, provide that the board of directors of the Company may from time to time, in its discretion and in accordance with the Exchange requirements, grant to directors, officers and employees of the Corporation as well as Management Company Employees and Consultants (as such terms are defined in the Exchange's Corporate Finance Manual Policy 4.4 as amended from time to time), non-transferable options to purchase Company Shares, provided that the number of Company Shares reserved for issuance will not exceed 10% of the total issued and outstanding Company Shares, exercisable for a period of up to ten (10) years from the date of the grant. The number of Company Shares reserved for issuance to any individual director or officer of the Company will not exceed 5% of the issued and outstanding Company Shares (2% in the case of all optionees providing investor relations services to the Company and 2% in the case of all technical consultants of the Corporation) in any 12 month period. The exercise price of any option granted pursuant to the Stock Option Plan shall be determined by the board of directors when granted, but shall not be less than the Discounted Market Price (as such term is defined by the Exchange). Notwithstanding the foregoing, until completion of the Qualifying Transaction the exercise price shall not be less than the greater of $0.10 and the Discounted Market Price. The options granted pursuant to the Stock Option Plan are non-transferable, except by means of a will or pursuant to the laws of descent and distribution.

If the tenure of an officer or Consultant of the Company or the employment of an employee of the Company is terminated for cause, no option held by such optionee may be exercised following the date upon which termination occurred. If termination occurs for any reason other than cause, then any option held by such optionee (including an optionee that is a director of the Company), shall be exercisable, in whole or in part, for a period not later than one (1) year thereafter or prior to the expiry date of the option, whichever is sooner, or such shorter period of time as may be determined by the directors when the option is granted.

Notwithstanding anything to the contrary in the Stock Option Plan, any options granted prior to the issuance of the Final Exchange Bulletin must comply with the CPC Policy, including, without limitation the restriction from granting options prior to the completion of the Qualifying Transaction to optionees providing investor relations services to the Company.

Any Company Shares acquired pursuant to the exercise of options prior to the completion of the Qualifying Transaction must be deposited in escrow under the CPC Escrow Agreement and will be subject to escrow until the Final Exchange Bulletin is issued.

Prior Sales

Since its incorporation, the Company has sold the following Company Shares:

Date	Type of Transaction	Number of Company Shares	Price Per Share	Gross Proceeds
November 8, 2011	Incorporation	1	$0.05	$0.05
November 9, 2011	Private Placement	2,000,012	$0.05	$100,000
April 27, 2012	Initial Public Offering	3,000,000	$0.10	$300,000
July 31, 2014	Share Cancellation	(1,000,006)	N/A	Nil
October 3, 2017	Private Placement	5,400,000	$0.095	$513,000
October 9, 2018	Private Placement	5,000,000	$0.095	$475,000
December 6, 2018	Share Split	14,400,006	N/A	Nil

Stock Exchange Price

The Company Shares are listed for trading on the "NEX" board of the Exchange with the trading symbol "SBG.H". The following table shows the high and low trading prices and total trading volume of the Company Shares on the Exchange on a monthly basis for the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters. All prices and volume are adjusted to give effect to the forward share split completed by the Company on December 6, 2018.

Month	High	Low	Total Volume
Month ended May 31, 2019	N/A(1)	N/A(1)	N/A(1)
Month ended April 30, 2019	N/A(1)	N/A(1)	N/A(1)
Month ended March 31, 2019	N/A(1)	N/A(1)	N/A(1)
Month ended February 28, 2019	N/A(1)	N/A(1)	N/A(1)
Month ended January 31, 2019	N/A(1)	N/A(1)	N/A(1)
Month ended December 31, 2018	$0.12	$0.05875	3,500
Month ended November 30, 2018	$0.05875	$0.4375	27,500
Quarter ended October 31, 2018	$0.07	$0.01	4,095
Quarter ended July 31, 2018	$0.07	$0.02	N/A(2)
Quarter ended April 30, 2018	$0.07	$0.02	N/A(2)
Quarter ended January 31, 2018	$0.07	$0.01	338,660
Quarter ended October 31, 2017	$0.06	$0.01	4,470
Quarter ended July 31, 2017	$0.04	$0.01	19,540
Quarter ended April 30, 2017	$0.03	$0.01	30,360

Note:
(1) Trading halted on December 18, 2018, pending announcement of the Acquisition.
(2) Trading in the Company Shares was halted, at the request of the Company, on December 18, 2017, following an amendment to a letter of intent entered into with FinX. Trading in the Company Shares resumed on August 22, 2018, following termination of the proposed transaction with FinX.

The last closing price of the Company Shares on December 18, 2018, being the last day Company Shares traded prior to the announcement of the Qualifying Transaction, was $0.12.

Arm's Length Transaction

The proposed Acquisition is not a Non-Arm's Qualifying Length Transaction, within the meaning of Exchange Policies.

Legal Proceedings

The Company is not a party to any legal proceedings currently material to it, and no such proceedings are known by the Company to be contemplated.

Principal Shareholders

To the knowledge of the directors and executive officers of the Company, there are no shareholders who own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding Company Shares, as of the date hereof.

Auditor, Transfer Agent and Registrar

The auditors of the Company are Dale Matheson Carr-Hilton Labonte LLP, Charted Accountants & Business Advisors of Suite 1500, 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1. The transfer agent and registrar of the Company is Computershare Investor Services Inc. of 500 Burrard Street, 3rd Floor, Vancouver, British Columbia, V6C 3B9.

Material Contracts

Except for contracts entered into in the ordinary course of business, the only contracts entered into by the Company in the two years immediately prior to the date hereof that can reasonably be regarded as presently material to the Company are as follows:

(a) the Amalgamation Agreement, see "*The Acquisition*" for further details; and

(b) the Value Escrow Agreement, see "*Information Concerning the Resulting Issuer – Escrowed Securities*" for further details; and

(c) the Surplus Escrow Agreement, see "*Information Concerning the Resulting Issuer – Escrowed Securities*" for further details.

The above agreement may be inspected at Suite 303, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7 during normal business hours up to the Closing Date and for a period of 30 days thereafter.

INFORMATION CONCERNING GAIA

The following information reflects the current business, financial and share capital position of Gaia. See "*Information Concerning the Resulting Issuer*" for pro forma business, financial and share capital information following the conclusion of the Acquisition.

Corporate Structure of Gaia

Gaia Grow Corp. is a private company which was incorporated under the *Business Corporations Act* (Alberta) on June 22, 2018 as “Gaia Investments Inc.” On January 18, 2019, Gaia continued under the BCBCA under the name "Gaia Grow Corp." Gaia's registered office is at 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 and its head office is located at Suite 420, 1925 18th Avenue North East, Calgary, Alberta, T2E 7T8.

Following completion of the Acquisition, the Resulting Issuer will hold 100% of the issued and outstanding shares of Amalco and will indirectly hold 100% of the issued and outstanding shares of Gaia Bio.

Intercorporate Relationships

Upon completion of the Gaia Bio Acquisition, Gaia will have one directly held and wholly-owned subsidiary, being Gaia Bio-Pharmaceuticals Inc., a corporation incorporated under the *Business Corporations Act* (Alberta).

General Development of Gaia

Since incorporation, Gaia has taken the following steps to develop its business:

1) Gaia entered into a letter of intent with the Company regarding the Acquisition on December 17, 2018;

2) Gaia entered into the Amalgamation Agreement with the Company and Spirit Bear Sub on January 31, 2019;

3) Gaia completed the first tranche of the Gaia Private Placement on March 1, 2019;

4) Gaia completed the Gaia Bio Acquisition on March 22, 2019 whereby Gaia Bio became a wholly-owned subsidiary of Gaia;

5) Gaia acquired an option to purchase the Lamont Property on March 22, 2019 as part of the Gaia Bio Acquisition;

6) Gaia entered into a consulting agreement on March 28, 2019 (the "**Core Ag Agreement**") with 200669 Alberta Inc., operating as Core AG Inputs – Carstairs ("**Core Ag**"), pursuant to which Core Ag will provide Gaia with consulting services related to the agricultural aspects of Gaia's business;

7) Gaia completed the second tranche of the Gaia Price Placement on March 29, 2019; and

8) Gaia completed the third tranche of the Gaia Private Placement on May 15**,** 2019.

Gaia expects that over the following year, in addition to completing the Acquisition, it will secure multiple offtake agreements, enter into contracts with multiple hemp farmers and increase its scale.

Significant Acquisitions and Dispositions

On August 6, 2018, Gaia entered into the Share Purchase Agreement, which was subsequently amended on November 2, 2018, pursuant to which Gaia agreed to acquire all of the issued and outstanding Gaia Bio Shares.

Gaia Bio is a corporation incorporated under the laws of the Province of Alberta and has received its licence to cultivate and sell industrial hemp under the Cannabis Act and the IHR. Gaia Bio is also currently an applicant for a licence to cultivate cannabis for medical purposes under the Cannabis Act.

Pursuant to the Share Purchase Agreement, the consideration for the Gaia Bio Acquisition consisted of the following:

(a) $200,000, paid in a series of tranches, as a non-refundable deposit to the shareholders of Gaia Bio ($76,000 paid and $124,000 has been recorded in due to related party). The amount due to related party is non-interest bearing and repayable upon demand;
(b) the issuance of 8,400,000 Gaia Shares (complete);
(c) a conditional payment of $1,600,000 in cash or equivalent in common shares of the Company, in the event that the common shares of the Resulting Issuer are valued less than $2,000,000 at any time during the 60 day period after Gaia is in receipt of a license to cultivate from Health Canada;
(d) the assumption of a business loan in the amount of $10,625 (currently in the amount of $6,123); and

(e) the assumption of Gaia Bio's commitment pursuant to an Offer to Purchase Agreement ("**Offer to Purchase**") whereby Gaia Bio agreed to purchase a plot of land (the "**Property**") located in Lamont County, Alberta for the purpose of growing hemp. The purchase price, as last amended, is $190,000 and 5% of the total number of common shares of Gaia Bio (complete), subject to the condition that the number of shares may change depending on whether more shares are issued.

The Share Purchase Agreement also provides for an additional payment to the Gaia Bio Shareholders in the event Gaia completes a going public transaction (the "**Public Transaction**") and the Gaia Shares (or such shares issued in exchange for such Gaia Shares pursuant to the Public Transaction) are valued at less than $2,000,000 in the aggregate (based on closing share price of the Gaia Shares (or such shares issued in exchange for such Gaia Shares pursuant to the Public Transaction) on the Exchange) at any time during the 60 day period after Gaia Bio has received its cannabis cultivation licence by Health Canada (the "**Conditional Payment Event**"). Upon the occurrence of the Conditional Payment Event, Gaia will pay to the Gaia Bio Shareholders an additional payment of $1,600,000, payable by either cash or Gaia Shares (or such shares issued in exchange for such Gaia Shares pursuant to the Public Transaction) to be issued at a per share price equal to the greater of: (i) the 30-day volume weighted average trading price of the Gaia Shares (or such shares issued in exchange for such Gaia Shares pursuant to the Public Transaction) on the Exchange immediately prior to the date of issuance; and (ii) $0.10 per share. Upon occurrence of the Conditional Payment Event, no greater than 16,000,000 Gaia Shares will be issued, all of which will be subject to Value Escrow Agreement.

The Gaia Bio Acquisition was completed on March 22, 2019, pursuant to which Gaia Bio became a wholly-owned subsidiary of Gaia.

The Gaia Bio Acquisition was neither a non-arm's length transaction nor a related party transaction.

In connection with the Gaia Bio Acquisition, Gaia also acquired from Gaia Bio an option to purchase (the "**Option**") 80 acres of land in Lamont County, Alberta (the "**Lamont Property**"), for a purchase price of C$190,000 (the "**Site Purchase Price**"). The Option was formalized in an option agreement among Kenneth Dayle Ehry and Gaia Bio dated April 3, 2015, as subsequently amended on multiple occasions to extend the term of the Option and increase the price from the initial purchase price of C$160,000 to C$190,000 (collectively, the "**Option Agreement**"). The Option Agreement was most recently amended on June 12, 2019 to extend the term of the Option to February 28, 2020, providing for a monthly extension fee of $2,000 plus GST. Gaia intends to exercise the Option, and completion the acquisition of the Lamont Property, immediately following completion of the Acquisition.

Narrative Description of the Business and Operations

General

Gaia was formed in June 2018 to focus on outdoor hemp cultivation and industrial hemp biomass production for the Canadian market. Gaia Bio, a wholly-owned subsidiary of Gaia, is the operational branch of Gaia and references to "Gaia" in this Narrative Description of the Business and Operations of Gaia may include references to Gaia Bio.

Gaia's business model leverages contract farming to utilize existing farmland and skilled farmers to cultivate industrial hemp, thereby minimizing Gaia's capital expenditures on acquiring farmland and equipment. Industrial hemp cultivation is expected to provide two revenue streams for Gaia, by selling hemp that can be further processed for extracts and concentrates and biomass used for industrial applications.

On September 15, 2015, Gaia Bio made an application to Health Canada for a licence to cultivate cannabis for medical purposes. At the date of this Filing Statement, Gaia has not yet received approval for the licence application.

Lamont Property

Gaia also holds an option to purchase the Lamont Property, that will also be used to farm hemp, but primarily acquired for facilitating the renewal process of Gaia's hemp cultivation licence. Gaia is looking to establish additional joint ventures ("**JVs**"). Gaia now requires funding to begin hemp cultivation, to finalize negotiations on the Lamont Property, and to establish additional JVs with other canola farmers.

In addition to the Lamont Property, Gaia was in discussions with a farmer for 12 acres of farmland on the Sunshine Coast in British Columbia; however, Gaia has decided not to proceed with this acquisition. If the Sunshine Coast land parcel is still available in the future, management may re-initiate conversations with the selling party.

By setting up JVs with existing farmers, Gaia anticipates that it will become a major industrial hemp cultivator without extensive capital outlay for acquiring farmland and expensive farm equipment. Gaia's plan to purchase the Lamont Property, an 80-acre plot of farmland, facilitates the renewal process for Gaia's hemp cultivation licence. Management of Gaia is confident the proprietary growing methods and technology used by its contract farmers will generate high-quality hemp that can satisfy the newly introduced regulations and help generate a loyal customer base. Contracting farmers will effectively help Gaia begin its cultivation operations and also help provide existing canola farmers with new revenue-generating opportunities. Gaia is continuing to seek financing for funds to begin planting hemp for the 2019 growing season.

Qualifying Transaction

On December 17, 2018, Gaia entered into a letter of intent with the Company regarding the Acquisition. On January 31, 2019, Gaia entered into the Amalgamation Agreement with the Company and Spirit Bear Sub. Completion of the Acquisition is subject to the approval of the Exchange and the shareholders of each of Gaia and Spirit Bear Sub.

Gaia Private Placement

On March 1, 2019, Gaia completed the closing of the first tranche of the Gaia Private Placement pursuant to which 30,925,000 Gaia Subscription Receipts were issued. Proceeds from the Gaia Private Placement are held in escrow with the Subscription Receipt Agent, and will not be released to Gaia until completion of the Acquisition.

Pursuant to the terms of the Subscription Receipt Agreement, the Gaia Subscription Receipts will automatically convert, without any action on the part of the holders of the Gaia Subscription Receipts, into Gaia Shares upon the occurrence of: (i) the Company receiving approval from the Exchange for its Qualifying Transaction; and (ii) Gaia having delivered a release note to the Subscription Receipt Agent.

On March 29, 2019, Gaia completed the closing of the second tranche of the Gaia Private Placement pursuant to which 8,901,827 Gaia Subscription Receipts were issued. The proceeds from the second tranche are being held with the Subscription Receipt Agent and will be released to Gaia in accordance with the terms of the Subscription Receipt Agreement.

On May 15, 2019, Gaia completed the closing of the third tranche of the Gaia Private Placement pursuant to which 5,250,142 Gaia Subscription Receipts were issued. The proceeds from the third tranche are being held with the Subscription Receipt Agent and will be released to Gaia in accordance with the terms of the Subscription Receipt Agreement.

In connection with the Gaia Private Placement, Gaia has agreed to pay finders fees of $86,065 to certain arms'-length parties who assisted Gaia by introducing subscribers. Payment of the fees is contingent on the due conversion of the Gaia Subscription Receipts in accordance with the terms of the Subscription Receipt Agreement.

Reservation Agreements

Gaia currently has arrangements with two contract farmers, being Woolliams Farms Ltd. ("**Woolliams**") and Sally and Stan Weber ("**Weber**" and, together with Woolliams, the "**Contract Farmers**"). On March 19, 2019, Gaia entered into reservation agreements with Woolliams (the "**Woolliams Agreement**") and Weber (the "**Weber Agreement**" and, together with the Woolliams Agreement, the "**Reservation Agreements**").

Pursuant to the Reservation Agreements, the Contract Farmers will provide farming services to Gaia. In consideration for such services, Gaia will, under each Reservation Agreement:

(a) cover the cost of farming inputs, namely agronomy oversight services, seed, fertilizer, crop insurance, harvest equipment and clearing of land;

(b) pay a farming contract fee of $500 per acre to each Contract Farmer, payable $250 per acre at the seeding stage and $250 per acre at harvest completion; and

(c) cover the cost of additional inputs such as air bins, drying facilities and short-term storage of harvested crops, as negotiated among the parties to each Reservation Agreement.

On May 27, 2019, Gaia entered into addendums to the Reservation Agreements with the respective Contract Farmers, pursuant to which Gaia has guaranteed that in the event that Gaia has not provided the activation payment and seed pursuant to the Reservation Agreements by June 30, 2019, Gaia shall still pay the $500/acre fees established under each respective Reservation Agreement.

Core Ag Agreement

On March 28, 2019, Gaia and Core Ag entered into the Core Ag Agreement, pursuant to which Gaia will pay Core Ag a fee of $35 per acre for each acre of hemp contracted for certain agronomy consulting services provided by Core Ag. The services to be provided by Core Ag comprise of: soil testing, fertilizer recommendations, pre-seed weed control services, seeding rate and depth recommendations and field scouting. The initial term of the Core Ag Agreement is the seven-month period from April 1, 2019 to October 31, 2019, and will continue on a month-to-month basis until terminated by either party to the Core Ag Agreement.

Principal Products or Services

Hemp is a variety of Cannabis Sativa and is of the same plant species as marijuana. However, hemp is genetically different and distinguished by its use and chemical makeup. Hemp refers to cannabis varieties that are primarily grown as an agricultural crop.

The hemp plant has provided food, clothing and shelter for the human race for over 10,000 years. Its roots go back to ancient China and India proven by the discoveries of hemp fabrics and paper in many archeological discoveries in Europe and Asia. Through time and civilizations, the many uses and benefits of hemp have been documented demonstrating the versatility in both nutritional and functional applications.

Hemp is a renewable, sustainable and environmentally friendly crop which is grown without pesticides and herbicides. No product - natural or artificial, organic or conventional – can match hemp for its natural, chemical free, environmentally friendly production. Additional advantages of hemp include: (1) it is an excellent carbon sequestration crop due to plant size; (2) extensive root systems provide very effective soil erosion prevention; and, (3) given the plant requires little to no application of chemicals such as pesticides and herbicides, no unwanted residues leak into soil and water ecosystems.

Specialized Skills and Knowledge

Skills and knowledge in the areas of industrial hemp production, start-ups and corporate finance are currently key to Gaia. Gaia has retained qualified employees and consultants, including advisory board members, to conduct business equal to, or exceeding, industry standards.

Employees

At the date of this Filing Statement, Gaia has no executive officers and five employees, including advisory board members and proposed directors of the Resulting Issuer.

Regulation of Industrial Hemp Production in Canada

Prior to the updated IHR, under the Cannabis Act, Farmers were only allowed to harvest hemp for seed and fibre, after hemp regulations first came into effect in 1998. Under the revised IHR, a person is required to obtain a licence issued by Health Canada pursuant to the Cannabis Act in order to conduct various activities with industrial hemp. In this case, the person may refer to an individual, corporation, partnership, or cooperative.

Any activities involving industrial hemp that fall within the following would require a licence under the Cannabis Act: cultivation (including plant breeding/propagation); sale; importation; exportation; cleaning; preparing (conditioning); and, processing (including rendering non-viable and producing derivatives/products).

When applying for an industrial hemp licence, basic information such as individual name/corporation name, mailing address, and contact information must be included. Additional information such as industrial hemp storage site is also required. In the case of Gaia, as the Company is holding an industrial hemp licence for the purpose of cultivation, the Company is required to provide a description of its cultivation site (not owned) and provide a signed declaration from the owner, in this case being Patriot.

After submitting a licence application, the application undergoes three steps: (i) screening; (ii) review; and, (iii) issuance or refusal of licence.

Operations

Although Gaia's business model largely relies on contract farmers and leased farmland, the Lamont Property purchase ensures Gaia has the ability to renew its hemp cultivation licence regardless of the number of acres it contracts.

Industrial hemp cultivation primarily offers a revenue stream through the sale of hemp biomass with various industrial applications. Growth in demand for hemp products is driven by growing adoption and knowledge of hemp and related products, a changing regulatory landscape and the numerous ways hemp can be incorporated into industrial products.

Gaia is in the process of implementing its business plan, focusing on commencing cultivation for the 2019 growing season. Since receipt of the proceeds from the Gaia Private Placement, management has begun devoting its efforts to beginning cultivation and establishing additional JVs. Gaia's innovative business model minimizes capital expenditures, scales quickly using contract farmers, and focuses on the growing hemp market.

Market

Hemp has been growing rapidly in Canada over the past few years. Prior to the updated IHR, Canada exported $93 million in hemp food and fibre in 2017. Under the IHR, the Canadian government estimates "whole plant" hemp harvest could generate up to $10 billion in economic activity over the next 10 years from 2019 to 2029.

The Canadian Hemp Trade Alliance ("**CHTA**") had estimated 40kg of hemp resin can be produced per hectare of hemp. According to the Government of Canada, there were a total of 1,236 industrial hemp licences and registries for cultivation as of November of 2017. The majority of the cultivation licences (68%) are in Alberta. Given there were 138,000 acres of hemp cultivated in Canada in 2017, at least 2.2 million kg of hemp resin can be expected to be produced annually in the coming years.

Competitive Conditions

The industrial hemp industry in Canada is an emerging industry with high levels of competition. Industrial hemp industry participants provide different products and/or services within the value chain and the industry includes vertically-integrated companies. The value chain major steps include: seed production, hemp production, hemp cultivation, biomass production including flower and stalk separation, biomass-to-extract intermediate production, distillate production and consumer products. The final step of the value chain would include an entire range of extract products that are sold to end-consumers and business-to-business.

Vertically integrated competitors within the landscape include:

- Aurora Cannabis Inc. (including Hempco);
- Canopy Growth Corporation;
- Aphria Inc.;
- Emerald Health Therapeutics Inc.;
- HEXO Corp.; and
- Cannara Biotech Inc. (under construction).

These companies also include within their business process indoor hemp and cannabis.

Certain industry participants compete by creating raw hemp, including certain participants in the existing industrial hemp agricultural industry that can now commercialize the flower component of the plant. These participants sell hemp biomass of which offtake agreements are critical to their success or failure. The quality of the hemp produced is the primary factor in price for these participants.

Biomass hemp producers within the landscape include:

- LiveWell Corp. (U.S.-based);
- Crop Infrastructure Corp. (U.S.-based);
- MYM Nutraceuticals Inc., vis a vis a joint venture with Crop Infrastructure Corp. (U.S.-based);
- 1933 Industries Inc. (U.S.-based);
- Cannara Biotech Inc. (Canada-based);
- EastWest Bioscience Inc. (Canada-based);
- RISE Life Science Corp. (Canada-based);
- Naturally Splendid Enterprises Ltd. (Canada-based); and
- 48North Cannabis Corp. (Canada-based).

Industry participants may combine the hemp cultivation and production steps, processing the flower and selling biomass or basic first-press concentrate to further upgraders.

Health Canada has created a different licensing process for those producers that want to upgrade beyond growing biomass. This status entitles a company to extract cannabidiol ("**CBD**") and create distillate as well as the entire range of post-distillate products currently approved by Health Canada (currently limited to various forms of CBD oil, tinctures, gel caps and sprays)

The companies with licenced producer status processing industrial hemp into concentrates and further distillates products include:

- Valens GroWorks Corporation;
- Tilray, Inc.;
- Aurora Cannabis Inc./Hempco;
- Canopy Growth Corporation;
- OrganiGram Holdings Inc.;
- The Green Organic Dutchman Holdings Ltd.;
- HollyWeed North Cannabis Inc.;
- BlissCo Cannabis Corp.;
- Beleave Inc.;
- Delta 9 Cannabis Inc.;

- Emblem Corp.; and
- Sundial Growers Inc.

Gaia's current business plan is as a "biomass hemp producer" with offtake agreements secured by licenced producers. As such, Gaia competes directly with non-integrated agricultural operators. The competitive advantage compared to these competitors is the quality of the seed genetics and the focus on modernized agricultural processes of cultivation and flower and stalk separation.

There is little marketplace for production, and success relies on offtake agreements. Most offtake agreements stipulate minimum quality requirements. Failing to meet those requirements may result in penalty or potentially non-acquisition. Most offtake agreements stipulate a minimum production quota. Failing to meet those requirements may result in penalty. Biomass hemp producers would compete for offtake agreements by delivering on time and with appropriate quality.

The competitive landscape for biomass producers contains two principal forms of new competition. The first is, like any agricultural product, supply sources. Should industrial hemp prove to be a crop far superior to the returns available to other crops, additional producers will enter the market. The economic viability of industrial hemp in the United States is a major factor, as the most recent Farm Bill and changes in various state legislation signals that additional United States farms will likely transition to hemp production.

The second form of new competition for biomass producers is increased integration with processors. This would reduce the market of potential offtake partners which, with stable supply, would decrease prices.

Future Developments

Gaia anticipates that it will have to complete the following additional steps to reach commercial production:

1) Complete the Acquisition, which will cost approximately $280,000 and is anticipated to be completed by early Q3 2019;

2) Finalize acquisition of the Lamont Property, which will cost approximately $190,000 and is anticipated to be completed by early Q3 2019, immediately following completion of the Acquisition;

3) Begin its first season of hemp cultivation comprising 1,700 acres, which will cost approximately $1,531,000 and is anticipated to be completed by late August, 2019, with such aggregate amount comprised of the following payments:

    a. $821,500, being the total payment to farmers for 1,643 acres at $500 per acre;

    b. $59,500, being the amount payable to Core Ag for 1,700 acres of land preparation;

    c. $120,000, being the cost for the purchase of seeds for 1,700 acres;

    d. $170,000, being the amount payable to the third-party harvesting crew for 1,700 acres;

    e. $190,000, being the amount payable to exercise the Option and acquire the Lamont Property; and

    f. $170,000, being the cost of crop insurance for 1,700 acres;

4) Establish an investor relations program, the cost of which is estimated to be $250,000 and has no currently established timeline; and

5) Secure offtake agreements for hemp biomass and sales contracts with commodity buyers for industrial hemp, the cost of which is currently built into Gaia's unallocated working capital and is anticipated to be completed by July, 2019.

Completion of the steps is primarily subject to uncertainties related to the ability of Gaia to meet its anticipated timelines at the estimated cost.

In addition to the aforementioned steps, Gaia intends to build off its existing relationships with farmers to further leverage contract farmers with existing farmland to cultivate an increase in supply of industrial hemp. Gaia is also considering the potential to grow its own hemp in the future; however, Gaia has not yet established a definitive timeline to begin growing.

Business Cycle and Seasonality

Gaia's business is not cyclical or seasonal; however, as industrial hemp is an agricultural commodity, Gaia is exposed to associated risks, such as weather and climate conditions, market prices, and exchange risks.

Bankruptcy and Similar Proceedings

There are no bankruptcies, receivership or similar proceedings against Gaia or Gaia Bio, and there has not been any voluntary bankruptcy, receivership or similar proceedings by Gaia or Gaia Bio since incorporation.

Reorganizations

Neither Gaia nor Gaia Bio has completed any material reorganization and no reorganization is proposed for the current financial year other than with respect to the Gaia Bio Acquisition and the Acquisition.

Selected Consolidated Financial Information

The following table sets out certain selected consolidated financial information of Gaia for the period indicated.

	As at and for the period ended March 31, 2019 (CDN$)	**As at and for the year ended December 31, 2018 (CDN$)**
Total revenues	**Nil**	**Nil**
Income from continuing operations	**Nil**	**Nil**
Net income (loss)	**(4,470)**	**(220)**
Total assets	**4,316,483**	**10,331**
Total long term financial liabilities	**Nil**	**Nil**
Cash dividends declared	**Nil**	**Nil**

The following table sets out certain selected consolidated financial information of Gaia Bio for the periods indicated.

	As at and for the period ended March 31, 2019 (CDN$)	**As at and for the year ended December 31, 2018 (CDN$)**	**As at and for the year ended December 31, 2017 (CDN$)**
Total revenues	Nil	Nil	Nil
Income from continuing operations	Nil	(44,243)	(24,105)
Net income (loss)	(29,683)	(42,478)	21,784
Total assets	9,092	4,956	50,002
Total long term financial liabilities	Nil	1,468	8,099
Cash dividends declared	Nil	Nil	Nil

During the year ended December 31, 2017, the Gaia Bio Shareholders were in negotiations with a third-party regarding the potential sale of Gaia Bio to a third-party purchaser. The third-party purchaser defaulted on the proposed transaction which resulted in the forfeiture of a $50,000 deposit to Gaia Bio.

MD&A

Management's Discussion and Analysis of Gaia Bio in respect of the period ended March 31, 2019 and the year ended December 31, 2018 are attached as Schedule "E" hereto, and should be read in conjunction with Gaia Bio's financial statements and notes thereto for the period ended March 31, 2019 and the year ended December 31, 2018, respectively, which are attached hereto as Schedule "D".

Description of the Securities

The authorized capital of Gaia consists of an unlimited number of common shares without par value, of which 120,000,000 fully paid Gaia Shares are issued and outstanding as of the date of this Filing Statement.

Holders of Gaia Shares are entitled to vote at all meetings of shareholders, to receive dividends if, as and when declared by the directors and to participate rateably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Company. The Gaia Shares carry no pre-emptive rights, conversion or exchange rights, redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring the holder of ordinary shares to contribute additional capital and no restrictions on the issuance of additional securities by Gaia.

Dividends

Gaia has not generated profits and therefore no dividends have been declared or paid, and none are envisaged until such time as Gaia generates sufficient profits.

Consolidated Capitalization

The following table sets forth the consolidated capitalization of Gaia as at the date of this Filing Statement:

Designation of Security	Amount Authorized	Amount Outstanding as at March 31, 2019	Amount Outstanding as at the date of this Filing Statement
Common Shares	Unlimited	120,000,000	120,000,000(1)(2)
Subscription Receipts	Up to 60,000,000	45,076,969	45,076,969

Notes:
(1) On January 29, 2019, Gaia completed a subdivision of the Gaia Shares at a ratio of 1 to 117.647059.
(2) 8,400,000 Gaia Shares were issued in connection with the Gaia Bio Acquisition.

As at March 31, 2019, Gaia Bio had a deficit of $Nil. Gaia does not currently have any options or warrants outstanding to purchase Gaia Shares.

Prior Sales

Since its incorporation, Gaia has sold the following securities:

Date	Type of Transaction	Class of Securities	Number of Securities	Price Per Security	Gross Proceeds
June 22, 2018	Issuance upon incorporation	Common Shares	510,000	$0.0001	$51
November 23, 2018	Private Placement	Common Shares	510,000	$0.0001	$51
January 18, 2019	Issuance upon continuation	Common Shares	1,020,000	N/A	N/A
January 29, 2019	Subdivision of existing shares	Common Shares	111,600,000	N/A	N/A
March 1, 2019	Gaia Private Placement (Tranche 1)	Subscription Receipts	30,925,000	$0.10	$3,092,500
March 29, 2019	Gaia Private Placement (Tranche 2)	Subscription Receipts	8,901,827	$0.10	$890,182.70
May 15, 2019	Gaia Private Placement (Tranche 3)	Subscription Receipts	5,250,142	$0.10	$525,014.20

Stock Exchange Price

The Gaia Shares are not listed or quoted on any stock exchange.

Principal Shareholders

To the knowledge of the directors and executive officers of Gaia, the following persons beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the Gaia Shares on a non-diluted basis as of the date of this Filing Statement.

Name and Municipality of Residence	Number of Gaia Shares	Percentage of Gaia Shares
Pelsco Holdings Corp.(1) 420 – 1925 18th Ave. NE Calgary, AB T2E 7T8	38,823,529	32.35%
Transcend Capital Inc.(2) 303 – 750 West Pender Street Vancouver, BC V6C 2T7	60,000,000	50.00%
The Hooga Company, Ltd.(3) 1400, 350 – 7 Avenue SW Calgary, AB T2P 3N9	12,776,471	10.65%

Notes:
(1) Frederick Pels owns 100% of the voting securities of Pelsco Holdings Corp.
(2) Etienne Moshevich owns 100% of the voting securities of Transcend Capital Inc.
(3) Adam Hoffman owns 100% of the voting securities of The Hooga Company, Ltd.

Executive Compensation

Gaia was not a reporting issuer at any time during the most recently completed financial period and does not have in place any formal compensation policies.

From incorporation to December 31, 2018, Gaia did not pay any executive compensation to its officers or directors in the form of either salaries, management fees or share based compensation. Gaia paid no other compensation to executive officers or directors from incorporation to December 31, 2018.

Gaia does not have any pension plans, and does not have any contracts with directors or officers that includes compensation in the event of resignation, retirement or other termination.

Management Contracts

Gaia does not currently have any formal employment agreements in place with its management. Upon completion of the Acquisition, the Resulting Issuer will evaluate the need for management contracts with its executive officers and employees.

Non-Arm’s Length Party Transaction

Since incorporation, neither Gaia nor Gaia Bio has completed any acquisitions of assets or services or provisions of assets or services from (i) any director, officer or promoter of the company, (ii) a principal securityholder of Gaia, either before or after giving effect to the Acquisition; or (iii) an Associate or Affiliate of any Person described in (i) or (ii).

Legal Proceedings

Gaia, including Gaia Bio, is not a party to any legal proceedings currently material to it or of which any of its property is the subject matter, and no such proceedings are known by Gaia to be contemplated.

Auditor, Transfer Agent and Registrar

The independent auditor of Gaia is Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants & Business Advisors of Suite 1500, 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1. Gaia does not currently have a registrar and transfer agent.

Material Contracts

Except for contracts entered into in the ordinary course of business, the only contracts entered into by Gaia since incorporation that can reasonably be regarded as presently material to Gaia are as follows:

a) The Amalgamation Agreement. See “*The Acquisition*” for further details;

b) The Share Purchase Agreement. See “*Information Concerning Gaia – Significant Acquisitions and Dispositions*” for further details;

c) The Core Ag Agreement. See “*Information Concerning Gaia – Narrative Description of the Business and Operations – General – Core Ag Agreement*” for further details;

d) The Option Agreement. See “*Information Concerning Gaia – Significant Acquisitions and Dispositions*” for further details;

e) The Woolliams Agreement. See “*Information Concerning Gaia – Narrative Description of the Business and Operations – General – Reservation Agreements*” for further details; and

f) The Weber Agreement. See “*Information Concerning Gaia – Narrative Description of the Business and Operations – General – Reservation Agreements*” for further details.

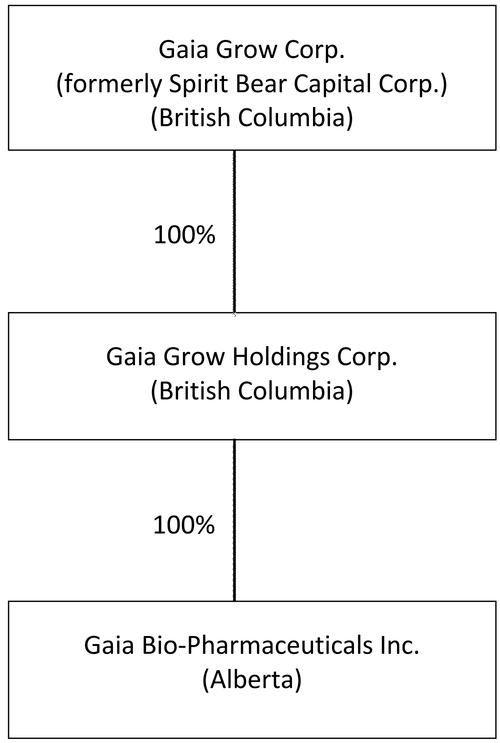
All of the contracts specified above may be inspected at the registered and records offices of Gaia at 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 during normal business hours up to the Closing Date and for a period of 30 days thereafter.

INFORMATION CONCERNING THE RESULTING ISSUER

The following information is presented on a post-Acquisition basis and is reflective of the business, financial and share capital position of the Company, as the Resulting Issuer, after giving effect to the Acquisition. This section only includes information respecting the Resulting Issuer after the Acquisition that is materially different from information provided earlier in this Filing Statement under *"Information Concerning the Company"* and *"Information Concerning Gaia"*.

Corporate Structure

Upon completion of the Acquisition, Gaia and Spirit Bear Sub will amalgamate to form Amalco (to be named "Gaia Grow Holdings Corp."), a British Columbia company, which will become a wholly-owned subsidiary of the Resulting Issuer, as illustrated by the following organizational chart:



The Resulting Issuer's head office and registered and records office will be located at Suite 303, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7.

Narrative Description of the Business of the Resulting Issuer

Business Objectives

The Resulting Issuer's principal business will be outdoor hemp cultivation and industrial hemp biomass production and it will continue to pursue the business of Gaia as described under "*Information Concerning Gaia*" above.

In addition, the Resulting Issuer, through Gaia Bio, will be an applicant for a licence to cultivate cannabis for medical purposes under the Cannabis Act. The Resulting Issuer does not expect to receive approval for the licence application prior to completion of the Acquisition.

The Resulting Issuer's business objectives will be to become the largest Canadian industrial hemp producer providing hemp-derived products to industrial customers. To accomplish these objectives, the Resulting Issuer intends to:

a) Begin hemp cultivation by late August 2019;

b) Increase awareness of the Company's brand and products in North America; and

c) Expand operations into the United States, the United Kingdom and Chile.

The above objectives may change at any time depending on market conditions. There is no certainty that any objectives in respect of potential acquisitions will be completed on the terms anticipated or at all. See "*Risk Factors*".

Milestones

To accomplish the foregoing business objectives, the Resulting Issuer will target the following milestones:

a) Complete the acquisition of the Lamont Property;

b) Secure offtake agreements for hemp biomass by June or July, 2019;

c) Establish sales contracts with commodity buyers for industrial hemp by June or July, 2019;

d) Established additional JVs with hemp farmers;

e) Implement an investor relations program, either by engaging an external investor relations firm or establishing an internal investor relations team;

f) Join industry associations within the hemp industry in North America to remain updated on competitors in the industry and to help improve the awareness of the Company's brand and products in North America; and

g) Complete additional financings.

The above milestones may change at any time depending on market conditions and are subject to various risks associated with closing, including the satisfaction of standard conditions for transactions of this nature and the entering into of definitive agreements, as applicable, on terms acceptable to the Resulting Issuer, as well as financing risks. There is no certainty that potential transactions will be completed on the terms anticipated or at all. See "*Risk Factors*".

Description of the Securities

Upon the Closing of the Acquisition, the authorized share structure of the Resulting Issuer will be the same as the authorized share structure of the Company. See "*Information Concerning the Company – Description of Securities*".

Pro Forma Consolidated Capitalization

The following table sets forth the capitalization of the Resulting Issuer after giving effect to the Acquisition based on the pro forma financial statements of the Resulting Issuer attached as Schedule F hereto:

Designation of Security	Amount Authorized	Amount Outstanding After Giving Effect to the Acquisition
Common Shares	Unlimited	200,201,981(1)
Options	10% of Common Shares(2)	Nil (3)
Warrants	N/A	Nil

Notes:

(1) Assumes full conversion of the Gaia Subscription Receipts and no exercise of any convertible security to purchase Company Shares.
(2) The number of stock options that the Resulting Issuer may grant is limited by the terms of the Stock Option Plan and Exchange Policies. See "*Information Concerning the Company – Stock Option Plan*".
(3) The Resulting Issuer does not intend to grant any options upon completion of the Acquisition. See "*Information Concerning the Resulting Issuer – Options to Purchase Securities*".

Fully diluted Share Capital

Company Options: Neither the Company nor Gaia has any outstanding options as of the date of this Filing Statement. The Resulting Issuer does not intend to grant any options upon completion of the Acquisition.

The following table states the anticipated fully diluted share capital of the Resulting Issuer after giving effect to the Acquisition:

Description of Security	Number of Securities	% of Total
Resulting Issuer Shares issued and outstanding	28,800,012	14.39%
Resulting Issuer Shares to be issued to existing Gaia Shareholders pursuant to the Acquisition	165,076,969	82.46%
Resulting Issuer Shares to be issued as finders' fee in connection with the Acquisition	6,325,000	3.16%
Resulting Issuer Shares reserved for issuance on exercise of options to be granted on the Closing Date	Nil	0%
Total	**200,201,981**(1)	**100%**

Notes:

(1) Does not include up to 16,000,000 Gaia Shares to be issued upon the occurrence of the Conditional Payment Event.

Available Funds and Principal Purposes

Available Funds

As of the most recent month end prior to the date of this Filing Statement, being May 31, 2019, the Company had working capital of approximately $825,576 and Gaia Bio had nil working capital. The costs of the

Company and Gaia to complete the Acquisition are estimated to be approximately $280,000. Based on these amounts and proceeds from the Gaia Private Placement totalling $4,507,697, and assuming payment of $86,065 as finders fees in connection with the Gaia Private Placement, the Resulting Issuer is expected to have approximately $4,967,208 in available funds after giving effect to the Acquisition.

A pro forma balance sheet of the Resulting Issuer, giving effect to the Acquisition, is included as Schedule "F" hereto.

Principal Purpose of Funds

The Resulting Issuer will spend the funds available to it upon Closing to further the Resulting Issuer's stated business objectives. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives.

The Resulting Issuer, in order to achieve its stated business objectives, may require additional capital which may come from a combination of potential cash flow, equity financing and/or debt financing. There is no assurance that additional capital will be available to the Resulting Issuer to complete its stated business objectives or that the terms of such capital will be favourable. Failure to obtain additional capital could result in the delay or indefinite postponement of the Company's business plans. See "*Risk Factors*".

The following table sets out the principal purposes, using approximate amounts, for which the Resulting Issuer currently intends to use the total available funds after giving effect to Acquisition and for the 12 months thereafter.

Item	Budgeted Expenditures
Payment to Farmers (1,643 acres at $500 per acre)	$821,500
Additional Joint Venture Interests (assuming 1,757 acres at $500 per acre)	$878,500
Land Preparation – Core Ag (assuming 3,400 acres)[(1)]	$119,000
Purchase of Seeds (assuming 3,400 acres)[(2)]	$240,000
Third-Party Harvesting Crew[(3)]	$340,000
Land Purchase – Lamont Property (as defined herein)	$190,000
Crop insurance (assuming 3,400 acres at $100 per acre)	$340,000
Anticipated Investor Relations Fees	$250,000
General and administrative expenses for the 12 month period following Closing	$300,000
Unallocated working capital to fund ongoing operations	$1,488,208
Total	**$4,967,208**

Notes:

(1) The Resulting Issuer intends to contract Core Ag to execute land preparation, seeding, fertilizing and basic security until harvest.

(2) The Resulting Issuer intends to purchase up to 1,700 kilograms of Carmagnola seeds, which are registered with Health Canada as a confirmed pedigree seed. One kilogram of seed accounts for approximately 2 acres of production space, or a 3-square-foot space for planting via air seeders.

(3) The Resulting Issuer intends for the harvest to be completed by independent contractor harvesters in conjunction with the applicable offtaker's required specifications.

Based on current projections, the Resulting Issuer's working capital available for funding ongoing operations is expected to meet its expenses for a minimum period of 12 months commencing immediately after the completion of the Acquisition. Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons and/or as a result of one or more of the proposed acquisitions closing on amended terms or not at all, a reallocation of funds may be necessary. For these reasons, management of the Resulting Issuer considers it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates. See "*Forward-Looking Statements*".

Dividends

The proposed management and directors of the Resulting Issuer do not anticipate declaring any dividends payable on the Company Shares. The Resulting Issuer will have no restrictions on paying dividends, but if the Resulting Issuer generates earnings in the foreseeable future, it expects that they will be retained to finance growth. The directors of the Resulting Issuer will determine if and when dividends should be declared and paid in the future based upon the Resulting Issuer's financial position at the relevant time. All Company Shares will be entitled to an equal share in any dividends declared and paid.

Principal Security Holders

To the knowledge of the directors and senior officers of the Company and Gaia, upon completion of the Acquisition, the following Persons are anticipated to beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the voting securities (being Company Shares) of the Resulting Issuer.

Name and Municipality of Residence	Number of Gaia Shares Prior to the Acquisition	Percentage of Gaia Shares Prior to the Acquisition	Number of Company Shares After the Acquisition	Percentage of Company Shares After the Acquisition
Pelsco Holdings Corp.(1) 420 – 1925 18th Ave. NE Calgary, AB T2E 7T8	38,823,529	32.35%	38,823,529	19.39%
Transcend Capital Inc.(2) 303 – 750 West Pender Street Vancouver, BC V6C 2T7	60,000,000	50%	66,230,000(3)	33.08%

Notes:
(1) Frederick Pels has owns 100% of the voting securities of Pelsco Holdings Corp.
(2) Etienne Moshevich owns 100% of the voting securities of Transcend Capital Inc.
(3) Includes 2,730,000 Company Shares held through Transcend Capital Inc., prior to completion of the Acquisition, and a further 3,500,000 Company Shares acquired as a result of Transcend Capital Inc.'s participation in the Gaia Private Placement.

Directors, Officers and Promoters

The Company's current directors are Zula Kropivnitski, Nizar Bharmal and John Lagourgue. In connection with the Closing of the Acquisition, each of the foregoing individuals will resign as directors and Frederick Pels, James Tworek, John Lagourgue and Marc Lowenstein will be appointed as directors of the Resulting Issuer.

Frederick Pels will also be appointed the Chief Executive Officer, James Tworek will be appointed the President, Zula Kropivnitski will be appointed Chief Financial Officer and Cassandra Gee will be appointed Corporate Secretary of the Resulting Issuer.

The term of office of each of the present directors expires at the Company's next annual general meeting. Each director elected or appointed will hold office until the next annual general meeting of the Resulting Issuer or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the Articles of the Resulting Issuer or with the provisions of the BCBCA.

The following table sets out the names of the proposed directors and officers of the Resulting Issuer, the municipality in which each is ordinarily resident, all offices of the Resulting Issuer proposed to be held by each of them, their principal occupations during the past five years and the expected number of Company Shares beneficially owned by each, directly or indirectly, or over which control or direction is exercised, following completion of the Acquisition.

Name, Municipality of Residence, Proposed Offices	Principal Occupation During Last Five Years	Prior Position with the Company or Gaia and Term of Such Position	Number of Company Shares upon completion of the Acquisition	Percentage of Class Held or Controlled on completion of the Acquisition
Frederick Pels Edmonton, Alberta, Canada CEO and Director	CEO and Director of Gaia; CEO of the Green Room.	Director of Gaia since January 18, 2019.	38,823,529(1)	19.39%
James Tworek Calgary, Alberta President and Director	Independent Corporate Finance Consultant; President of Candela Capital Inc.	None	Nil	Nil
John Lagourgue White Rock, British Columbia Director	VP Corporate Development and Director of Grande West Transportation Group Inc.; Director of Leis Industries Limited; Director of Parkit Enterprise Inc. from 2012 to 2014	Director of the Company since March 15, 2016.	200,000(2)	0.10%
Marc Lowenstein Calgary, Alberta Director	Lawyer at Fric, Lowenstein & Co. LLP since 2015	None	170,000	0.08%

Name, Municipality of Residence, Proposed Offices	Principal Occupation During Last Five Years	Prior Position with the Company or Gaia and Term of Such Position	Number of Company Shares upon completion of the Acquisition	Percentage of Class Held or Controlled on completion of the Acquisition
Zula Kropivnitski Vancouver, British Columbia CFO	CEO, CFO and Director of the Company; Controller of Preakness Management Ltd.	Director of the Company since September, 2017 and served as CEO and CFO of the Company since November 2017.	2,000,012	1.00%
Cassandra Gee Vancouver, British Columbia Corporate Secretary	Corporate Secretary of the Company since November 2017; Corporate Secretary of Abraplata Resource Corp. since April 2017; Accounting Manager of Preakness Management Ltd.	Corporate Secretary of the Company since November 24, 2017	Nil	N/A
Total			**41,193,541**	**20.58%**

Notes:
(1) Shares held indirectly through Pelsco Holdings Corp.
(2) Shares held indirectly through Honu Resources Ltd.

See "*Information Concerning the Resulting Issuer – Options to Purchase Securities*" below.

The Resulting Issuer's audit committee will be made up of Frederick Pels, John Lagourgue and Marc Lowenstein, all of whom are considered financially literate and two of whom are independent. Mr. Pels, as CEO of the Resulting Issuer, will not be independent. Frederick Pels will act as Chairman of the audit committee. There will be no other committees of the Board at this time.

Management

The following is a brief description of the key management of the Resulting Issuer.

Frederick Pels, age 36, Director and Chief Executive Officer

Trilingual in English, Hebrew and Russian, Mr. Pels has honed his keen entrepreneurial skills, vast background in finance, contacts throughout the business community and experience within the industry since 2013. Prior to coordinating the seed investment in Gaia, Mr. Pels oversaw the establishment and expansion of the Green Room as a leader in medical cannabis supply, industry best practices and education about the cannabis industry itself. Leading by example, he plans to continue to prioritize public safety and work with all levels of government as they navigate how to regulate the growing and sale of cannabis both domestically and internationally.

Mr. Pels will be appointed as the CEO and a director of the Resulting Issuer. Mr. Pels intends to work full time for the Resulting Issuer. Mr. Pels will be an employee of the Resulting Issuer. See "*Information Concerning Gaia – Executive Compensation*". Mr. Pels has not entered into any non-competition agreement with Gaia or the Resulting Issuer.

James Tworek, age 38, Director and President

Fully bilingual in English and Spanish, Mr. Tworek has worked in banking and finance for the past twenty years. His experience in raising capital on a global basis has brought him success in structured finance and working with family offices, private equity and venture capital firms alike. In recent years, he has acted as an independent corporate finance consultant, assisting micro-cap public and private companies with raising capital through equity and debt financing, sourcing and joint ventures. He was given the opportunity in 2016 to work on corporate finance contracts in the Canadian Medical Cannabis sector and it has given him the experience to take on the early-stage development financing and capital raising for clients in every aspect of business.

Mr. Tworek will be appointed as the President and director of the Resulting Issuer. Mr. Tworek intends to work full time for the Resulting Issuer. Mr. Tworek will be an employee of the Resulting Issuer. See "*Information Concerning Gaia – Executive Compensation*". Mr. Tworek has not entered into any non-competition agreement with Gaia or the Resulting Issuer.

Zula Kropivnitski, age 56, Chief Financial Officer

Ms. Kropivnitski has been a director of the Company since September 2017 and has served as Chief Executive Officer and Chief Financial Officer of the Company since November 2017. Ms. Kropivnitski has served as the Chief Financial Officer and director for various public companies and has been instrumental in their growth. Ms. Kropivnitski also serves as a Controller of Preakness Management Ltd., a private company. As Chief Financial Officer, Ms. Kropivnitski has been responsible for all areas of financial reporting, corporate finance and regulatory compliance. Ms. Kropivnitski received her Certified General Accountant professional accounting designation from the Certified General Accountants Association of British Columbia, Canada and later obtained her ACCA designation from the Association of Chartered Certified Accountants. She also holds a Master of Mathematics and Master of Economics.

Ms. Kropivnitski will be appointed as the Chief Financial Officer of the Resulting Issuer. Ms. Kropivnitski intends to devote approximately 85% of her working time to the affairs of the Resulting Issuer. Ms. Kropivnitski will be an employee of the Resulting Issuer. See "*Information Concerning Gaia – Executive Compensation*". Ms. Kropivnitski has not entered into any non-competition agreement with Gaia or the Resulting Issuer.

John LaGourgue, age 49, Independent Director

John LaGourgue joined Grande West Transportation Group Inc. in June, 2016 and brings with him over 20 years of management, sales, financial and investment experience in public and private companies. John has served in senior management and directors' roles for public companies since 2009. Mr. Lagourgue manages the Company's capital markets strategies and will advise the CEO of potential acquisition opportunities.

Mr. LaGourgue will act as a director of the Resulting Issuer. Mr. LaGourgue intends to devote approximately 40% of his working time to the affairs of the Resulting Issuer. Mr. LaGourgue will not be an employee of the Resulting Issuer and has not entered into any non-competition or non-disclosure agreements with the Resulting Issuer.

Marc Lowenstein, age 35, Independent Director

Mr. Lowenstein joined Fric Lowenstein in 2015 after completing his law degree at Bond University in Australia. Before law school, Marc spent more than 10 years in the construction industry in various positions ranging from a labourer, foreman, superintendent up to a project engineer for a large heavy civil construction company. Marc has also worked as a National Construction Safety Officer and consultant where he built, implemented and supervised health and safety programs for companies in the construction industry. Marc is focusing his practice on real estate and matters relating to construction including contracts, litigation and dispute resolution. Marc also recently joined the ADR Institute of Alberta and is working towards becoming a Qualified Arbitrator (Q. Arb.).

Mr. Lowenstein will act as a director of the Resulting Issuer. Mr. Lowenstein intends to devote approximately 70% of his working time to the affairs of the Resulting Issuer. Mr. Lowenstein will not be an employee of the Resulting Issuer and has not entered into any non-competition or non-disclosure agreements with the Resulting Issuer.

Cassandra Gee, age 50, Corporate Secretary

Cassandra Gee has been involved with public companies for over 10 years in administration, international finance and accounting. Ms. Gee is experienced in securities law and compliance with regulatory requirements for public companies.

Ms. Gee will be appointed as the Corporate Secretary of the Resulting Issuer. Ms. Gee intends to devote approximately 50% of her working time to the affairs of the Resulting Issuer. Ms. Gee will be an employee of the Resulting Issuer. See "*Information Concerning Gaia – Executive Compensation*". Ms. Gee has not entered into any non-competition agreement with Gaia or the Resulting Issuer.

Promoter Consideration

The Resulting Issuer does not expect to have any promoters other than its directors and officers, nor has the Resulting Issuer or Gaia had a promoter other than such persons within the two years immediately preceding the date of this Filing Statement.

Corporate Cease Trade Orders or Bankruptcies

Within ten years before the date of this Filing Statement, no proposed director, officer or promoter of the Resulting Issuer or any shareholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer has been a director, officer or promoter of any person or company that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days; or

(b) 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.

Penalties or Sanctions

To the knowledge of the Resulting Issuer, no proposed director, officer, promoter or shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer 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, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Acquisition.

Personal Bankruptcies

To the knowledge of the Resulting Issuer, there has been no current or proposed director, officer, promoter, or any shareholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such person, that has, within the ten years prior to the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Conflicts of Interest

Directors and officers of the Resulting Issuer also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations, but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Resulting Issuer which arise under British Columbia corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Resulting Issuer. All conflicts of interest will be resolved in accordance with the BCBCA. Any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Resulting Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

For information concerning the director and officer positions held by the proposed directors of the Resulting Issuer, please see "*Other Reporting Issuer Experience*" directly below.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer who are, or have been within the last five years, directors, officers or promoters of other reporting issuers, other than the Company:

Name of Director, Officer or Promoter	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	Period
James Tworek President and Director	Robix Environmental Technologies Inc.	CSE	Director	December, 2018 to Present
Zula Kropivnitski Chief Financial Officer	Planet Mining Exploration Inc.	TSXV	Chief Financial Officer, Corporate Secretary and director	November, 2012 to Present
	Shelby Ventures Inc	TSXV	Chief Financial Officer	May, 2012 to Present
	Abraplata Resource Corp.	TSXV	Chief Financial Officer	April, 2017 to Present
	Healthspace Data Systems Ltd.	CSE	Chief Financial Officer	November, 2016 to Present
	Spirit Bear Capital Corp.	TSXV (NEX)	Chief Financial Officer and director	September, 2017 to Present
	Rockshield Capital Corp	CSE	Director	November, 2016 to November, 2017
	Lexagene Holdings Inc.	TSXV	Chief Financial Officer and Corporate Secretary	October, 2016 to February, 2018
	Meryllion Resources Corp.	CSE	Chief Financial Officer and director	March, 2015 to August, 2017
	Electric Metals Inc.	TSXV	Chief Financial Officer	April, 2011 to December, 2012

Name of Director, Officer or Promoter	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	Period
John LaGourgue Director	Parkit Enterprise Inc.	TSXV	Director and Chief Operating Officer	July, 2012 to November, 2014
	Leis Industries Limited	TSXV (NEX)	Director	December, 2018 to Present
	Grande West Transportation Group Inc.	TSXV	VP Corporate Development and Director	June, 2016 to Present
Cassandra Gee Corporate Secretary	Abraplata Resource Corp.	TSXV	Corporate Secretary	April, 2017 to Present

Executive Compensation

For the purposes of this section, Named Executive Officers ("**NEO**") are the proposed Chief Executive Officer and Chief Financial Officer of the Resulting Issuer and the most highly compensated executive officer who is proposed to serve as an executive officer of the Resulting Issuer for the 12 month period following the completion of the Acquisition and whose total compensation, individually, is more than $150,000. Based on the above criteria, the only NEOs for the Resulting Issuer are expected to be Frederick Pels and Zula Kropivnitski for the 12 month period after giving effect to the Acquisition. There are no other expected NEOs of the Resulting Issuer other than the Chief Executive Officer and Chief Financial Officer, as no other executive officers will be paid compensation exceeding $150,000 for the 12 month period following the Acquisition.

Compensation Discussion and Analysis

The Board will develop the appropriate compensation policies for both the officers and the directors of the Resulting Issuer. To determine appropriate compensation levels, the Board will review compensation paid for directors and officers of companies of similar size and stage of development in the hemp industry and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Resulting Issuer.

When determining compensation policies and individual compensation levels for the Resulting Issuer's executive officers a variety of factors will be considered, including: the overall financial and operating performance of the Resulting Issuer, each executive officer's individual performance and contribution towards meeting corporate objectives, each executive officer's level of responsibility and length of service and industry comparables.

The Resulting Issuer's compensation philosophy for its executive officers will follow three underlying principles: to provide compensation packages that encourage and motivate performance; to be competitive with other companies in the industry in which it operates, so as to attract and retain talented executives; and to align the interests of its executive officers with the long-term interests of the Resulting Issuer and its shareholders through stock related programs.

Although the Resulting Issuer does not currently intend to grant any stock options upon completion of the Acquisition, stock option grants may be used in the future by the Resulting Issuer to align executive interests with those of shareholders and will be based on the executive's performance, level of responsibility, as well as the number and exercise price of options previously issued to the executive his overall aggregate total compensation package.

Initially, the Resulting Issuer will not pay any compensation to the NEOs.

<u>Director and NEO Compensation Excluding Compensation Securities</u>

In the 12 month period after giving effect to the Acquisition, the Resulting Issuer anticipates compensating the NEOs and its other executive officers as follows:

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES						
Name and Position	**Salary, Consulting Fee, Retainer or Commission ($)**	**Bonus ($)**	**Committee or Meeting Fees ($)**	**Value of Perquisites ($)**	**Value of all Other Compensation ($)**	**Total Compensation ($)**
Frederick Pels CEO and Director	$72,000	Nil	Nil	Nil	Nil	$72,000
Zula Kropivnitski CFO	$30,000	Nil	Nil	Nil	Nil	$30,000
James Tworek President and Director	Nil	Nil	Nil	Nil	Nil	Nil
Cassandra Gee Corporate Secretary	$30,000	Nil	Nil	Nil	Nil	$30,000

Directors who are not executive officers are not expected to receive compensation in the 12 month period after giving effect to the Acquisition. See "*Information Concerning the Resulting Issuer – Options to Purchase Securities*".

<u>Stock Options and Other Compensation Securities</u>

The Resulting Issuer will have a "rolling" stock option plan. Pursuant to the Stock Option Plan, the Resulting Issuer will be able to grant options up to a maximum of 10% of the Resulting Issuer's issued and outstanding share capital at the time of grant. For further information regarding the terms of the Stock Option Plan, refer to the heading "*Information Concerning the Company – Stock Option Plan*" above. See also "*Information Concerning the Resulting Issuer – Options to Purchase Securities*" below for options anticipated to be outstanding and proposed option grants at the time of completion of the Acquisition.

Employment, Consulting and Management Agreements

The Resulting Issuer expects to enter into employment agreements with its NEOs that are customary of issuers in a similar industry and a comparable size, including without limitation any terms providing for termination or change of control payments. See "*Information Concerning Gaia – Executive Compensation*" and "*Information Concerning Gaia – Management Contracts*".

Pension Plan Benefits

The Resulting Issuer does not anticipate having a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Compensation of Directors

The Resulting Issuer is not expected to pay compensation by way of an annual fee or any other cash payment to any of its directors for services as a director. Directors will be eligible to receive stock option grants under the Stock Option Plan of the Resulting Issuer. See also "*Information Concerning the Company – Options to Purchase Securities*" below for stock options held by directors and officers at the time of completion of the Acquisition.

Indebtedness of Directors and Officers

No director or officer of Gaia or the Company, no proposed director or officer of the Resulting Issuer, no other individual who at any time during the most recently completed financial year of Gaia or the Company was a director or officer of Gaia or the Company, and no Associate of any such individual, is indebted to the Company, Gaia or Gaia Bio or is indebted to another entity, which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company, Gaia or Gaia Bio.

Investor Relations Arrangements

Neither Gaia nor the Company has any promotional or investor relations arrangement in place as of the date hereof. It is not anticipated that the Resulting Issuer will have any promotional or investor relations arrangement in place upon completion of the Acquisition. Neither Gaia nor the Company anticipate that Transcend Capital Inc., or its principal, Etienne Moshevich, will provide investor relations services to the Resulting Issuer, and each of Gaia and the Company have undertaken to the Exchange that neither Transcend Capital Inc., nor Etienne Moshevich, will be engaged to provide such services during such time as either of Transcend Capital Inc., or Etienne Moshevich, continue to hold more than 10% of the voting securities (being Company Shares) of the Resulting Issuer.

Options to Purchase Securities

The Resulting Issuer does not intend to grant any options upon completion of the Acquisition, and will determine allocations to be issued at its discretion upon completion of the Acquisition.

Escrowed Securities

The following table lists, to the knowledge of the Company and Gaia as of the date of this Filing Statement, the holders of escrowed securities, the number of securities held in escrow, and the percentage of securities held in escrow by each person who will be a holder of escrowed securities before and after the Acquisition.

	Before Giving Effect to the Acquisition		After Giving Effect to the Acquisition	
Name and Municipality of Residence of Security Holder	**Number of Securities Held in Escrow**	**% of Class (non-diluted)**	**Number of Securities to be held in Escrow**	**% of Class (non-diluted)**
Zula Kropivnitski Vancouver, British Columbia	2,000,012	6.9%	2,000,012[(1)]	1.00%
Pelsco Holdings Corp. Calgary, Alberta	Nil	Nil	38,823,529[(2)]	19.39%
Transcend Capital Inc. Vancouver, British Columbia	Nil	Nil	62,730,000[(2)]	31.33%
The Hooga Company, Ltd. Calgary, Alberta	Nil	Nil	12,776,471[(3)]	6.38%
Ambitious Holdings Inc. Tofield, Alberta	Nil	Nil	4,788,000[(3)]	2.39%
Edward George Nichols Edmonton, Alberta	Nil	Nil	756,000[(3)]	0.38%
Karen Nichols Edmonton, Alberta	Nil	Nil	756,000[(3)]	0.38%
Kenneth Dayle Ehry Fort McMurrary, Alberta	Nil	Nil	1,680,000[(3)]	0.84%
Andrew McCready Edmonton, Alberta	Nil	Nil	420,000[(3)]	0.21%
Total	**2,000,012 Company Shares**	**6.9%**	**124,730,012 Company Shares**	**62.30%**

Notes:
(1) Held pursuant to the CPC Escrow Agreement.
(2) Held pursuant to the Surplus Escrow Agreement.
(3) Held pursuant to the Value Escrow Agreement.

The Escrow Agent is escrow agent for the CPC Escrow Agreement and the Value Escrow Agreement.

The CPC Escrow Agreement shall include the following principal terms:

- 10% of the escrowed Company Shares will be released from escrow on the date of the Final Exchange Bulletin;
- The remaining escrowed securities will be released in six tranches of 15% every six months following the date of the Final Exchange Bulletin; and
- While in escrow, none of the escrowed securities can be transferred, either directly or indirectly through a change in control of a holding company, without the consent of the Exchange.

The Value Escrow Agreement shall include the following principal terms:

- 10% of the escrowed Company Shares will be released from escrow on the date of the Final Exchange Bulletin;
- The remaining escrowed securities will be released in six tranches of 15% every six months following the date of the Final Exchange Bulletin; and
- While in escrow, none of the escrowed securities can be transferred, either directly or indirectly through a change in control of a holding company, without the consent of the Exchange.

The Surplus Escrow Agreement shall include the following principal terms:

- 5% of the escrowed Company Shares will be released from escrow on the date of the Final Exchange Bulletin;
- The remaining escrowed securities will be released in six tranches with 5% released six months following the date of the Final Exchange Bulletin, 10% released twelve and eighteen months after such date, 15% released twenty-four and thirty months after such date and 40% released thirty-six months after such date; and
- While in escrow, none of the escrowed securities can be transferred, either directly or indirectly through a change in control of a holding company, without the consent of the Exchange.

Auditor, Transfer Agent and Registrar

At the Closing, the auditor of the Resulting Issuer will be Dale Matheson Carr-Hilton Labonte LLP, Charted Accountants & Business Advisors of Suite, 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1. The registrar and transfer agent of the common shares of the Resulting Issuer will be Computershare Investor Services Inc., 500 Burrard Street, 3rd Floor, Vancouver, British Columbia, V6C 3B9.

GENERAL MATTERS

Sponsorship

Pursuant to the Sponsorship Policy, sponsorship is generally required in conjunction with a Qualifying Transaction. The Company has received an exemption from the Exchange from the sponsorship requirement.

Experts

Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants & Business Advisors of Suite 1500, 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1, prepared the auditor's report for the audited annual financial statements of the Company for the fiscal years ended January 31, 2019, 2018 and 2017, which are attached as Schedule "A" hereto. Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants & Business Advisors has advised the Company that, as of the date of this Filing Statement, it is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants & Business Advisors of Suite 1500, 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1, prepared the auditor's report for the audited annual financial statements of Gaia for the period from incorporation to December 31, 2018, which is attached as Schedule "C" hereto. Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants & Business Advisors has advised the Company that, as of the date of this Filing Statement, it is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants & Business Advisors of Suite 1500, 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1, prepared the auditor's report for the audited annual financial statements of Gaia Bio for the fiscal years ended December 31, 2018 and 2017, which are attached as Schedule "D" hereto. Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants & Business Advisors has advised the Company that, as of the date of this Filing Statement, it is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

To the knowledge of the Company and Gaia, none of the experts above or their respective Associates or Affiliates, beneficially owns, directly or indirectly, any securities of the Company or Gaia, has received or will receive any direct or indirect interests in the property of the Company or Gaia or is expected to be elected, appointed or employed as a director, officer or employee of the Company or any Associate or Affiliate thereof.

Other Material Facts

To the knowledge of management of the Company and Gaia, there are no other material facts relating to the Company, Gaia, the Resulting Issuer or the Acquisition that are not otherwise disclosed in this Filing Statement and are necessary in order for the Filing Statement to contain full, true and plain disclosure of all material facts relating to the Company, Gaia and the Resulting Issuer, assuming completion of the Acquisition.

Board Approval

The board of directors of each of the Company and Gaia has approved this Filing Statement.

Schedule "A"

FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEARS ENDED JANUARY 31, 2019, 2018 and 2017 (AUDITED)

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Spirit Bear Capital Corp.
(A Capital Pool Company)

Consolidated Financial Statements
For the year ended January 31, 2019
(Expressed in Canadian Dollars)

SPIRIT BEAR CAPITAL CORP.
(A Capital Pool Company)
Index to Consolidated Financial Statements
For the year ended January 31, 2019
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Spirit Bear Capital Corp.

Opinion

We have audited the consolidated financial statements of Spirit Bear Capital Corp. (the "Company"), which comprise the statements of consolidated financial position as at January 31 2019 and 2018, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements, which indicates that the Company incurred a net loss of $113,818 during the year ended January 31, 2019. As stated in Note 1, this event or condition, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Rakesh Patel.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 13, 2019

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SPIRIT BEAR CAPITAL CORP.
(A Capital Pool Company)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

ASSETS	January 31, 2019	January 31, 2018
Current		
Cash and cash equivalents (Note 3)	$ 963,641	$ 621,924
Receivables	1,417	2,777
Loan receivable (Note 9)	10,500	-
Credit facility (Note 9)	3,500	-
Prepaid expense	5,541	12,656
TOTAL ASSETS	**$ 984,599**	**$ 637,357**
LIABILITIES		
Current		
Trade payables and accrued liabilities (Note 4)	$ 89,646	$ 100,370
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	1,248,051	776,267
Reserve (Note 5)	42,150	42,150
Accumulated deficit	(395,248)	(281,430)
	894,953	536,987
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 984,599**	**$ 637,357**

Nature and continuance of operations (Note 1)
Subsequent events (Note 10)

These financial statements are authorized for issuance by the Board of Directors on May 13, 2019.

On behalf of the Board of Directors:

"Zula Kropivnitski"	"John LaGourgue"
Director	Director

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

SPIRIT BEAR CAPITAL CORP.
(A Capital Pool Company)
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	For the years ended January 31, 2019	2018
Expenses		
Bank charges	$ 127	$ 175
Professional fees	122,933	27,070
Office administration	18,001	15,553
Promotion	3,604	-
Regulatory and shareholders' service	21,218	14,119
	165,883	(56,917)
Other items		
Qualifying transaction (Note 1)	-	(62,488)
Write off professional fee	56,778	-
Write off receivable	(5,036)	-
Interest income	323	673
Loss and comprehensive loss for the year	**$ (113,818)**	**$ (118,732)**
Basic and diluted loss per share	**$ (0.01)**	**$ (0.02)**
Weighted average number of common shares outstanding – basic and diluted (Note 5)	**22,032,889**	**11,609,875**

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

SPIRIT BEAR CAPITAL CORP.
(A Capital Pool Company)
Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the years ended January 31,	
	2019	**2018**
Cash flows used in operating activities		
Net loss for the year	$ (113,818)	$ (118,732)
Changes in working capital items		
Receivable	(993)	(1,195)
Prepaid expenses	7,115	(11,770)
Trade payables and accrued liabilities	(8,371)	91,870
	(116,067)	(39,827)
Cash used in investing activities		
Loan receivable	(10,500)	-
Credit facility	(3,500)	-
	(14,000)	-
Cash flow from financing activity		
Shares issued for cash, net of cash share issue costs	471,784	507,018
Increase in cash and cash equivalents	341,717	467,191
Cash and cash equivalents, beginning of year	621,924	154,733
Cash and cash equivalents, end of year	$ 963,641	$ 621,924

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

SPIRIT BEAR CAPITAL CORP.
(A Capital Pool Company)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of Shares Issued	Share Capital	Reserve	Accumulated Deficit	Total Shareholders' Equity
Balance at January 31, 2017	8,000,012	$ 269,249	$ 42,150	$ (162,698)	$ 148,701
Shares issued, net of share issue costs (Note 5)	10,800,000	507,018	-	-	507,018
Net loss for the year	-	-	-	(118,732)	(118,732)
Balance at January 31, 2018	18,800,012	776,267	42,150	(281,430)	536,987
Shares issued, net of share issue costs (Note 5)	10,000,000	471,784	-	-	471,784
Net loss for the year	-	-	-	(113,818)	(113,818)
Balance at January 31, 2019	**28,800,012**	**$ 1,248,051**	**$ 42,150**	**$ (395,248)**	**$ 894,953**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Spirit Bear Capital Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on November 8, 2011. The Company is classified as a Capital Pool Company ("CPC") while the principal business is the identification and evaluation of assets or a business (the "Qualifying Transaction" ("QT")) and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. As the Company was unable to complete its QT by the filing deadline, the Company requested to transfer the listing of the Company's common shares to the NEX trading board of the TSX Venture Exchange ("TSX-V") and reinstate the Company's shares for trading. The Company is presently listed and trading on the NEX under the symbol SBG.H.

On January 31, 2019, the Company entered into an amalgamation agreement (the "Amalgamation Agreement") with Gaia Grow Corp. ("Gaia"), a privately held arm's length company continued under the laws of the *Business Corporations Act* (British Columbia). Gaia is in the business of developing a facility and infrastructure for the manufacturing and marketing of hemp-based products in Canada. See Note 9.

The Company had previously entered into an agreement which contemplated the Company acquiring all of the issued and outstanding shares of FinX Solutions Inc. To January 31, 2018, the Company had incurred legal fees totaling $62,488 relating to the proposed transaction, which was terminated on May 15, 2018.

The Company's head office, principal address and registered and records office is located at Suite 303, 750 West Pender Street Vancouver, BC V6C 2T7.

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such a transaction will be subject to regulatory approval and may be subject to shareholder approval. Management believes the Company has sufficient working capital to maintain its activities for the upcoming fiscal year.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these financial statements.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and the Company's wholly-owned subsidiary 1193805 B.C. Ltd. ("1193805 B.C."). All inter-company transactions and balances have been eliminated.

Statement of compliance

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

Basis of presentation

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

The Company considers cash to include cash on deposit and highly liquid short-term investments bearing variable interest rates that are readily convertible to known amounts of cash and generally have original maturities within three months. Interest earned is recognized immediately in profit or loss.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Basic and diluted loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the years presented, this calculation proved to be anti-dilutive.

Share-based compensation

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods using the graded vesting method. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial instruments

The Company adopted all of the requirements of IFRS 9 *Financial Instruments* ("IFRS 9") on a retroactive basis in accordance with the transitional provisions. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). The standard promulgates a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. The adoption of IFRS 9 did not result in any change in the carrying values of any of the Company's financial assets on the transition date; therefore, comparative figures have not been restated.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise.

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iii) Impairment of financial assets at amortized cost (continued)

initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Income taxes

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

Deferred income tax:

Deferred income tax is based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standards and amendments not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended January 31, 2019 and have not been applied in preparing these financial statements.

Amendments to IFRS 11, "Joint Arrangements"

Amendments to International Accounting Standards ("IAS") 1, "Presentation of Financial Statements"

IAS 12 – Income Taxes: amendments to IAS 12 to clarify the recognition of a deferred tax asset for unrealized losses.

The Company has not early adopted these revised standards and does not believe that these standards will have a material impact on the financial statements.

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

3. CASH AND CASH EQUIVALENTS

	January 31, 2019	January 31, 2018
Cash at bank	$ 834,587	$ 493,512
Demand deposit	129,054	128,412
	$ 963,641	**$ 621,924**

4. TRADE PAYABLES AND ACCRUED LIABILITIES

	January 31, 2019	January 31, 2018
Trade payables	$ 52,546	$ 16,036
Accrued liabilities	37,100	84,334
	$ 89,646	**$ 100,370**

5. SHARE CAPITAL AND RESERVE

Authorized Share Capital:

Unlimited number of common shares without par value.

Issued Share Capital:

On December 6, 2018 the Company completed a forward share split on the basis of 1:2. All share amounts are stated on a post forward share split basis.

On October 9, 2018 the Company closed a private placement and issued a total of 10,000,000 common shares at a price of $0.0475 per share, for gross proceeds of $475,000. The Company paid $3,216 in share issuance costs.

On October 3, 2017 the Company closed a private placement and issued a total of 10,800,000 common shares at a price of $0.0475 per share, for gross proceeds of $513,000. The Company paid $5,982 in share issuance costs.

5. SHARE CAPITAL AND RESERVE (continued)

Escrow Shares

There are 2,000,012 shares (January 31, 2017 – 2,000,012) subject to escrow restrictions until completion of a QT and will then be released from escrow in tranches over 36 months. The 2,000,012 escrow shares are not included in the calculation of the weighted average number of shares outstanding to determine loss per share.

Stock Options

The Company has an incentive stock options plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 5 years and vesting periods are determined by the Board of Directors.

There were no stock option transactions outstanding at January 31, 2019 and 2018. No stock options were granted during the years ended January 31, 2019 and 2018.

Reserve

The reserve account records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivable and accounts payables approximate their carrying value. The Company's other financial instrument, being cash and cash equivalents, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk:
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents held in bank accounts. The Company has deposited the cash and cash equivalents with a high credit quality financial institution as determined by rating agencies. The risk of loss is low.

(b) Liquidity risk:
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Trade payables and accrued liabilities are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Market risk:
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

(d) Interest rate risk:
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

7. CAPITAL DISCLOSURE AND MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the completion of a QT. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms and approved by the TSX-V.

As a CPC, the Company is subject to externally imposed capital requirements as outlined in the TSX-V Policy 2.4 ("Policy 2.4") and summarized below:

1) No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a QT;

2) Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a QT;

3) No more than the lesser of $210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate QT;

4) After the completion of its IPO and until the completion of a QT, a CPC may not issue any securities unless written acceptance of the TSX-V is obtained before the issuance of the securities.

There were no changes in the Company's approach to capital management during the year ended January 31, 2019.

(Expressed in Canadian Dollars)

8. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	January 31, 2019	January 31, 2018
	$	$
Loss before income taxes	(113,818)	(118,732)
Combined Canadian federal and provincial statutory rate	27.00%	27.00%
Expected income tax recovery at statutory tax rates	(30,731)	(32,058)
Share issuance costs	(497)	(323)
Unrecognized benefit of non-capital losses	31,228	32,381
Total deferred taxes	-	-

The significant component of the Company’s unrecognized deductible temporary differences are as follows:

	January 31, 2019	January 31, 2018
	$	$
Non-capital losses	495,572	375,001
Share issue costs	6,162	4,786
	501,734	**379,786**

The temporary differences expire as follows:

	Non-capital losses $
2032	12,117
2033	40,753
2034	48,584
2035	50,264
2036	46,749
2037	56,605
2038	119,928
2039	120,572
	495,572

9. PROPOSED TRANSACTION

In accordance with the terms of the Amalgamation Agreement (Note 1), the Company, 1193805 B.C. and Gaia will combine their respective businesses by way of a three-cornered amalgamation (the “Transaction”), following which Gaia will continue as a wholly owned subsidiary of the Company. Following completion of the Transaction, it is anticipated that the amalgamated company will change its name to Gaia Grow Corp. and the resulting issuer will continue to carry on the business of Gaia.

In connection with completion of the Transaction, it is a condition to closing that Gaia completes a private placement financing through the offering of up to 40 million subscription receipts (the “Receipts”) at a price of 10 cents per receipt for gross proceeds of up to $4 million. Proceeds of the financing will be held in escrow pending completion of the Transaction. Immediately prior to completion of the Transaction, each Receipt will automatically be converted into one common share of Gaia. Upon completion of the Transaction, the holders of common shares in the capital of Gaia will receive one common share of the resulting issuer in exchange for each outstanding common share of Gaia.

9. PROPOSED TRANSACTION (continued)

The Transaction will constitute a QT for the Company under Policy 2.4. Closing of the Transaction is subject to a number of conditions including completion of the financing, approval of the TSX-V, approval of the Company's shareholders and satisfaction of other closing conditions as are customary in transactions of this nature.

During the year ended January 31, 2019, the Company provided a loan of $10,500 to Gaia. The loan is non-interest bearing and repayable by May 31, 2019.

Subject to the approval of the TSX-V, the Company has also offered a credit facility to Gaia. It is expected that total advances under the credit facility will be limited to $200,000, and that the credit facility will be secured against a general charge over all of the assets of Gaia. The credit facility does not bear interest, but will be repayable in full by Gaia in the event the Transaction does not proceed.

Spirit Bear Capital Corp.
(A Capital Pool Company)

Financial Statements
For the year ended January 31, 2018
(Expressed in Canadian Dollars)

SPIRIT BEAR CAPITAL CORP.
(A Capital Pool Company)
Index to Financial Statements
For the year ended January 31, 2018
(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Spirit Bear Capital Corp.

We have audited the accompanying financial statements of Spirit Bear Capital Corp., which comprise the statements of financial position as at January 31, 2018 and 2017, and the statements of comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Spirit Bear Capital Corp. as at January 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 23, 2018

An independent firm associated with Moore Stephens International Limited
MOORE STEPHENS

SPIRIT BEAR CAPITAL CORP.
(A Capital Pool Company)
Statements of Financial Position
(Expressed in Canadian Dollars)

ASSETS	January 31, 2018 $	January 31, 2017 $
Current		
Cash and cash equivalents (Note 3)	621,924	154,733
Receivable	2,777	1,582
Prepaid expense	12,656	886
TOTAL ASSETS	**637,357**	**157,201**
LIABILITIES		
Current		
Trade payables and accrued liabilities (Note 4)	100,370	8,500
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	776,267	269,249
Reserve (Note 5)	42,150	42,150
Accumulated deficit	(281,430)	(162,698)
	536,987	148,701
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**637,357**	**157,201**

Nature and continuance of operations (Note 1)
Subsequent event (Note 1)

These financial statements are authorized for issuance by the Board of Directors on April 23, 2018.

On behalf of the Board of Directors:

“Zula Kropivnitski”	“John LaGourgue”
Director	Director

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

SPIRIT BEAR CAPITAL CORP.
(A Capital Pool Company)
Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	For the years ended January 31,	
	2018	**2017**
	$	**$**
Expenses		
Bank charges	175	149
Office and administration	15,553	-
Professional fees	27,070	18,139
Regulatory and shareholders' service	14,119	14,444
Travel and related	-	2,374
	(56,917)	(35,106)
Other items		
Qualifying transaction (Note 1)	(62,488)	-
Interest income	673	889
Loss and comprehensive loss for the year	**(118,732)**	**(34,217)**
Basic and diluted loss per share	**(0.02)**	**(0.01)**
Weighted average number of common shares outstanding – basic and diluted (Note 5)	**5,775,348**	**3,000,000**

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

SPIRIT BEAR CAPITAL CORP.
(A Capital Pool Company)
Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the years ended January 31,	
	2018	**2017**
Cash flows used in operating activities	$	$
Net loss for the year	(118,732)	(34,217)
Changes in working capital items		
Receivable	(1,195)	(483)
Prepaid expenses	(11,770)	-
Trade payables and accrued liabilities	91,870	419
	(39,827)	(34,281)
Cash flows from financing activities		
Shares issued for cash, net of share issue costs	507,018	-
	507,018	-
Change in cash and cash equivalents	467,191	(34,281)
Cash and cash equivalents, beginning of year	154,733	189,014
Cash and cash equivalents, end of year	**621,924**	**154,733**

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

SPIRIT BEAR CAPITAL CORP.
(A Capital Pool Company)
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of Shares Issued	Share Capital	Reserve	Accumulated Deficit	Total Shareholder
		$	$	$	$
Balance at January 31, 2016	4,000,006	269,249	42,150	(128,481)	182,918
Net loss for the year	-	-	-	(34,217)	(34,217)
Balance at January 31, 2017	4,000,006	269,249	42,150	(162,698)	148,701
Shares issued for cash, net of share issue costs (Note 5)	5,400,000	507,018	-	-	507,018
Net loss for the year	-	-	-	(118,732)	(118,732)
Balance at January 31, 2018	**9,400,006**	**776,267**	**42,150**	**(281,430)**	**536,987**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Spirit Bear Capital Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on November 8, 2011. The Company is classified as a Capital Pool Company ("CPC") while the principal business is the identification and evaluation of assets or a business (the "Qualifying Transaction" ("QT")) and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. As the Company was unable to complete its QT by the filing deadline, the Company requested to transfer the listing of the Company's common shares to the NEX trading board of the TSX Venture Exchange ("TSX-V") and reinstate the Company's shares for trading. The Company is presently listed and trading on the NEX under the symbol SBG.H.

On March 16, 2018, the Company entered into a Securities Exchange Agreement (the "Agreement") with FinX Solutions Inc. ("FinX") pursuant to which the Company will acquire all of the issued and outstanding shares of FinX in exchange for shares of the Company on a basis of 1.977 of the Company's shares for each FinX Share. As a result of the Agreement, FinX will become a wholly-owned subsidiary of the Company and the Company will commence operating in the financial technology industry sector. In addition, subject to the policies of the TSX-V, all outstanding stock options and common share purchase warrants of FinX that have not been duly exercised prior to the effective time of the proposed transaction will be exchanged for new dilutive securities of the Company that will entitle the holders to receive, upon exercise thereof, the Company's securities, rather than FinX securities, on substantially the same economic terms and conditions as were applicable to such FinX dilutive securities immediately before the transaction. The closing of the Agreement is subject to a concurring financing and approval from the TSX-V. Upon closing, the transaction will constitute the Company's QT. To January 31, 2018, the Company has incurred legal fees totaling $62,488 relating to the proposed transaction.

The Company's head office, principal address and registered and records office is located at Suite 303, 750 West Pender Street Vancouver, BC V6C 2T7.

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such a transaction will be subject to regulatory approval and may be subject to shareholder approval. Management believes the Company has sufficient working capital to maintain its activities for the upcoming fiscal year.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these financial statements.

Statement of compliance

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

Basis of presentation

These financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

Cash and cash equivalents

The Company considers cash to include cash on deposit and highly liquid short-term investments bearing variable interest rates that are readily convertible to known amounts of cash and generally have original maturities within three months. Interest earned is recognized immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Basic and diluted loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the years presented, this calculation proved to be anti-dilutive.

Share-based compensation

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods using the graded vesting method. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets
The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. The Company classifies cash and cash equivalents 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 using the effective interest method less any provision for impairment. The Company classifies its receivables as loans and receivables.

Held-to-maturity investments - 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 method less any provision for impairment.

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 loss. 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 accumulated other comprehensive loss and recognized in profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities
The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method, and includes trade payables.

For the years presented, the Company did not have any derivative financial assets or liabilities.

Income taxes

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Deferred income tax:

Deferred income tax is based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Accounting standards and amendments not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended January 31, 2018 and have not been applied in preparing these financial statements. The Company is currently considering the possible effects of the revised standard which will be effective to the Company's financial statements for the year ending January 31, 2018 or later:

IFRS 16 – Leases, establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard is effective for annual periods beginning on or after January 1, 2019.

IAS 12 – Income Taxes: amendments to IAS 12 to clarify the recognition of a deferred tax asset for unrealized losses.

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

(Expressed in Canadian Dollars)

3. CASH AND CASH EQUIVALENTS

	January 31, 2018	January 31, 2017
	$	$
Cash at bank	493,512	11,570
Demand deposit	128,412	143,163
	621,924	**154,733**

4. TRADE PAYABLES AND ACCRUED LIABILITIES

	January 31, 2018	January 31, 2017
	$	$
Trade payables	16,036	-
Accrued liabilities	84,334	8,500
	100,370	**8,500**

5. SHARE CAPITAL AND RESERVE

Authorized Share Capital

Unlimited number of common shares without par value.

On October 3, 2017 the Company closed a private placement and issued a total of 5,400,000 common shares at a price of $0.095 per share, for gross proceeds of $513,000. The Company paid $5,982 in share issuance costs.

There were no share transactions during the year ended January 31, 2017.

Escrow Shares

There are 1,000,006 shares (January 31, 2017 – 1,000,006) subject to escrow restrictions until completion of a QT and will then be released from escrow in tranches over 36 months. The 1,000,006 escrow shares are not included in the calculation of the weighted average number of shares outstanding to determine loss per share.

Stock Options

The Company has an incentive stock options plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company’s issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company’s stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 5 years and vesting periods are determined by the Board of Directors.

During the year ended January 31, 2018, 500,000 previously issued stock options expired, unexercised. There were no stock option transactions during the years ended January 31, 2017 and 2018.

Reserve

The reserve account records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company’s receivable and accounts payables approximate their carrying value. The Company’s other financial instrument, being cash and cash equivalents, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk:
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company’s primary exposure to credit risk is on its cash and cash equivalents held in bank accounts. The Company has deposited the cash and cash equivalents with a high credit quality financial institution as determined by rating agencies. The risk of loss is low.

(b) Liquidity risk:
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Trade payables and accrued liabilities are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.

(c) Market risk:
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

(d) Interest rate risk:
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

(Expressed in Canadian Dollars)

7. CAPITAL DISCLOSURE AND MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the completion of a QT. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms and approved by the TSX-V.

As a CPC, the Company is subject to externally imposed capital requirements as outlined in the TSX-V Policy 2.4 and summarized below:

1) No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a QT;

2) Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a QT;

3) No more than the lesser of $210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate QT;

4) After the completion of its IPO and until the completion of a QT, a CPC may not issue any securities unless written acceptance of the TSX-V is obtained before the issuance of the securities.

There were no changes in the Company's approach to capital management during the year ended January 31, 2018.

8. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	January 31, 2018	**January 31, 2017**
	$	$
Loss before income taxes	(118,732)	(34,217)
Combined Canadian federal and provincial statutory rate	27.00%	26.00%
Expected income tax recovery at statutory tax rates	(32,058)	(8,896)
Share issuance costs	(323)	-
Unrecognized benefit of non-capital losses	32,381	8,896
Total deferred taxes	-	-

(Expressed in Canadian Dollars)

8. INCOME TAXES (continued)

The significant component of the Company's unrecognized deductible temporary differences are as follows:

	January 31, 2018	January 31, 2017
	$	$
Non-capital losses	375,001	255,072
Share issue costs	4,786	-
	379,786	**255,072**

The temporary differences expire as follows:

	Non-capital losses
	$
2032	12,117
2033	40,753
2034	48,584
2035	50,264
2036	46,749
2037	56,605
2038	119,928
	375,001

Schedule "B"

MD&A OF THE COMPANY FOR THE YEAR ENDED JANUARY 31, 2019

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Spirit Bear Capital Corp.
(A Capital Pool Company)

Management Discussion & Analysis

For the year ended January 31, 2019

303 - 750 West Pender Street
Vancouver, BC
V6C 2T7

This Management Discussion and Analysis ("**MD&A")** of financial position and results of operation are as at May 13, 2019 and should be read in conjunction with the financial statements for the year ended January 31, 2019 and related notes (the "**Interim Financial Statements**"). The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis are quoted in Canadian dollars. Additional information can be found at the website www.sedar.com.

Certain sections of this MD&A may contain forward-looking statements.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Readers are cautioned that these statements which describe the Company's plans, objectives, and budgets may differ materially from actual results. See additional discussion under "Risks and Uncertainties" section.

CORPORATE PROFILE AND OVERALL PERFORMANCE

Spirit Bear Capital Corp. (the "**Company**") was incorporated under the Business Corporations Act (British Columbia) on November 8, 2011. The Company is classified as a Capital Pool Company ("CPC") while the principal business is the identification and evaluation of assets or a business (the "Qualifying Transaction" ("QT")) and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

On March 16, 2018, the Company entered into a Securities Exchange Agreement (the "Agreement") with FinX Solutions Inc. ("FinX"). On May 15, 2018 the Company terminated the Agreement with FinX Solutions Inc. with no further obligation on either party. The Company continues to aggressively identify and evaluate opportunities for the purpose of completing its qualifying transaction. The Company is presently listed and trading on the NEX under the symbol SBG.H.

The Company's head office, principal address and registered and records office is located at Suite 303, 750 West Pender Street Vancouver, BC V6C 2T7.

In September 2017, James Anderson resigned as a director of the Company. Zula Kropivnitski was appointed as his replacement on the board of directors.

In October 2017 the Company closed a private placement and issued a total of 5,400,000 common shares at a price of CDN$0.095 per Share, for gross proceeds of CDN$513,000. All Shares issued are subject to a hold period of four months and one day and as such may not be traded until February 4, 2018. No finder's fee was paid in connection with the private placement.

On January 31, 2019, the Company entered into an amalgamation agreement (the "Amalgamation Agreement") with Gaia Grow Corp. ("Gaia"), a privately held arm's length company continued under the laws of the *Business Corporations Act* (British Columbia). Gaia is in the business of developing a facility and infrastructure for the manufacturing and marketing of hemp-based products in Canada.

In accordance with the terms of the Amalgamation Agreement, the Company, 1193805 B.C. and Gaia will combine their respective businesses by way of a three-cornered amalgamation (the "Transaction"), following which Gaia will continue as a wholly owned subsidiary of the Company. Following completion of the Transaction, it is anticipated that the amalgamated company will change its name to Gaia Grow Corp. and the resulting issuer will continue to carry on the business of Gaia.

In connection with completion of the Transaction, it is a condition to closing that Gaia completes a private placement financing through the offering of up to 40 million subscription receipts (the "Receipts") at a price of 10 cents per receipt for gross proceeds of up to $4 million. Proceeds of the financing will be held in escrow pending completion of the Transaction. Immediately prior to completion of the Transaction, each Receipt will automatically be converted into one common share of Gaia. Upon completion of the Transaction, the holders of common shares in the capital of Gaia will receive one common share of the resulting issuer in exchange for each outstanding common share of Gaia.

The Transaction will constitute a QT for the Company under Policy 2.4. Closing of the Transaction is subject to a number of conditions including completion of the financing, approval of the TSX-V, approval of the Company's shareholders and satisfaction of other closing conditions as are customary in transactions of this nature.

During the year ended January 31, 2019, the Company provided a loan of $10,500 to Gaia. The loan is non-interest bearing and repayable by May 31, 2019.

Subject to the approval of the TSX-V, the Company has also offered a credit facility to Gaia. It is expected that total advances under the credit facility will be limited to $200,000, and that the credit facility will be secured against a general charge over all of the assets of Gaia. The credit facility does not bear interest, but will be repayable in full by Gaia in the event the Transaction does not proceed.

As at May 13, 2019, the Company had cash and cash equivalents of $716,085 and accumulated deficit of $395,248. See "Liquidity and Capital Resources".

RESULTS OF OPERATIONS

As at January 31, 2019, the Company was a CPC. Accordingly, the Company has not recorded any revenues, and depends upon share issuances to fund its administrative expenses.

Selected Financial Data

	For the years ended January 31,		
	2019	2018	2017
	$	$	$
Interest income	323	673	889
General and administrative expenses	165,883	(56,917)	(35,106)
Net and comprehensive loss	(113,818)	(118,732)	(34,247)
Basic and diluted loss per share	(0.01)	(0.02)	(0.01)
Working capital	894,953	536,987	148,701
Total assets	984,599	637,357	157,201
Total shareholders' equity	894,953	536,987	148,701

Net and comprehensive loss

At January 31, 2019, the Company had not yet achieved profitable operations and has accumulated losses of $395,248 (January 31, 2018 - $281,430) since inception. These losses resulted in a net loss per share (basic and diluted) for the year ended January 31, 2019 of $0.01 (2018 - $0.02).

Results of Operations

Year ended January 31, 2019
The professional fees expense incurred during the year ended January 31, 2019 of $122,933 (2018 - $27,070) related to transaction described in the "Corporate Profile and Overall Performance" section above. There was no such transaction during the year ended January 31, 2018, thus the professional fees expense increased by $95,863.

The operating and administrative expenses net of professional fees for the year ended January 31, 2019 totaled $42,950 (2018 - $29,847). The major expense were regulatory fees of $21,218 (2018 - $14,119) related to the transaction described in the "Corporate Profile and Overall Performance" section above.

Three months ended January 31, 2019
The professional fees expense incurred during the three months ended January 31, 2019 of $75,084 (2018 - $9,874) related to transaction described in the "Corporate Profile and Overall Performance" section above. There was no such transaction during the three months ended January 31, 2018, thus the professional fees expense increased by $65,210.

The operating and administrative expenses net of professional fees for the three months ended January 31, 2019 totaled $9,011 (2018 - $19,216).

Summary of quarterly results for the last consecutive 8 quarters

Historical quarterly financial information derived from the Company's eight most recently completed quarters is as follows:

	Quarters Ended			
	January 31, 2019	October 31, 2018	July 31, 2018	April 30, 2018
	$	$	$	$
Net and Comprehensive Gain (Loss)	(32,203)	(19,112)	20,561	(83,064)
Basic and Diluted Loss Per Share	0.00	0.00	0.00	(0.01)
Weighted Average Shares	22,032,889	10,813,049	9,400,006	9,400,006

	Quarters Ended			
	January 31, 2018	October 31, 2017	July 31, 2017	April 30, 2017
	$	$	$	$
Net and Comprehensive Loss	(84,364)	(20,447)	(7,033)	(6,888)
Basic and Diluted Loss Per Share	(0.01)	(0.00)	(0.00)	(0.00)
Weighted Average Shares	9,400,006	4,643,478	3,000,000	3,000,000

Basic and diluted loss per share and weighted average shares calculation does not include 2,000,012 escrowed shares as they are contingently returnable.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity.

The Company's liquidity and capital resources are as follows:

	January 31, 2019	January 31, 2018
	$	$
Cash and cash equivalents	963,641	621,924
Total current assets	984,599	637,357
Trade payables and accrued liabilities	89,646	100,370
Working capital	894,953	536,987

Management believes the Company has sufficient funds on hand to meet anticipated administrative and other related expenditures.

As of the date hereof, the Company did not have any commitments for capital expenditures.

As a CPC, the Company is subject to externally imposed capital requirements as outlined in Exchange Policy 2.4 and summarized below:

1) No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a QT;

2) Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a QT;

3) No more than the lesser of $210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate QT;

4) After the completion of its IPO and until the completion of a QT, a CPC may not issue any securities unless written acceptance of the Exchange is obtained before the issuance of the securities.

OFF-BALANCE SHEET TRANSACTIONS

The Company does not have any off-balance sheet arrangements as at January 31, 2019 or as of the date of this report.

CRITICAL JUDGEMENTS AND ESTIMATES

The preparation of the Financial Statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

Significant Judgments

The preparation of the Financial Statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

ACCOUNTING STANDARDS AND AMENDMENTS NOT YET ADOPTED

There were no changes to the Company's accounting policies during the year ended January 31, 2019.

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended January 31, 2018 and have not been applied in preparing these financial statements. The Company is currently considering the possible effects of the revised standard which will be effective to the Company's financial statements for the year ending January 31, 2018 or later:

IFRS 2 – Share Based Payments: the amendments eliminate the diversity in practice in the classification and measurement of particular share-based payment transactions which are narrow in scope and address specific areas of classification and measurement. It is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted provided it is disclosed. Management does not anticipate this standard having a material effect on the Company's financial statements.

IFRS 9 – Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 – Clarifications to IFRS 15 "Revenue from Contracts with Customers" issued. The amendments do not change the underlying principles of the standard, just clarify and offer some additional transition relief. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 – Leases, establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard is effective for annual periods beginning on or after January 1, 2019.

IAS 12 – Income Taxes: amendments to IAS 12 to clarify the recognition of a deferred tax asset for unrealized losses.

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

RISKS & UNCERTAINTIES

The Company currently has no source of recurring income, has not commenced commercial operations, has no significant assets other that cash, has no history of earnings and does not intend to pay dividends. In addition, there can be no assurance that the Company will be able to obtain additional financing in the future on terms acceptable to the Company or at all.

The Company's success depends to a certain degree upon key members for the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management team or certain key employees could have a material adverse effect on the Company.

FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents held in bank accounts. The Company has deposited the cash and cash equivalents with a high credit quality financial institution as determined by rating agencies. The risk of loss is low.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Trade payables and accrued liabilities are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

Capital Management

The Company defines capital as the Company's shareholder's equity. The Company's objectives when managing capital is to safeguard its accumulated capital by maintaining a sufficient level of funds to complete the Company's QT while providing adequate returns to shareholders.

SHARE CAPITAL

As at January 31, 2019, the Company had 28,800,012 (January 31, 2018 – 9,400,006) common shares issued and outstanding of which 2,000,012 (January 31, 2018 – 2,000,012) shares of the Company are held in escrow and will be released to shareholders upon completion of a qualified transaction in accordance with Exchange Policy 2.4 over a period of up to 36 months.

STOCK OPTIONS

Stock Options

The Company has adopted a stock option plan (the "Stock Option Plan") pursuant to which it can grant options to directors, officers and technical consultants for up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the TSX-V. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors.

Any common shares acquired pursuant to the exercise of options prior to the completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the final exchange bulletin is issued

The reserve account records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. During the year ended January 31, 2018, 500,000 incentive stock options of the Company expired unexercised.

DISCLOSURE OF DATA FOR OUTSTANDING COMMON SHARES

As at the date of this report, the Company had 28,800,012 common shares outstanding, and the Company does not have options or warrants outstanding.

OTHER MD&A REQUIREMENTS

Additional information relating to the Company may be found on SEDAR at www.sedar.com including, but not limited to:

- the Company's financial statements for the year ended January 31, 2019; and
- the Company's audited financial statements for the year ended January 31, 2019.

This MD&A has been approved by the Board on May 13, 2019.

Schedule "C"

FINANCIAL STATEMENTS OF GAIA FOR THE PERIOD FROM INCORPORATION TO DECEMBER 31, 2018 (AUDITED) AND THE PERIOD ENDED MARCH 31, 2019 (UNAUDITED)

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GAIA GROW CORP.

Financial Statements

Year Ended December 31, 2018

(Expressed in Canadian dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Directors of Gaia Grow Corp.

Opinion

We have audited the financial statements of Gaia Grow Corp. (the "Company"), which comprise the statement of financial position as at December 31, 2018, and the statements of net and comprehensive loss, changes in deficit and cash flows for the period from June 22, 2018 (date of incorporation) to December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the period from June 22, 2018 (date of incorporation) to December 31, 2018 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

June 28, 2019

GAIA GROW CORP.
Statement of financial position
(Expressed in Canadian dollars)

	December 31, 2018 $
Assets	
Current assets	
Cash	31
Loan receivable (Note 4)	10,250
Other receivable (Note 5)	50
Total assets	10,331
Liabilities and shareholders' deficit	
Current liability	
Loan payable (Note 3)	10,500
Shareholders' deficit	
Share capital (Note 5)	51
Deficit	(220)
Total shareholders' deficit	(169)
Total liabilities and shareholders' deficit	10,331

Nature of business and continuance of operations (Note 1)
Subsequent events (Note 9)

Approved and authorized for issuance on behalf of the Board of Directors on June 28, 2019 by:

/s/ Frederick Pels	*/s/* Adam Hoffman
Frederick Pels, Director	Adam Hoffman, Director

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

GAIA GROW CORP.
Statement of net and comprehensive loss
(Expressed in Canadian dollars)

	June 22, 2018 (date of incorporation) - December 31, 2018 $
Expenses	
Office and miscellaneous	220
Net and comprehensive loss for the period	(220)
Net loss per share, basic and diluted	(0.00)
Weighted average shares outstanding, basic and diluted	60,000,000

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

GAIA GROW CORP.
Statement of changes in deficit
(Expressed in Canadian dollars)

	Share capital			
	Number of shares	Amount $	Deficit $	Total shareholders' deficit $
Balance, June 22, 2018 (date of incorporation)	510,000	51	-	51
Forward split	59,490,000			
Net loss for the period	-	-	(220)	(220)
Balance, December 31, 2018	60,000,000	51	(220)	(169)

See Note 5.

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

GAIA GROW CORP.
Statement of cash flows
(Expressed in Canadian dollars)

	June 22, 2018 (date of incorporation) - December 31, 2018 $
Operating activities	
Net loss for the period	(220)
Investing activity	
Loan receivable	(10,250)
Financing activities	
Proceeds from loan payable	10,500
Proceeds from issuance of shares	1
Net cash provided by financing activities	10,501
Increase in cash, being cash end of period	31

Non-cash transaction:
During the period ended December 31, 2018, the Company recorded $50 in other receivables for proceeds receivable for the issuance of common shares (Note 5).

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

1. Nature of Business and Continuance of Operations

Gaia Grow Corp. (the "Company") was incorporated on June 22, 2018 under "Gaia Investments Inc." and subsequently changed its name. The Company's head office is located at 10th Floor, 595 Howe Street, Vancouver, BC, Canada. Its principal business activity is the identification and evaluation of companies, assets or businesses with a view to completing a business combination.

On January 31, 2019, the Company entered into an amalgamation agreement (the "Amalgamation Agreement") with Spirit Bear Capital Corp. and its wholly owned subsidiary 1193805 B.C. Ltd. (collectively known as "SBG"), a public company listed on the TSX Venture Exchange ("TSX-V"). On March 22, 2019, the Company acquired all of the issued and outstanding common shares of Gaia Bio-Pharmaceuticals Inc. ("Gaia Bio"). Gaia Bio is in the business of developing a facility and infrastructure for the manufacturing and marketing of hemp-based products in Canada. Subsequent to the contemplated amalgamation, the resulting issuer will continue to carry on the business of Gaia Bio. See Note 9.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown. As at December 31, 2018, the Company had not yet generated any revenue, has a working capital deficit of $169, and has accumulated losses of $220 since inception. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations, to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. These factors indicate the existence of a material uncertainty that may cast significant doubt the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of Compliance and Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial statements have been prepared on a historical cost basis except for financial assets classified as fair value through profit or loss, which are measured at fair value. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

(b) Use of Estimates and Judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the impairment of loan receivable and unrecognized deferred income tax assets.

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

2. Significant Accounting Policies (continued)

(c) Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net and comprehensive loss Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net and comprehensive loss in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

2. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

(d) Income Taxes

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

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

(e) Earnings (Loss) Per Share

Basic earnings (loss) per share are computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

2. Significant Accounting Policies (continued)

(f) Comprehensive Loss

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

(g) Accounting Standards Issued But Not Yet Effective

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

3. Loan Payable

As at December 31, 2018, the Company has a loan payable of $10,500 to SBG. The loan is unsecured, non-interest bearing and repayable by May 31, 2019. Subsequent to year end, the repayment date was extended to July 15, 2019.

4. Loan Receivable

As of December 31, 2018, the Company has a loan due from Gaia Bio, an arms-length company. The loan is non-interest bearing and is due on demand. Subsequent to December 31, 2018, the Company acquired all of the issued and outstanding common shares of Gaia Bio (Note 9).

5. Share Capital

Authorized: Unlimited number of common shares without par value.

On January 18, 2019, the Company completed a forward share split on the basis of 1:117.647. All share amounts are stated on a post forward share split basis.

Issued:

The Company issued 60,000,000 (510,000 pre-forward share split) common shares at $0.0001 for proceeds of $51, of which $50 was recorded in other receivables at December 31, 2018.

6. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as of December 31, 2018 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance as at December 31, 2018 $
Cash	31	–	–	31

The fair values of other financial instruments, which include other receivable, loan receivable and loan payable approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and loan receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate

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

(d) Interest Rate Risk

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

(e) Liquidity Risk

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

7. Capital Management

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

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

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2018.

(Expressed in Canadian dollars)

8. Income Taxes

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

	2018 $
Canadian statutory income tax rate	27%
Income tax recovery at statutory rate	(59)
Tax effect of:	
Change in unrecognized deferred income tax assets	59
Income tax provision	–

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

	2018 $
Deferred income tax assets	
Non-capital losses carried forward	220
Unrecognized deferred income tax assets	(220)
Net deferred income tax asset	–

As at December 31, 2018, the Company has non-capital losses carried forward of $220 which are available to offset future years' taxable income. These losses expire as follows:

	$
2038	220

9. Subsequent Events

a) On January 18, 2019, the Company issued 438,600 common shares for proceeds of $439 and completed a forward share split on the basis of 1:117.647, resulting in a total of 51,600,000 common shares being issued. The Company also issued 438,600 common shares for proceeds of $439.

b) The Company received share subscription receipts for a total of 45,076,969 shares at $0.10 per share for proceeds of $4,507,697. These proceeds are held in escrow pending closing of the Transaction with SBG (Note 1). Should the Transaction not close, funds will be returned to the subscribers.

c) In accordance with the terms of the Amalgamation Agreement (Note 1), the Company and SBG will combine their respective businesses by way of a three-cornered amalgamation (the "Transaction").

Subsequent to year end, the Company advanced a further $66,782 to Gaia Bio. The loan is non-interest bearing and due on demand.

9. Subsequent Events (continued)

c) (continued)

Additionally, on March 22, 2019, as last amended on June 7, 2019, the Company acquired all of the issued and outstanding shares of Gaia Bio for the following consideration:

(a) $200,000, paid in a series of tranches, as a non-refundable deposit to the shareholders of Gaia Bio ($76,000 was paid and $124,000 has subsequently been recorded in due to related party). The amount due to related party is non-interest bearing and repayable upon demand;
(b) the issuance of 7% of the issued and outstanding common shares of the Company (estimated to be an aggregate of 8,400,000 common shares of the Company) (pending);
(c) A conditional payment of $1,600,000 in cash or equivalent in common shares of the Company, in the event that the common shares of the Company are valued less than $2,000,000 at any time during the 60 day period after the Company is in receipt of a license to cultivate from Health Canada;
(d) the Company will assume a business loan in the amount of $10,625; and
(e) the Company will assume Gaia Bio's commitment pursuant to an Offer to Purchase Agreement ("Offer to Purchase") whereby Gaia Bio agreed to purchase a plot of land (the "Property") located in Lamont County, Alberta for the purpose of growing hemp. The purchase price, as last amended, is $190,000 and 5% of the total number of common shares of Gaia Bio, subject to the condition that the number of shares may change depending on whether more shares are issued. Closing of the transaction is to be 30 days after Gaia Bio receives Health Canada's pre-approval "letter-to-build" ("LTB"), which has not yet been obtained. Further, the Company will pay $1,000/month in purchase extension fees until closing of the Offer to Purchase.

Consequently, Gaia Bio became a wholly-owned subsidiary of the Company. Additionally, on March 22, 2019, the Company acquired all of the issued and outstanding shares of Gaia Bio (Note 1), in consideration for the issuance of an aggregate of 8,400,000 common shares of the Company. Consequently, Gaia Bio became a wholly-owned subsidiary of the Company.

Subsequent to the Transaction, the combined entity will continue as a wholly-owned subsidiary of SBG. The resulting issuer will change its name to Gaia Grow Corp. and continue to carry on the business of Gaia Bio, which is in the business of developing a facility and infrastructure for the manufacturing and marketing of hemp-based products in Canada.

In connection with completion of the Transaction, it is a condition to closing that the Company completes a private placement financing through the offering of 45,076,969 subscription receipts (the "Receipts") at a price of 10 cents per receipt for gross proceeds of $4,507,697. All of the Receipts were issued subsequent to year end and the proceeds of the financing have been held in escrow pending completion of the Transaction.

Immediately prior to completion of the Transaction, each Receipt will automatically be converted into one common share of the Company. Upon completion of the Transaction, the holders of common shares in the capital of the Company will receive one common share of the resulting issuer in exchange for each outstanding common share of the Company.

The Transaction will constitute a qualifying transaction for SBG under TSX-V Policy 2.4 – Capital Pool Companies. Closing of the Transaction is subject to a number of conditions including completion of the financing, approval of the TSX-V, approval of the Company's shareholders and satisfaction of other closing conditions as are customary in transactions of this nature.

Subject to the approval of the TSX-V and prior to completion of the Transaction, SBG also intends to offer a credit facility to the Company. It is expected that total advances under the credit facility will be limited to $200,000, and that the credit facility will be secured against a general charge over all of the assets of the Company. The credit facility will not bear interest, but will be repayable in full by the Company in the event the Transaction does not proceed.

9. Subsequent Events (continued)

d) Subsequent to year end, SBG has advanced the Company a further $200,000 under the terms of a credit facility. The credit facility is secured against a general charge over the assets acquired of Gaia Bio. The credit facility does not bear interest, but will be payable in full by the Company in the event the Transaction does not proceed.

GAIA GROW CORP.

Interim Financial Statements

For the Three Month Periods Ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

GAIA GROW CORP.
Interim Statements of financial position
(Expressed in Canadian dollars)

	As at March 31, 2019 (Unaudited)	As at December 31, 2018 (Audited)
	$	$
Assets		
Current assets		
Cash	56,237	31
Restricted cash (Note 8)	3,982,683	-
Loans receivable (Note 4)	77,032	10,250
Other receivables (Note 5)	531	50
Deposit (Note 1)	200,000	
Total assets	4,316,483	10,331
Liabilities and shareholders' deficit		
Current liabilities		
Accounts payable	3,500	-
Share subscriptions received (Note 8)	3,982,683	-
Loans payable (Note 3)	210,500	10,500
Due to related party (Note 1)	124,000	-
Total liabilities	4,320,683	10,500
Shareholders' deficit		
Share capital (Note 5)	490	51
Deficit	(4,690)	(220)
Total shareholders' deficit	(4,200)	(169)
Total liabilities and shareholders' deficit	4,316,483	10,331

Nature of business and continuance of operations (Note 1)
Subsequent event (Note 9)

Approved and authorized for issuance on behalf of the Board of Directors on June 28, 2019 by:

/s/ Frederick Pels — Frederick Pels, Director

/s/ Adam Hoffman — Adam Hoffman, Director

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

GAIA GROW CORP.
Interim Statements of net and comprehensive loss
(Unaudited)
(Expressed in Canadian dollars)

	Three months ended March 31, 2019	Three months ended March 31, 2018
	$	$
Expenses		
Advertising and promotion	844	-
Bank charges	69	-
Office and miscellaneous	57	-
Professional fees	3,500	-
Net and comprehensive loss for the period	(4,470)	-
Net loss per share, basic and diluted	(0.00)	(0,00)
Weighted average shares outstanding, basic and diluted	101,743,820	60,000,000

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

GAIA GROW CORP.
Interim Statement of changes in deficit
(Unaudited)
(Expressed in Canadian dollars)

	Share capital			
	Number of shares	Amount $	Deficit $	Total shareholders' deficit $
Balance, June 22, 2018 (date of incorporation)	510,000	51	-	51
Forward split	59,490,000	-	-	-
Net loss for the period	-	-	(220)	(220)
Balance, December 31, 2018	60,000,000	51	(220)	(169)
Issued for cash	51,600,000	439	-	439
Net loss for the period	-	-	(4,470)	(4,470)
Balance, March 31, 2019	111,600,000	490	(4,690)	(4,200)

See Note 5.

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

GAIA GROW CORP.
Interim Statements of cash flows
(Unaudited)
(Expressed in Canadian dollars)

	Three months ended March 31, 2019	Three months ended March 31, 2018
	$	$
Operating activities		
Net loss for the period	(4,470)	-
Changes in non-cash operating working capital:		
Other receivables	(42)	-
Accounts payable	3,500	-
Net cash used in operating activities	(1,012)	
Financing activities		
Loan receivable	(66,782)	-
Loans payable	200,000	
Net cash provided by financing activities	133,218	-
Investing activity		
Deposit	(76,000)	-
Net cash used in investing activity	(76,000)	-
Increase in cash	56,206	-
Cash, beginning of period	31	
Cash, end of period	56,237	-

Non-cash transactions:

During the three months ended March 31, 2019:

a) The Company received share subscription receipts for a total of 39,826,827 shares at $0.10 per share for proceeds of $3,982,683 (Note 8).
b) The Company recorded $76,000 as a deposit which is due to related party (Note 1).
c) The Company recorded $439 in other receivables for proceeds receivable for the issuance of common shares (Note 5).

There were no non-cash transactions during the three month period ended March 31, 2018.

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

1. Nature of Business and Continuance of Operations

Gaia Grow Corp. (the “Company”) was incorporated on June 22, 2018 under “Gaia Investments Inc.” and subsequently changed its name to Gaia Grow Corp. The Company’s head office is located at 10th Floor, 595 Howe Street, Vancouver, BC, Canada. Its principal business activity is the identification and evaluation of companies, assets or businesses with a view to completing a business combination. On January 31, 2019, the Company entered into an amalgamation agreement (the “Amalgamation Agreement”) with Spirit Bear Capital Corp. and its wholly owned subsidiary 1193805 B.C. Ltd. (collectively known as “SBG”), a public company listed on the TSX Venture Exchange (“TSX-V”). In accordance with the terms of the Amalgamation Agreement, the Company and SBG will combine their respective businesses by way of a three-cornered amalgamation (the “Transaction”).

Additionally, on March 22, 2019, as last amended on June 7, 2019, the Company acquired all of the issued and outstanding shares of Gaia Bio-Pharmaceuticals Inc. (“Gaia Bio”) for the following consideration:

(a) $200,000, paid in a series of tranches, as a non-refundable deposit to the shareholders of Gaia Bio ($76,000 paid and $124,000 has been recorded in due to related party). The amount due to related party is non-interest bearing and repayable upon demand;
(b) the issuance of 7% of the issued and outstanding common shares of the Company (estimated to be an aggregate of 8,400,000 common shares of the Company) (pending);
(c) A conditional payment of $1,600,000 in cash or equivalent in common shares of the Company, in the event that the common shares of the Company are valued less than $2,000,000 at any time during the 60 day period after the Company is in receipt of a license to cultivate from Health Canada;
(d) the Company will assume a business loan in the amount of $10,625 (currently in the amount of $6,123); and
(e) the Company will assume Gaia Bio’s commitment pursuant to an Offer to Purchase Agreement (“Offer to Purchase”) whereby Gaia Bio agreed to purchase a plot of land (the “Property”) located in Lamont County, Alberta for the purpose of growing hemp. The purchase price, as last amended, is $190,000 and 5% of the total number of common shares of Gaia Bio, subject to the condition that the number of shares may change depending on whether more shares are issued. Closing of the transaction is to be 30 days after Gaia Bio receives Health Canada’s pre-approval “letter-to-build” (“LTB”), which has not yet been obtained. Further, the Company will pay $1,000/month in purchase extension fees until closing of the Offer to Purchase.

Consequently, Gaia Bio became a wholly-owned subsidiary of the Company. These interim financial statements do not represent the impact of this transaction.

Subsequent to the Transaction, the combined entity will continue as a wholly-owned subsidiary of SBG. The resulting issuer will change its name to Gaia Grow Corp. and continue to carry on the business of Gaia Bio, which is in the business of developing a facility and infrastructure for the manufacturing and marketing of hemp-based products in Canada. . Closing of the transaction is subject to a number of conditions including completion of a proposed financing, approval of the TSX-V, approval of the company’s shareholders and satisfaction of other closing conditions as are customary in transactions of this nature.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown. As at March 31, 2019, the Company had not yet generated any revenue, has a working capital deficit of $4,200, and has accumulated losses of $4,690 since inception. The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations, to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. These factors indicate the existence of a material uncertainty that may cast significant doubt the Company’s ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of Compliance and Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations committee. Therefore, these financial statements comply with International Accounting Standards 34 "Interim Financial Reporting".

The financial statements have been prepared on a historical cost basis except for financial assets classified as fair value through profit or loss, which are measured at fair value. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

(b) Use of Estimates and Judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the impairment of investments and unrecognized deferred income tax assets.

(c) Use of Estimates and Judgments

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

(d) Financial Instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

<u>(i) Classification</u>

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

2. Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

2. Significant Accounting Policies (continued)

(e) Income Taxes

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

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

(f) Earnings (Loss) Per Share

Basic earnings (loss) per share are computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

(g) Comprehensive Loss

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

(h) Accounting Standards Issued But Not Yet Effective

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

3. Loans Payable

As at March 31, 2019, the Company has a loan payable of $10,500 (December 31, 2018 - $10,500) to SBG. The loan is non-interest bearing and repayable by May 31, 2019.

As at March 31, 2019, SBG has advanced the Company $200,000 (December 31, 2018 - $Nil) under the terms of a credit facility. The credit facility is secured against a general charge over the assets acquired of Gaia Bio (Note 1). The credit facility does not bear interest, but will be payable in full by the Company in the event the Transaction does not proceed.

(Expressed in Canadian dollars)

4. Loans Receivable

As at March 31, 2019, the Company has a loan due from Gaia Bio in the amount of $71,532 (December 31, 2018 - $10,250). The loan is non-interest bearing and is due on demand. During the three months ended March 31, 2019, the Company acquired all of the issued and outstanding common shares of Gaia Bio (Note 1).

As at March 31, 2019, the Company has a loan due from an arms-length party in the amount of $5,500 (December 31, 2018 - $Nil). The loan is non-interest bearing and is due on demand.

5. Share Capital

Authorized: Unlimited number of common shares without par value.

On January 18, 2019, the Company completed a forward share split on the basis of 1:117.647. All share amounts are stated on a post forward share split basis.

Issued:

During the three months ended March 31, 2019, the Company issued 438,600 common shares for proceeds of $439 and completed a forward share split on the basis of 1:117.647, resulting in a total of 51,600,000 common shares being issued, of which $439 was recorded in other receivables at March 31, 2019.

During the year ended December 31, 2018, the Company issued 60,000,000 (510,000 pre-forward share split) common shares at $0.0001 for proceeds of $51, of which $50 was recorded in other receivables at December 31, 2018.

6. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as of March 31, 2019 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance as at March 31, 2019 $
Cash	56,237	–	–	56,237

The fair values of other financial instruments, which include other receivables, loans receivable and loans payable approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and loan receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The carrying amount of financial assets represents the maximum credit exposure.

6. Financial Instruments and Risks (continued)

(c) Foreign Exchange Rate

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

(d) Interest Rate Risk

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

(e) Liquidity Risk

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

7. Capital Management

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

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

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year three months ended March 31, 2019.

8. Share Subscriptions Received

During the three months ended March 31, 2019, the Company received share subscription receipts for a total of 39,826,827 shares at $0.10 per share for proceeds of $3,982,683. These proceeds are held in escrow pending closing of the Transaction with SBG (Note 1). Should the Transaction not close, funds will be returned to the subscribers.

9. Subsequent Event

Subsequent to March 31, 2019, the Company received additional share subscription receipts for 5,250,142 shares at $0.10 per share for proceeds of $525,014.

Schedule "D"

FINANCIAL STATEMENTS OF GAIA BIO FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (AUDITED) AND THE PERIOD ENDED MARCH 31, 2019 (UNAUDITED)

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Gaia Bio-Pharmaceuticals Inc.

Financial Statements
December 31, 2018
(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Directors of Gaia Bio-Pharmaceuticals Inc.

Opinion

We have audited the financial statements of Gaia Bio-Pharmaceuticals Inc. (the "Company"), which comprises the statements of financial position as at December 31, 2018 and 2017, and the statements of operations, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of $42,478 for the year ended December 31, 2018, and, as of that date, the Company's current liabilities exceeded its total assets by $80,073. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

June 28, 2019

An independent firm associated with Moore Stephens International Limited

MOORE STEPHENS

Gaia Bio-Pharmaceuticals Inc.
Statement of Financial Position
As at
(Expressed in Canadian Dollars)

	December 31, 2018	December 31, 2017
Assets		
Current		
Cash	$ 5	$ 2
Accounts receivable (note 8)	4,951	50,000
	4,956	50,002
	$ 4,956	$ 50,002
Liabilities and Shareholders' Deficit		
Current liabilities		
Accounts payable	$ 4,320	$ 27,795
Due to related parties (note 6)	35,173	47,132
Current portion of loan payable (note 7)	45,536	6,039
	85,029	80,966
Long-term liabilities		
Long-term portion of loan payable (note 7)	1,468	8,099
	86,497	89,065
Shareholders' deficit		
Share capital (note 5)	100	100
Deficit	(81,641)	(39,163)
	(81,541)	(39,063)
	$ 4,956	$ 50,002

Approved on behalf of the Board:

/s/ James Kilpatrick
…………………………………………
James Kilpatrick, Director

Nature of business and continuance of operations (Note 1)
Commitments (Note 8)
Subsequent events (Note 10)

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

Gaia Bio-Pharmaceuticals Inc.
Statement of Operations
Years Ended December 31
(Expressed in Canadian Dollars)

	2018	2017
Operating Expenses		
Bank fees and interest	$ 1,374	$ 1,710
Business licenses, taxes and dues	-	112
Land payments (note 8)	9,000	-
Professional fees	33,869	22,283
	(44,243)	(24,105)
Other Income		
Other income (note 8)	-	50,000
Net Income (loss) before tax	(44,243)	25,895
Income tax		
Income tax recovery (expense) (note 9)	1,765	(4,111)
Net and comprehensive income (loss)	$ (42,478)	$ 21,784

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

Gaia Bio-Pharmaceuticals Inc.
Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share Capital			
	Number	**Amount**	**Deficit**	**Total**
Balance, December 31, 2016	100	$ 100	$ (60,947)	$ (60,847)
Net income for the year	-	-	21,784	21,784
Balance, December 31, 2017	100	100	(39,163)	(39,063)
Net loss for the year	-	-	(42,478)	(42,478)
Balance, December 31, 2018	100	$ 100	$ (81,641)	$ (81,541)

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

Gaia Bio-Pharmaceuticals Inc.
Statement of Cash Flows
Years Ended December 31
(Expressed in Canadian Dollars)

	2018	2017
Operating Activities		
Net income (loss) for the year	$ (42,478)	$ 21,784
Changes in non-cash working capital		
Accounts receivable	50,000	(50,000)
Accounts payable and accrued liabilities	(28,426)	24,161
Cash used in Operating Activities	(20,904)	(4,055)
Financing Activities		
Loan (repayment) from related parties	(17,739)	9,781
Loans payable	38,646	(5,725)
Cash provided by Financing Activities	20,907	4,056
Increase in cash	3	1
Cash, beginning of year	2	1
Cash, end of year	$ 5	$ 2

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

1. NATURE OF OPERATIONS

Gaia Bio-Pharmaceuticals Inc. (the “Company” or “Gaia”) is an Alberta, Canada corporation that was incorporated on September 4, 2014. The Company’s operations are based in Tofield, Alberta, Canada. The Company is a privately held company in the business of developing a facility and infrastructure for the manufacturing and marketing of hemp-based products in Canada.

The Company’s shareholders entered into a share purchase agreement with Gaia Grow Corp. (“Gaia Grow”) dated August 6, 2018, which was subsequently amended and closed on March 22, 2019 and amended subseuqenlty on June 7, 2019. Gaia Grow, a private company, acquired all of the issued and outstanding shares of the Company for the following consideration:

(a) $200,000, paid in a series of tranches, as a non-refundable deposit paid by Gaia Grow to the shareholders of the Company ($76,000 has subsequently been recorded in accounts payable and $124,000 was paid directly to the shareholders of the Company). The $76,000 was recorded as a distribution to the shareholders of the Company;
(b) the issuance of 7% of the issued and outstanding common shares of Gaia Grow (estimated to be an aggregate of 8,400,000 common shares of the Company) (pending);
(c) A conditional payment of $1,600,000 in cash or equivalent in common shares of Gaia Grow, in the event that the common shares of Gaia Grow are valued less than $2,000,000 at any time during the 60 day period after Gaia Grow is in receipt of a license to cultivate from Health Canada;
(d) Gaia Grow will assume the Company’s business loan in the amount of $10,625; and
(e) Gaia Grow will assume the Company’s commitment pursuant to an Offer to Purchase Agreement (“Offer to Purchase”) (Note 8). Further, Gaia Grow will pay $1,000/month in purchase extension fees until closing of the Offer to Purchase.

Consequently, the Company became a wholly-owned subsidiary of Gaia Grow.

On January 31, 2019, Gaia Grow entered into an amalgamation agreement (the “Amalgamation Agreement”) with Spirit Bear Capital Corp. and its wholly owned subsidiary 1193805 B.C. Ltd. (collectively known as “SBG”), a public company listed on the TSX Venture Exchange (“TSX-V”). Subsequent to the contemplated amalgamation, the resulting issuer will continue to carry on the business of the Company. See Note 10.

The principal business office of the Company is located at Site 4, Box 17, RR 4, Tofield AB T0B 4J0.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. These financial statements do not give effect to any adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

As at December 31, 2018, the Company had working capital deficit of $80,073 (2017 – deficit of $30,964 and accumulated shareholders deficit of $81,641 (2017 – deficit of $39,163). During the year ended December 31, 2018, the Company incurred a net loss of $42,478. The continuing operations of the Company are dependent upon its ability to continue to achieve profitable operations in the future, and raise additional funds as and when required. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

(b) Basis of presentation

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair values. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements were approved and authorized for issue by the Board of Directors of the Company on June 28, 2019.

(c) Use of estimates and judgments

The preparation of these financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and 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. Actual results could differ from these estimates.

Significant areas requiring the use of estimates and judgment include the ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Company to the periods presented.

(a) Financial instruments

The Company adopted all of the requirements of IFRS 9 *Financial Instruments* ("IFRS 9") on a retroactive basis in accordance with the transitional provisions. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). The standard promulgates a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. The adoption of IFRS 9 did not result in any change in the carrying values of any of the Company's financial assets on the transition date; therefore, comparative figures have not been restated. The following is the Company's new accounting policy for financial instruments under IFRS 9:

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Financial instruments (Continued)

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of operations. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the operations in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Financial instruments (Continued)

(iii) Impairment of financial assets at amortized cost (continued)

recognize in the statements of operations, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

The Company's financial instruments are accounted for as follows under IFRS 9 as compared to the Company's previous policy in accordance with IAS 39:

Financial Assets	Previous classification under IAS 39	New classification under IFRS 9
Cash	Financial assets - FVTPL	Financial assets - FVTPL
Accounts receivable	Loans and receivables – amortized cost	Amortized cost

Financial Liabilities	Previous classification under IAS 39	New classification under IFRS 9
Accounts payable	Other financial liabilities – amortized cost	Amortized cost
Due to related parties	Other financial liabilities – amortized cost	Amortized cost
Loan payable	Other financial liabilities – amortized cost	Amortized cost

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Income taxes

Current income tax

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

Deferred income tax

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

(c) Accounting standards issued but not yet effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2018, and have not been applied in preparing these financial statements. The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

IFRS 16 – “Leases”, Amendments to IFRS 11, “Joint Arrangements” and Amendments to International Accounting Standard 1, “Presentation of Financial Statements”

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

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

The Company has exposure to the following risks from its use of financial instruments:

(a) Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash is placed with a major Canadian financial institution and the Company's concentration of credit risk for cash and maximum exposure thereto is $5 (2017 - $2).

With respect to its accounts receivable, the Company assesses the credit rating of all customers and maintains provisions for potential credit losses, and any such losses to date have been within management's expectations. The Company's credit risk with respect to accounts receivable and maximum exposure thereto is $4,951 (2017 - $50,000).

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. At December 31, 2018, the Company has $5 (2017 - $2) of cash to settle current liabilities with the following due dates: accounts payable and accrued liabilities of $4,320 (2017 - $27,795) are due within three months. Current portion of loans payable of $45,536 (2017 - $6,039) are due within twelve months. Loans from related parties of $35,173 (2017 - $47,132) are due on demand.

The Company manages its liquidity risk by relying upon its revenues and may have to raise additional funds through equity or debt financing to fund its current liabilities and operations. Liquidity risk in assessed as high.

(c) Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate, foreign currency and other price risk. The Company is not exposed to any significant market risk.

(d) Foreign Exchange Rate
The Company is not exposed to any significant foreign exchange risk.

(e) Interest Rate Risk
The Company is not exposed to any significant interest rate risk.

5. SHARE CAPITAL

Authorized: Unlimited number of Class "A" and Class "B" voting common shares, Class "C" non-cumulative redeemable preferred voting shares, Class "D" and Class "E" non-cumulative redeemable preferred non-voting shares and Class "F" and Class "G" non-voting common shares without par value.

Issued: 100 Class "A" voting common shares

(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS

The Company entered into a series of loan agreements with a related party lender. As of December 31, 2018, the Company received gross proceeds of $35,173 (2017 - $47,132), payable on demand, unsecured and bearing no interest.

7. LOANS PAYABLE

On November 24, 2017, the Company entered into a loan agreement for a principal balance of $29,500 with a Canadian financial institution. The loan bears interest at 8.93% and is amortized over 60 months with monthly payments of $611.

Repayment	2018	2017
	$	$
Within 12 months	6,890	6,039
December 31, 2020	1,468	8,099
	8,358	14,138

At December 31, 2018, the Company has the following additional loans outstanding:

a) $10,250 (2017 - $Nil) due to Gaia Grow Corp. This loan is non-interest bearing and due on demand.
b) $28,396 (2017 - $Nil) due to a shareholder of the Company. The series of loans are non-interest bearing and due on demand.

8. COMMITMENT

On April 3, 2015, the Company entered into an Offer to Purchase Agreement (“Offer to Purchase”) whereby the th Company agreed to purchase a plot of land (the “Property”) located in Lamont County, Alberta for the purposes of growing hemp. The purchase price was $160,000 and 5% of the total number of common shares of the Company, subject to the condition that the number of shares may change depending on whether more shares are issued. During the year ended December 31, 2018, the Offer to Purchase terms were amended such that the purchase price is $190,000. Closing of the transaction is to be 30 days after the Company receives Health Canada’s pre-approval “letter-to-build” (“LTB”).

During the year ended December 31, 2017, the Company received $50,000 from potential buyers as a non-refundable deposit to purchase the Property. The buyers defaulted in the agreement and, accordingly the $50,000 was recorded in other income on the statement of operations.

Additionally, due to a number of extensions to the Offer to Purchase, the Company paid the sellers $9,000 (2017 - $Nil). Subsequent to December 31, 2018, the Company paid an additional $7,500 in extension fees to the seller.

To date, the Company has not received LTB approval.

(Expressed in Canadian Dollars)

9. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		Year ended December 31, 2018		Year ended December 31, 2017
Net income (loss) before tax	$	(44,243)	$	25,895
Statutory tax rate		12.0%		12.0%
Expected tax (recovery) at the statutory tax rate	$	(5,309)	$	3,107
Differences due to recognition of items for tax purposes:				
Permanent differences		3,544		1,004
Income tax expense (recovery)	$	(1,765)	$	4,111

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

		Year ended December 31, 2018		Year ended December 31, 2017
Deferred income tax assets				
Loss carry-forwards	$	2,240	$	-
		2,240		-
Deferred tax asset not recognized		(2,240)		-
Deferred income tax asset	$	-	$	-

The Company has available for deduction against future taxable income non-capital losses of approximately $2,240 (2017 - $Nil). These losses, if not utilized, will expire starting 2038. Deferred tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial due to the uncertainty of their realization.

The tax pools relating to these deductible temporary differences expire as follows:

Year of origin	Non-capital loss	Year of expiry
2018	$ 2,240	2038

10. SUBSEQUENT EVENTS

Subsequent to year end, the Company received a further $67,405 from Gaia Grow. This loan is non-interest bearing and due on demand. Additionally, the transaction to sell all of the issued and outstanding shares of the Company to Gaia Grow (Note 1) closed on March 22, 2019.

On January 31, 2019, Gaia Grow entered into an amalgamation agreement with Spirit Bear Capital Corp. and its wholly-owned subsidiary 1193805 B.C. Ltd. (collectively known as “SBG”). SBG is a public company listed on the TSX Venture Exchange. Subsequent to the contemplated amalgamation, the resulting issuer will continue to carry on the business of the Company.

Gaia Bio-Pharmaceuticals Inc.

Financial Statements
December 31, 2017
(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Directors of Gaia Bio-Pharmaceuticals Inc.

We have audited the accompanying financial statements of Gaia Bio-Pharmaceuticals Inc., which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gaia Bio-Pharmaceuticals Inc. as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Gaia Bio-Pharmaceuticals Inc.s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
June 28, 2019

Gaia Bio-Pharmaceuticals Inc.
Statement of Financial Position
As at
(Expressed in Canadian Dollars)

	December 31, 2017	December 31, 2016 (Unaudited)
Assets		
Current		
Cash	$ 2	$ 1
Accounts receivable (note 9)	50,000	-
	$ 50,002	$ 1
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 27,795	$ 3,634
Due to related parties (note 6)	47,132	37,351
Current portion of loan payable (note 7)	6,039	5,461
	80,966	46,446
Long-term liabilities		
Long-term portion of loan payable (note 7)	8,099	14,402
	89,065	60,848
Shareholders' deficit		
Share capital (note 5)	100	100
Deficit	(39,163)	(60,947)
	(39,063)	(60,847)
	$ 50,002	$ 1

Approved on behalf of the Board:

/s/ James Kilpatrick
…………………………………………
James Kilpatrick, Director

Nature of business and continuance of operations (Note 1)
Commitment (Note 8)
Subsequent events (Note 11)

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

Gaia Bio-Pharmaceuticals Inc.
Statement of Operations
Years Ended December 31
(Expressed in Canadian Dollars)

		2017		2016 (Unaudited)
Operating Expenses				
Bank fees and interest	$	1,710	$	2,195
Business licenses, taxes and dues		112		-
Professional fees		22,283		1,969
		(24,105)		(4,164)
Other				
Other income (note 9)		50,000		-
Net income (loss) before tax		25,895		(4,164)
Income tax				
Income tax expense (note 10)		(4,111)		-
Net income (loss) and comprehensive income (loss)	$	21,784	$	(4,164)

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

Gaia Bio-Pharmaceuticals Inc.
Statement of Changes in Shareholders' Equity
Years Ended December 31
(Expressed in Canadian Dollars)

	Share Capital			
	Number	**Amount**	**Deficit**	**Total**
Balance, December 31, 2015	100	$ 100	$ (56,783)	$ 0
Net loss for the year	-	-	(4,164)	(4,164)
Balance, December 31, 2016	100	100	(60,947)	(60,847)
Net income for the year	-	-	21,784	21,784
Balance, December 31, 2017	100	$ 100	$ (39,163)	$ (39,063)

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

Gaia Bio-Pharmaceuticals Inc.
Statement of Cash Flows
Years Ended December 31
(Expressed in Canadian Dollars)

	2017	2016 (Unaudited)
Operating Activities		
Net income (loss) for the year	$ 21,784	$ (4,164)
Changes in non-cash working capital		
Accounts receivable	(50,000)	-
Accounts payable	24,161	3,313
Cash used in operating activities	(4,055)	(851)
Financing Activities		
Loan from related parties	9,781	6,010
Loans payable	(5,725)	(5,404)
Cash used in financing activities	4,056	606
Change in cash	1	(245)
Cash, beginning of year	1	246
Cash, end of year	$ 2	$ 1

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

1. NATURE OF OPERATIONS

Gaia Bio-Pharmaceuticals Inc. (the "Company") is an Alberta, Canada corporation that was incorporated on September 4, 2014. The Company's operations are based in Tofield, Alberta, Canada. The Company is a privately held company in the business of developing a facility and infrastructure for the manufacturing and marketing of hemp-based products in Canada.

The Company's shareholders entered into a share purchase agreement with Gaia Grow Corp. ("Gaia Grow") dated August 6, 2018, which was subsequently amended and closed on March 22, 2019 and amended subseuqenlty on June 7, 2019. Gaia Grow, a private company, acquired all of the issued and outstanding shares of the Company for the following consideration:

(a) \$200,000, paid in a series of tranches, as a non-refundable deposit paid by Gaia Grow to the shareholders of the Company (\$76,000 has subsequently been recorded in accounts payable and \$124,000 was paid directly to the shareholders of the Company). The \$76,000 was recorded as a distribution to the shareholders of the Company;
(b) the issuance of 7% of the issued and outstanding common shares of Gaia Grow (estimated to be an aggregate of 8,400,000 common shares of the Company) (pending);
(c) A conditional payment of \$1,600,000 in cash or equivalent in common shares of Gaia Grow, in the event that the common shares of Gaia Grow are valued less than \$2,000,000 at any time during the 60 day period after Gaia Grow is in receipt of a license to cultivate from Health Canada;
(d) Gaia Grow will assume the Company's business loan in the amount of \$10,625; and
(e) Gaia Grow will assume the Company's commitment pursuant to an Offer to Purchase Agreement ("Offer to Purchase") (Note 8). Further, Gaia Grow will pay \$1,000/month in purchase extension fees until closing of the Offer to Purchase.

Consequently, the Company became a wholly-owned subsidiary of Gaia Grow.

On January 31, 2019, Gaia Grow entered into an amalgamation agreement (the "Amalgamation Agreement") with Spirit Bear Capital Corp. and its wholly owned subsidiary 1193805 B.C. Ltd. (collectively known as "SBG"), a public company listed on the TSX Venture Exchange ("TSX-V"). Subsequent to the contemplated amalgamation, the resulting issuer will continue to carry on the business of the Company. See Note 11.

The principal business office of the Company is located at Site 4, Box 17, RR 4, Tofield AB T0B 4J0.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. These financial statements do not give effect to any adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

As at December 31, 2017, the Company had working capital deficit of \$30,964 (2016 – deficit of \$46,445 and accumulated shareholders deficit of \$39,163 (2017 – deficit of \$60,947). During the year ended December 31, 2017, the Company incurred a net and comprehensive income of \$21,784. The continuing operations of the Company are dependent upon its ability to continue to achieve profitable operations in the future, and raise additional funds as and when required. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

(b) Basis of presentation

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair values. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements were approved and authorized for issue by the Board of Directors of the Company on June 28, 2019.

(c) Use of estimates and judgments

The preparation of these financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and 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. Actual results could differ from these estimates.

Significant areas requiring the use of estimates and judgment include the ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Company to the periods presented.

(a) Financial instruments

Financial assets
The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. The Company classifies cash and cash equivalents 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 using the effective interest method less any provision for impairment. The Company classifies its receivables as loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Financial instruments (Continued)

Held-to-maturity investments - 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 method less any provision for impairment.

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 loss. 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 accumulated other comprehensive loss and recognized in profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities
The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method, and includes trade payables.

For the years presented, the Company did not have any derivative financial assets or liabilities.

(b) Income taxes

Current income tax

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Income taxes (continued)

Deferred income tax Deferred income tax

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

(c) Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended December 31, 2017 and have not been applied in preparing these financial statements. The Company is currently considering the possible effects of the revised standard which will be effective to the Company's financial statements for the year ending December 31, 2018 or later:

IFRS 9 – "Financial Instruments" , IFRS 15 – "Revenue from Contracts with Customers", IFRS 16 – "Leases" and IAS 12 – Income Taxes."

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

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivable and accounts payables approximate their carrying value. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (Continued)

The Company has exposure to the following risks from its use of financial instruments:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash is placed with a major Canadian financial institution and the Company's concentration of credit risk for cash and maximum exposure thereto is $2 (2016 - $1).

With respect to its accounts receivable, the Company assesses the credit rating of all customers and maintains provisions for potential credit losses, and any such losses to date have been within management's expectations. The Company's credit risk with respect to accounts receivable and maximum exposure thereto is $50,000 (2016 - $nil).

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. At December 31, 2017, the Company has $2 (2016 - $1) of cash to settle current liabilities with the following due dates: accounts payable and accrued liabilities of $27,795 (2016 - $3,634) are due within three months. Current portion of loans payable of $6,039 (2016 - $5,461) are due within twelve months. Loans from related parties of $47,132 (2016 - $37,351) are due on demand.

The Company manages its liquidity risk by relying upon its revenues and may have to raise additional funds through equity or debt financing to fund its current liabilities and operations. Liquidity risk in assessed as high.

(c) Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate, foreign currency and other price risk. The Company is not exposed to any significant market risk.

(d) Foreign Exchange Rate
The Company is not exposed to any significant foreign exchange risk.

(e) Interest Rate Risk
The Company is not exposed to any significant interest rate risk.

5. SHARE CAPITAL

(Expressed in Canadian Dollars)

Authorized: Unlimited number of Class “A” and Class “B” voting common shares, Class “C” non-cumulative redeemable preferred voting shares, Class “D” and Class “E” non-cumulative redeemable preferred non-voting shares and Class “F” and Class “G” non-voting common shares without par value.

Issued: 100 Class “A” voting common shares

6. RELATED PARTY TRANSACTIONS

The Company entered into a series of loan agreements with a related party lender. As of December 31, 2017, the Company received gross proceeds of $47,132 (2016 - $37,351), payable on demand and bearing no interest.

7. LOAN PAYABLE

On November 24, 2017, the Company entered into a loan agreement for a principal balance of $29,500 with a Canadian financial institution. The loan bears interest at 8.93% and is amortized over 60 months with monthly payments of $611.

Repayment	2017	2016
	$	$
Within 12 months	6,039	5,461
December 31, 2019	6,890	6,039
December 31, 2020	1,209	8,363
	14,138	19,863

8. COMMITMENT

On April 3, 2015, the Company entered into an Offer to Purchase Agreement (“Offer to Purchase”) whereby the Company agreed to purchase a plot of land (the “Property”) located in Lamont County, Alberta for the purposes of growing hemp. The purchase price was $160,000 and 5% of the total number of common shares of the Company, subject to the condition that the number of shares may change depending on whether more shares are issued. Subsequent to December 31, 2017, the Offer to Purchase terms were amended such that the purchase price is $190,000. Closing of the transaction is to be 30 days after the Company receives Health Canada’s pre-approval “letter-to-build” (“LTB”).

Subsequent to December 31, 2017, due to a number of extensions to the Offer to Purchase, the Company has paid $9,000 in extension fees to the seller.

To date, the Company has not received LTB approval.

9. PURCHASE OF BUSINESS AGREEMENT

During the year ended December 31, 2017, the shareholders of the Company entered into a purchase of business agreement (the “Purchase of Business Agreement”) with Greenfields Supply Corp. (“Greensfields”). Pursuant to the Purchase of Business Agreement, Greensfields agreed to purchase the issued and outstanding shares of the Company for $3,300,000. Of the total consideration, $50,000 was due on December 28, 2017 (subsequently received), of which $25,000 was a a non-refundable deposit.

(Expressed in Canadian Dollars)

During the year ended December 31, 2017, Greensfields defaulted on the terms of agreement and, accordingly the $50,000 has been recorded as other income on the statement of operations.

10. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
Net income (loss) before tax	$ 25,895	$ (4,164)
Statutory tax rate	12.0%	12.0%
Expected tax (recovery) at the statutory tax rate	$ 3,107	$ (500)
Differences due to recognition of items for tax purposes:		
Permanent differences	1,004	-
Change in deferred tax asset not recognized	-	500
Income tax expense	$ 4,111	$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	Year ended December 31, 2017	Year ended December 31, 2016
Deferred income tax assets		
Loss carry-forwards	$ -	$ 11,724
	-	11,724
Deferred tax asset not recognized	-	(11,724)
Deferred income tax asset	$ -	$ -

The Company has available for deduction against future taxable income non-capital losses of approximately $Nil (2016 - $11,724). Deferred tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial due to the uncertainty of their realization.

11. SUBSEQUENT EVENTS

The transaction to sell all of the issued and outstanding shares of the Company to Gaia Grow (Note 1) closed on March 22, 2019.

On January 31, 2019, Gaia Grow entered into an amalgamation agreement with Spirit Bear Capital Corp. and its wholly-owned subsidiary 1193805 B.C. Ltd. (collectively known as “SBG”). SBG is a public company listed on the TSX Venture Exchange. Subsequent to the contemplated amalgamation, the resulting issuer will continue to carry on the business of the Company.

Gaia Bio-Pharmaceuticals Inc.

Interim Financial Statements
For the Three Month Periods Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

Gaia Bio-Pharmaceuticals Inc.
Interim Statements of Financial Position
(Express in Canadian Dollars)

	As at March 31, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Assets		
Current		
Cash	$ -	$ 5
Accounts receivable	5,576	4,951
Loan receivable (note 7)	3,516	-
Total assets	$ 9,092	$ 4,956
Liabilities and Shareholders' Deficit		
Current liability		
Accounts payable	$ 82,257	$ 4,320
Due to related parties (note 6)	36,404	35,173
Current portion of loan payable (note 7)	77,655	45,536
	193,316	85,029
Long-term liability		
Long-term portion of loan payable (note 7)	-	1,468
	193,316	86,497
Shareholders' deficit		
Share capital (note 5)	100	100
Deficit	(187,324)	(81,641)
	(187,224)	(81,541)
	$ 9,092	$ 4,956

Approved on behalf of the Board:

/s/ James Kilpatrick

……………………………………………

James Kilpatrick, Director

Nature of business and continuance of operations (Note 1)
Commitments (Note 8)

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

Gaia Bio-Pharmaceuticals Inc.
Interim Statements of Operations
(Unaudited)
(Expressed in Canadian Dollars)

	Three months ended March 31, 2019	Three months ended March 31, 2018
Operating Expenses		
Bank fees and interest	$ 279	$ 287
Land payments (note 8)	7,500	-
Professional fees	21,904	9,686
Net and comprehensive loss	$ (29,683)	$ (9,973)

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

Gaia Bio-Pharmaceuticals Inc.
Interim Statement of Changes in Shareholders' Equity
(Unaudited)
(Expressed in Canadian Dollars)

	Share Capital			
	Number	**Amount**	**Deficit**	**Total**
Balance, December 31, 2017	100	$ 100	$ (39,163)	$ (39,063)
Net loss for the period	-	-	(9,973)	(9,973)
Balance, March 31, 2018	100	100	(49,136)	(49,036)
Net loss for the period	-	-	(32,505)	(32,505)
Balance, December 31, 2018	100	100	(81,641)	(81,541)
Corporate restructuring	-	-	(76,000)	(76,000)
Net loss for the period			(29,683)	(29,683)
Balance, March 31, 2019	100	$ 100	$ (187,324)	$ (187,224)

See note 5.

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

Gaia Bio-Pharmaceuticals Inc.
Interim Statements of Cash Flows
(Unaudited)
(Expressed in Canadian Dollars)

	Three months ended March 31, 2019	Three months ended March 31, 2018
Operating Activities		
Net loss for the period	$ (29,683)	$ (9,973)
Changes in non-cash working capital		
Receivable	(625)	50,000
Accounts payable	1,937	(21,069)
Cash provided by (used in) Operating Activities	(28,371)	18,958
Financing Activities		
Loan repayments to related parties	(2,285)	(17,325)
Loans payable	30,651	(1,571)
Cash provided by (used in) Financing Activities	28,366	(18,896)
Change in cash	(5)	62
Cash, beginning of period	5	2
Cash, end of period	$ -	$ 64

Non-cash transactions:
During the three months ended March 31, 2019, the Company recorded $76,000 in accounts payable, which is due for a corporate restructuring (Note 1).

There were no non-cash transactions during the three month period ended March 31, 2018.

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

1. NATURE OF OPERATIONS

Gaia Bio-Pharmaceuticals Inc. (the "Company" or "Gaia") is an Alberta, Canada corporation that was incorporated on September 4, 2014. The Company's operations are based in Tofield, Alberta, Canada. The Company is a privately held company in the business of developing a facility and infrastructure for the manufacturing and marketing of hemp-based products in Canada.

The Company's shareholders entered into a share purchase agreement with Gaia Grow Corp. ("Gaia Grow") dated August 6, 2018, which was subsequently amended and closed on March 22, 2019 and amended subsequently on June 7, 2019. Gaia Grow, a private company, acquired all of the issued and outstanding shares of the Company for the following consideration:

(a) $200,000, paid in a series of tranches, as a non-refundable deposit paid by Gaia Grow to the shareholders of the Company ($76,000 has been recorded in accounts payable and $124,000 was paid directly to the shareholders of the Company). The $76,000 has been recorded as a distribution to the shareholders of the Company;
(b) the issuance of 7% of the issued and outstanding common shares of Gaia Grow (estimated to be an aggregate of 8,400,000 common shares of the Company) (pending);
(c) A conditional payment of $1,600,000 in cash or equivalent in common shares of Gaia Grow, in the event that the common shares of Gaia Grow are valued less than $2,000,000 at any time during the 60 day period after Gaia Grow is in receipt of a license to cultivate from Health Canada;
(d) Gaia Grow will assume the Company's business loan in the amount of $10,625 (currently in the amount of $6,123); and
(e) Gaia Grow will assume the Company's commitment pursuant to an Offer to Purchase Agreement ("Offer to Purchase") (Note 8). Further, Gaia Grow will pay $1,000/month in purchase extension fees until closing of the Offer to Purchase.

Consequently, the Company became a wholly-owned subsidiary of Gaia Grow. These interim financial statements do not represent the impact of this transaction.

On January 31, 2019, Gaia Grow entered into an amalgamation agreement (the "Amalgamation Agreement") with Spirit Bear Capital Corp. and its wholly owned subsidiary 1193805 B.C. Ltd. (collectively known as "SBG"), a public company listed on the TSX Venture Exchange ("TSX-V"). Subsequent to the contemplated amalgamation, the resulting issuer will continue to carry on the business of the Company. Closing of the transaction is subject to a number of conditions including completion of a proposed financing, approval of the TSX-V, approval of the Company's shareholders and satisfaction of other closing conditions as are customary in transaction of this nature.

The principal business office of the Company is located at Site 4, Box 17, RR 4, Tofield AB T0B 4J0.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. These financial statements do not give effect to any adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

1. NATURE OF OPERATIONS (Continued)

As at March 31, 2019, the Company had working capital deficit of $184,224 (December 31, 2018 – deficit of $80,073 and accumulated shareholders deficit of $187,324 (December 31, 2018 – deficit of $81,641). During the three months ended March 31, 2019, the Company incurred a net loss of $29,683. The continuing operations of the Company are dependent upon its ability to continue to achieve profitable operations in the future, and raise additional funds as and when required. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. Therefore, these financial statements comply with International Accounting Standards 34 "Interim Financial Reporting".

(b) Basis of presentation

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair values. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These Financial Statements were approved and authorized for issue by the Board of Directors of the Company on June 28, 2019.

(c) Use of estimates and judgments

The preparation of these financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and 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. Actual results could differ from these estimates.

Significant areas requiring the use of estimates and judgment include the ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Company to the periods presented.

(a) Financial instruments

The Company adopted all of the requirements of IFRS 9 *Financial Instruments* ("IFRS 9") on a retroactive basis in accordance with the transitional provisions. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). The standard promulgates a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. The adoption of IFRS 9 did not result in any change in the carrying values of any of the Company's financial assets on the transition date; therefore, comparative figures have not been restated. The following is the Company's new accounting policy for financial instruments under IFRS 9:

<u>(i) Classification</u>

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to

<u>(i) Classification (continued)</u>

be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

<u>(ii) Measurement</u>

<u>Financial assets and liabilities at amortized cost</u>
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

<u>Financial assets and liabilities at FVTPL</u>
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Financial instruments (Continued)

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Income taxes

Current income tax

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

Deferred income tax

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

(c) Accounting standards issued but not yet effective

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

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as a financial asset at FVTPL; accounts receivable is classified as loans and receivables; and accounts payable and loans payable are classified as other financial liabilities, which are measured at amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

The Company has exposure to the following risks from its use of financial instruments:

(a) Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash is placed with a major Canadian financial institution and the Company's concentration of credit risk for cash and maximum exposure thereto is $Nil (December 31, 2018 - $5).

With respect to its accounts receivable, the Company assesses the credit rating of all customers and maintains provisions for potential credit losses, and any such losses to date have been within management's expectations. The Company's credit risk with respect to accounts receivable and maximum exposure thereto is $5,576 (2018 - $4,951).

(b) Liquidity risk
Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. At March 31, 2019, the Company has $Nil (December 31, 2018 - $5) of cash to settle current liabilities with the following due dates: accounts payable and accrued liabilities of $82,257 (December 31, 2018 - $4,320) are due within three months. Current portion of loans payable of $77,655 (December 31, 2018 - $45,536) are due within twelve months. Loans from related parties of $36,404 (December 31, 2018 - $35,173) and other loans payable of $Nil (December 31, 2018 - $38,646) are due on demand.

The Company manages its liquidity risk by relying upon its revenues and may have to raise additional funds through equity or debt financing to fund its current liabilities and operations. Liquidity risk in assessed as high.

(d) Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate, foreign currency and other price risk. The Company is not exposed to any significant market risk.

(e) Foreign Exchange Rate
The Company is not exposed to any significant foreign exchange risk.

(f) Interest Rate Risk
The Company is not exposed to any significant interest rate risk.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL

Authorized: Unlimited number of Class "A" and Class "B" voting common shares, Class "C" non-cumulative redeemable preferred voting shares, Class "D" and Class "E" non-cumulative redeemable preferred non-voting shares and Class "F" and Class "G" non-voting common shares without par value.

Issued and outstanding: 100 Class "A" voting common shares

6. RELATED PARTY TRANSACTIONS

The Company entered into a series of loan agreements with a related party lender. As of March 31, 2019, $36,404 (December 31, 2018 - $35,173) is payable on demand, unsecured and bearing no interest.

7. LOANS RECEIVABLE AND PAYABLE

Loan receivable consists of $3,516 (December 31, 2018 - $Nil) due from a shareholder of the Company. The loan is non-interest bearing and due on demand.

On November 24, 2017, the Company entered into a loan agreement for a principal balance of $29,500 with a Canadian financial institution. The loan bears interest at 8.93% and is amortized over 60 months with monthly payments of $611.

Repayment	March 31, 2019	December 31, 2018
	$	$
Within 12 months	6,123	6,890
Over 12 months	-	1,468
	6,123	8,358

At March 31, 2019, the Company has the following additional loans outstanding:

a) $71,532 (December 31, 2018 - $10,250) due to Gaia Grow Corp. This loan is non-interest bearing and due on demand.

b) Loan payable of $Nil (December 31, 2018 - $28,396) due to a shareholder of the company. The loan is non-interest bearing and due on demand.

8. COMMITMENT

On April 3, 2015, the Company entered into an Offer to Purchase Agreement ("Offer to Purchase") whereby the Company agreed to purchase a plot of land (the "Property") located in Lamont County, Alberta for the purposes of growing hemp. The purchase price was $160,000 and 5% of the total number of common shares of the Company, subject to the condition that the number of shares may change depending on whether more shares are issued. During the year ended December 31, 2018, the Offer to Purchase terms were amended such that the purchase price is $190,000. Closing of the transaction is to be 30 days after the Company receives Health Canada's pre-approval "letter-to-build" ("LTB").

8. COMMITMENT (continued)

During the year ended December 31, 2018, due to a number of extensions to the Offer to Purchase, the Company paid the sellers $9,000.

During the three months ended March 31, 2019, the Company paid an additional $7,500 in extension fees to the seller.

To date, the Company has not received LTB approval.

Schedule "E"

MD&A OF GAIA BIO FOR THE YEAR ENDED DECEMBER 31, 2018 AND THE PERIOD ENDED MARCH 31, 2019

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Management's Discussion and Analysis

Gaia Bio-Pharmaceuticals Inc.

For the year ended December 31, 2018

The following management discussion and analysis ("MD&A") should be read in conjunction with the audited financial statements and accompanying notes ("Financial Statements") of Gaia Bio-Pharmaceuticals Inc. (the "Company") for the year ended December 31, 2018. Results have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All monetary amounts are reported in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information. See "Forward-Looking Information" and "Risks and Uncertainties" for a discussion of the risks, uncertainties and assumptions relating to such information.

Introduction

The following discussion of performance and financial condition should be read in conjunction with the audited financial statements of Gaia Bio-Pharmaceuticals Inc. (the "Company") for the year ended December 31, 2018. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The Company's reporting currency is Canadian dollars unless otherwise stated. This Management's Discussion and Analysis ("MD&A") is dated June 28, 2019.

Description of Business

Gaia Bio-Pharmaceuticals Inc. (the "Company" or "Gaia") is an Alberta, Canada corporation that was incorporated on September 4, 2014. The Company's operations are based in Tofield, Alberta, Canada. The Company is a privately held company in the business of developing a facility and infrastructure for the manufacturing and marketing of hemp-based products in Canada

The Company's shareholders entered into a share purchase agreement with Gaia Grow Corp. ("Gaia Grow") dated August 6, 2018, which was subsequently amended and closed on March 22, 2019 and amended subsequently on June 7, 2019. Gaia Grow, a private company, acquired all of the issued and outstanding shares of the Company for the following consideration:

(a) $200,000, paid in a series of tranches, as a non-refundable deposit paid by Gaia Grow to the shareholders of the Company ($76,000 has been recorded in accounts payable and $124,000 was paid directly to the shareholders of the Company). The $76,000 has been recorded as a distribution to the shareholders of the Company;
(b) the issuance of 7% of the issued and outstanding common shares of Gaia Grow (estimated to be an aggregate of 8,400,000 common shares of the Company) (pending);
(c) A conditional payment of $1,600,000 in cash or equivalent in common shares of Gaia Grow, in the event that the common shares of Gaia Grow are valued less than $2,000,000 at any time during the 60 day period after Gaia Grow is in receipt of a license to cultivate from Health Canada;
(d) Gaia Grow will assume the Company's business loan in the amount of $10,625 (currently in the amount of $6,123); and
(e) Gaia Grow will assume the Company's commitment pursuant to an Offer to Purchase Agreement ("Offer to Purchase"). Further, Gaia Grow will pay $1,000/month in purchase extension fees until closing of the Offer to Purchase.

The principal business office of the Company is located at Site 4, Box 17, RR 4, Tofield AB T0B 4J0.

As at December 31, 2018, the Company had a working capital deficit of $80,073 (2017 – deficit of $30,964 and accumulated shareholders deficit of $81,641 (2017 – deficit of $39,163). During the year ended December 31, 2018, the Company incurred a net loss of $42,478. The continuing operations of the Company are dependent upon its ability to continue to achieve profitable operations in the future, and raise additional funds as and when required. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Unless the context suggests otherwise, references to "Gaia Bio" or the "Company" or "we", "us", "our" or similar terms refer to Gaia Bio-Pharmaceuticals Inc.

Project Overview

Gaia entered into a series of loan agreements with a related party lender. As of December 31, 2018, the Company received gross proceeds of $35,173 (2017 - $47,132), payable on demand and bearing no interest.

On November 24, 2017, Gaia entered into a loan agreement for a principal balance of $29,500 with a Canadian financial institution for working capital purposes in February 2015. The loan bears interest at 8.93% and is amortized over 60 months with monthly payments of $611.

On April 3, 2015, Gaia entered into an Offer to Purchase Agreement ("Offer to Purchase") whereby the Company agreed to purchase a plot of land (the "Property") located in Lamont County, Alberta for the purposes of growing hemp. The purchase price was $160,000 and 5% of the total number of common shares of the Company, subject to the condition that the number of shares may change depending on whether more shares is issued. During the year ended December 31, 2018, the Offer to Purchase terms were amended such that the purchase price is $190,000. Closing of the transaction is to be 30 days after the Company receives Health Canada's pre-approval "letter-to-build" ("LTB").

During the year ended December 31, 2017, the Company received $50,000 from potential buyers as a non-refundable deposit to purchase the Property. The buyers defaulted in the agreement during the year ended 2018 and, accordingly the $50,000 was recorded in other item on the statement of operations.

Additionally, due to a number of extensions to the Offer to Purchase, the Company paid the sellers $9,000 (2017 - $Nil). Subsequent to December 31, 2018, the Company has paid an additional $7,500 in extension fees to the seller.

To date, the Company has not received LTB approval.

SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION

Selected Annual Information

The following selected financial information is derived from the audited financial statements of the Company. The figures have been prepared in accordance with IFRS.

	Years Ended December 31 (audited)	
	2018	2017
Total revenues	$ -	$ -
General and administrative expenses	44,243	24,105
Net income (loss)	(42,478)	21,784
Total assets	4,956	50,002
Total liabilities	86,497	89,065
Cash dividends declared per share	Nil	Nil

RESULTS OF OPERATIONS

For the year ended December 31, 2018 compared to the year ended December 31, 2017.

Comprehensive loss for the year ended December 31, 2018 was $42,478 as compared to $21,784 Comprehensive income for the same period in 2017. The increase in comprehensive loss of $64,262 was mainly attributable to the net effect of:

- Decrease of $336 in Bank fees, from $1,710 in 2017 to $1,374 in 2018.
- Decrease of $112 in Business licenses, taxes and dues, from $112 in 2017 to $Nil in 2018.
- Increase of $9,000 in Land payments, from $Nil in 2017 to $9,000 in 2018.
- Increase of $11,586 in Professional fees, from $22,283 in 2017 to $33,869 in 2018.
- Decrease of $50,000 in Other income, from $50,000 in 2017 to $Nil in 2018.

To date, the Company has not commenced commercial operations.

Liquidity and Capital Resources

At December 31, 2018, the Company has $5 (2017 - $2) of cash to settle current liabilities with the following due dates: accounts payable and accrued liabilities of $4,320 (2017 - $27,795) are due within three months. Current portion of loans payable of $45,536 (2017 - $6,039) are due within twelve months. Loans from related parties of $35,173 (2017 - $47,132) are due on demand.

Related Party Transactions

The Company entered into a series of loan agreements with a related party lender. As of December 31, 2018, the Company received gross proceeds of $35,173 (2017 - $47,132), payable on demand and bearing no interest.

Outstanding Share Data

Authorized: Unlimited number of Class "A" and Class "B" voting common shares, Class "C" non-cumulative redeemable preferred voting shares, Class "D" and Class "E" non-cumulative redeemable preferred non-voting shares and Class "F" and Class "G" non-voting common shares without par value.

As of December 31, 2018, and June 28, 2019:

Issued and Outstanding: 100 Class "A" voting common shares

Financial and Other Instruments

The Company's financial assets and liabilities consist of cash and cash equivalents, trade payables and related party loans. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of these instruments approximates their carrying value due to the short-term nature of their maturity.

Critical Accounting Estimates

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Adoption of New and Revised Standards and Interpretations

The Company adopted all of the requirements of IFRS 9 *Financial Instruments* ("IFRS 9") on a retroactive basis in accordance with the transitional provisions. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). The standard promulgates a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. The adoption of IFRS 9 did not result in any change in the carrying values of any of the Company's financial assets on the transition date; therefore, comparative figures have not been restated. The following is the Company's new accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of operations. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the operations in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of operations, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

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

The Company's financial instruments are accounted for as follows under IFRS 9 as compared to the Company's previous policy in accordance with IAS 39:

Financial Assets	Previous classification under IAS 39	New classification under IFRS 9
Cash	Financial assets - FVTPL	Financial assets - FVTPL
Accounts receivable	Loans and receivables – amortized cost	Amortized cost
Financial Liabilities	Previous classification under IAS 39	New classification under IFRS 9

Accounts payable	Other financial liabilities – amortized cost	Amortized cost
Due to related parties	Other financial liabilities – amortized cost	Amortized cost
Loan payable	Other financial liabilities – amortized cost	Amortized cost

Off-Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements during the period.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of Management. In the preparation of these statements estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying Financial Statements.

Risk Factors

The Investment in the common shares must be regarded as highly speculative due to the proposed nature of the Company's business and its present stage of development.

There can be no assurance that an active and liquid market for the Company's common shares will develop and an investor may find it difficult to resell the common shares.

The hemp industry involves significant risks. In addition to the risk factors described elsewhere in this MD&A, the risk factors that should be taken into account in considering Gaia Bio's business include, but are not limited to, those set out below. Any one or more of these risks could have a material adverse effect on the future prospects of the Company and the value of its securities.

Current Global Financial Condition

Current global financial conditions have been subject to increased volatility and turmoil. These factors may affect Gaia Bio's ability to obtain equity financing in the future or, if obtained, to do so on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations as well as the trading price of its common shares could be adversely affected.

Industry and Hemp Product Manufacturing Risk

Hemp product manufacturing is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that the Company's commercial efforts will be successful. At present, Gaia Bio has not began production.

The Company may be subject to risks that could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks. Gaia Bio attempts to balance these risks through insurance programs where required and ongoing risk assessments conducted by its management team.

Commodity Prices

Gaia Bio is in the business of hemp products, the market prices of which can fluctuate widely. Hemp prices ultimately depend on demand in the end markets for which hemp products are used. Demand is affected by numerous factors beyond the Company's control, including the overall state of the economy, general level of industrial production, trends in demand and government regulation. In the course of its current operations, the Company does not enter into price hedging programs.

Environmental

Cultivation projects and operations are subject to the environmental laws and applicable regulations of the jurisdiction in which Gaia Bio operates. Environmental standards continue to evolve and the trend is to a longer, more complete and rigid process. The Company reviews environmental matters on an ongoing basis. If and when appropriate, the Company will make appropriate provisions in its financial statements for any potential environmental liability.

Reliance upon Key Personnel

The Company is dependent upon a number of key management and operational personnel, including the services of certain key employees. Its ability to manage activities, and hence its success, will depend in large part on the efforts of these individuals. During times when metals prices are strong, the Company faces intense competition for qualified personnel, and there can be no assurance that Gaia Bio will be able to attract and retain such personnel at any time. Gaia Bio does not maintain "key person" life insurance. Accordingly, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Company.

Insurance

Gaia Bio's insurance will not cover all the potential risks associated with its operations. In addition, although certain risks are insurable, it might be unable to maintain insurance to cover these risks at economically feasible premiums. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration is not generally available to Gaia Bio or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards that may not be insured against or that it may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Requirements to Obtain Government Permits

Government approvals and permits are currently required in connection with Gaia Bio's activities, and further approvals and permits may be required in the future. The duration and success of the Company's efforts to obtain permits are contingent upon many variables outside of its control. Obtaining government permits may increase costs and cause delays depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. There can be no assurance that all necessary permits will be obtained and if obtained, that the costs involved will not exceed Gaia Bio's estimates or that it will be able to maintain such permits. To the extent such approvals are required and not obtained or maintained, the Company may be prohibited from proceeding with planned activities.

Joint Ventures

From time to time Gaia Bio may enter into one or more joint ventures. Any failure of a joint venture partner to meet its obligations could have a material adverse effect on such joint ventures. In addition, the Company might be unable to exert influence over strategic decisions made in connection with properties that are involved in such joint ventures.

Controls and Procedures

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this MD&A.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports.

Outlook

Although current management has demonstrated its ability to raise funds in the past, with the current financial market conditions and global economic uncertainty, there can be no assurance they will be able to do so in the future. The financial results and discussion do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Caution Regarding Forward Looking Statements

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially, from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

Subsequent Events

Subsequent to year end, the Company received a further $67,405 from Gaia Grow. This loan is non-interest bearing and due on demand. Additionally, the transaction to sell all of the issued and outstanding shares of the Company to Gaia Grow closed on March 22, 2019.

On January 31, 2019, Gaia Grow entered into an amalgamation agreement with Spirit Bear Capital Corp. and its wholly-owned subsidiary 1193805 B.C. Ltd. (collectively known as "SBG"). SBG is a public company listed on the TSX Venture Exchange. Subsequent to the contemplated amalgamation, the resulting issuer will continue to carry on the business of the Company.

Management's Discussion and Analysis

Gaia Bio-Pharmaceuticals Inc.

For the three-month periods ended March 31, 2019 and 2018

The following management discussion and analysis ("MD&A") should be read in conjunction with the interim financial statements and accompanying notes ("Financial Statements") of Gaia Bio-Pharmaceuticals Inc. (the "Company") for the three months ended March 31, 2019. Results have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All monetary amounts are reported in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information. See "Forward-Looking Information" and "Risks and Uncertainties" for a discussion of the risks, uncertainties and assumptions relating to such information.

Introduction

The following discussion of performance and financial condition should be read in conjunction with the interim financial statements of Gaia Bio-Pharmaceuticals Inc. (the "Company") for the three months ended March 31, 2019. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The Company's reporting currency is Canadian dollars unless otherwise stated. This Management's Discussion and Analysis ("MD&A") is dated June 28, 2019.

Description of Business

Gaia Bio-Pharmaceuticals Inc. (the "Company" or "Gaia") is an Alberta, Canada corporation that was incorporated on September 4, 2014. The Company's operations are based in Tofield, Alberta, Canada. The Company is a privately held company in the business of developing a facility and infrastructure for the manufacturing and marketing of hemp-based products in Canada.

The Company's shareholders entered into a share purchase agreement with Gaia Grow Corp. ("Gaia Grow") dated August 6, 2018, which was subsequently amended and closed on March 22, 2019 and amended subsequently on June 7, 2019. Gaia Grow, a private company, acquired all of the issued and outstanding shares of the Company for the following consideration:

(a) $200,000, paid in a series of tranches, as a non-refundable deposit paid by Gaia Grow to the shareholders of the Company ($76,000 has been recorded in accounts payable and $124,000 was paid directly to the shareholders of the Company). The $76,000 has been recorded as a distribution to the shareholders of the Company;
(b) the issuance of 7% of the issued and outstanding common shares of Gaia Grow (estimated to be an aggregate of 8,400,000 common shares of the Company) (pending);
(c) A conditional payment of $1,600,000 in cash or equivalent in common shares of Gaia Grow, in the event that the common shares of Gaia Grow are valued less than $2,000,000 at any time during the 60 day period after Gaia Grow is in receipt of a license to cultivate from Health Canada;
(d) Gaia Grow will assume the Company's business loan in the amount of $10,625 (currently in the amount of $6,123); and
(e) Gaia Grow will assume the Company's commitment pursuant to an Offer to Purchase Agreement ("Offer to Purchase"). Further, Gaia Grow will pay $1,000/month in purchase extension fees until closing of the Offer to Purchase.

On January 31, 2019, Gaia Grow entered into an amalgamation agreement (the "Amalgamation Agreement") with Spirit Bear Capital Corp. and its wholly owned subsidiary 1193805 B.C. Ltd. (collectively known as "SBG"), a public company listed on the TSX Venture Exchange ("TSX-V"). Subsequent to the contemplated amalgamation, the resulting issuer will continue to carry on the business of the Company. Closing of the transaction is subject to a number of conditions including completion of a proposed financing, approval of the TSX-V, approval of the company's shareholders and satisfaction of other closing conditions as are customary in transaction of this nature.

The principal business office of the Company is located at Site 4, Box 17, RR 4, Tofield AB T0B 4J0.

As at March 31, 2019, the Company had working capital deficit of $184,224 (December 31, 2018 – deficit of $80,073 and accumulated shareholders deficit of $187,324 (December 31, 2018 – deficit of $81,641). During the three months ended March 31, 2019, the Company incurred a net loss of $29,683. The continuing operations of the Company are dependent upon its ability to continue to achieve profitable operations in the future, and raise additional funds as and when required. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Project Overview

The Company entered into a series of loan agreements with a related party lender. As of March 31, 2019, $36,404 (December 31, 2018 - $35,173) is payable on demand, unsecured and bearing no interest.

On November 24, 2017, Gaia entered into a loan agreement for a principal balance of $29,500 with a Canadian financial institution for working capital purposes in February 2015. The loan bears interest at 8.93% and is amortized over 60 months with monthly payments of $611.

On April 3, 2015, the Company entered into an Offer to Purchase Agreement ("Offer to Purchase") whereby the Company agreed to purchase a plot of land (the "Property") located in Lamont County, Alberta for the purposes of growing hemp. The purchase price was $160,000 and 5% of the total number of common shares of the Company, subject to the condition that the number of shares may change depending on whether more shares are issued. During the year ended December 31, 2018, the Offer to Purchase terms were amended such that the purchase price is $190,000. Closing of the transaction is to be 30 days after the Company receives Health Canada's pre-approval "letter-to-build" ("LTB").

During the year ended December 31, 2018, due to a number of extensions to the Offer to Purchase, the Company paid the sellers $9,000.

During the three months ended March 31, 2019, the Company paid an additional $7,500 in extension fees to the seller.

To date, the Company has not received LTB approval.

SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION

Selected Annual Information

The following selected financial information is derived from the audited financial statements of the Company. The figures have been prepared in accordance with IFRS.

	Years Ended December 31 (audited)	
	2018	2017
Total revenues	$ -	$ -
General and administrative expenses	44,243	24,105
Net income (loss)	(42,478)	21,784
Total assets	4,956	50,002
Total liabilities	86,497	89,065
Cash dividends declared per share	Nil	Nil

Selected Quarterly Information

The following selected financial information is derived from the interim financial statements of the Company. The figures have been prepared in accordance with IFRS.

	Three Months Ended March 31 (unaudited)	
	2019	2018
Total revenues	$ -	$ -
General and administrative expenses	29,683	9,973
Net income (loss)	(29,683)	(9,973)
Total assets	9,092	64
Total liabilities	193,316	49,100
Cash dividends declared per share	Nil	Nil

RESULTS OF OPERATIONS

For the three months ended March 31, 2019 compared to the same period in 2018.

Comprehensive loss for the period ended March 31, 2019 was $29,683 as compared to $9,973 Comprehensive loss for the same period in 2018. The increase in comprehensive loss of $19,710 was mainly attributable to the net effect of:

- Decrease of $8 in Bank fees, from $287 in 2018 to $279 in 2019.
- Increase of $7,500 in Land payments, from $Nil in 2018 to $7,500 in 2019.
- Increase of $12,218 in Professional fees, from $9,686 in 2018 to $21,904 in 2019.

To date, the Company has not commenced commercial operations.

Liquidity and Capital Resources

At March 31, 2019, the Company has $Nil (December 31, 2018 - $5) of cash to settle current liabilities with the following due dates: accounts payable and accrued liabilities of $82,257 (December 31, 2018 - $4,320) are due within three months. Current portion of loans payable of $77,655 (December 31, 2018 - $45,536) are due within twelve months. Loans from related parties of $36,404 (December 31, 2018 - $35,173) and other loans payable of $Nil (December 31, 2018 - $38,646) are due on demand.

Related Party Transactions

The Company entered into a series of loan agreements with a related party lender. As of March 31, 2019, $36,404 (December 31, 2018 - $35,173) is payable on demand, unsecured and bearing no interest.

Outstanding Share Data

Authorized: Unlimited number of Class "A" and Class "B" voting common shares, Class "C" non-cumulative redeemable preferred voting shares, Class "D" and Class "E" non-cumulative redeemable preferred non-voting shares and Class "F" and Class "G" non-voting common shares without par value.

As of March 31, 2019, and June 28, 2019

Issued and Outstanding: 100 Class "A" voting common shares

Financial and Other Instruments

The Company's financial assets and liabilities consist of cash and cash equivalents, trade payables and related party loans. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of these instruments approximates their carrying value due to the short-term nature of their maturity.

Critical Accounting Estimates

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Adoption of New and Revised Standards and Interpretations

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

Off-Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements during the period.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of Management. In the preparation of these statements estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying Financial Statements.

Risk Factors

The Investment in the common shares must be regarded as highly speculative due to the proposed nature of the Company's business and its present stage of development.

There can be no assurance that an active and liquid market for the Company's common shares will develop and an investor may find it difficult to resell the common shares.

The hemp industry involves significant risks. In addition to the risk factors described elsewhere in this MD&A, the risk factors that should be taken into account in considering Gaia Bio's business include, but are not limited to, those set out below. Any one or more of these risks could have a material adverse effect on the future prospects of the Company and the value of its securities.

Current Global Financial Condition

Current global financial conditions have been subject to increased volatility and turmoil. These factors may affect Gaia Bio's ability to obtain equity financing in the future or, if obtained, to do so on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations as well as the trading price of its common shares could be adversely affected.

Industry and Hemp Product Manufacturing Risk

Hemp product manufacturing is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that the Company's commercial efforts will be successful. At present, Gaia Bio has not began production.

The Company may be subject to risks that could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks. Gaia Bio attempts to balance these risks through insurance programs where required and ongoing risk assessments conducted by its management team.

Commodity Prices

Gaia Bio is in the business of hemp products, the market prices of which can fluctuate widely. Hemp prices ultimately depend on demand in the end markets for which hemp products are used. Demand is affected by numerous factors beyond the Company's control, including the overall state of the economy, general level of industrial production, trends in demand and government regulation. In the course of its current operations, the Company does not enter into price hedging programs.

Environmental

Cultivation projects and operations are subject to the environmental laws and applicable regulations of the jurisdiction in which Gaia Bio operates. Environmental standards continue to evolve and the trend is to a longer, more complete and rigid process. The Company reviews environmental matters on an ongoing basis. If and when appropriate, the Company will make appropriate provisions in its financial statements for any potential environmental liability.

Reliance upon Key Personnel

The Company is dependent upon a number of key management and operational personnel, including the services of certain key employees. Its ability to manage activities, and hence its success, will depend in large part on the efforts of these individuals. During times when metals prices are strong, the Company faces intense competition for qualified personnel, and there can be no assurance that Gaia Bio will be able to attract and retain such personnel at any time. Gaia Bio does not maintain "key person" life insurance. Accordingly, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Company.

Insurance

Gaia Bio's insurance will not cover all the potential risks associated with its operations. In addition, although certain risks are insurable, it might be unable to maintain insurance to cover these risks at economically feasible premiums. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration is not generally available to Gaia Bio or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards that may not be insured against or that it may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Requirements to Obtain Government Permits

Government approvals and permits are currently required in connection with Gaia Bio's activities, and further approvals and permits may be required in the future. The duration and success of the Company's efforts to obtain permits are contingent upon many variables outside of its control. Obtaining government permits may increase costs and cause delays depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. There can be no assurance that all necessary permits will be obtained and if obtained, that the costs involved will not exceed Gaia Bio's estimates or that it will be able to maintain such permits. To the extent such approvals are required and not obtained or maintained, the Company may be prohibited from proceeding with planned activities.

Joint Ventures

From time to time Gaia Bio may enter into one or more joint ventures. Any failure of a joint venture partner to meet its obligations could have a material adverse effect on such joint ventures. In addition, the Company might be unable to exert influence over strategic decisions made in connection with properties that are involved in such joint ventures.

Controls and Procedures

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this MD&A.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports.

Outlook

Although current management has demonstrated its ability to raise funds in the past, with the current financial market conditions and global economic uncertainty, there can be no assurance they will be able to do so in the future. The financial results and discussion do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Caution Regarding Forward Looking Statements

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially, from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

Schedule "F"

PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER

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GAIA GROW CORP

(formerly, Spirit Bear Capital Corp.)

Pro Forma Consolidated Financial Statements

(Expressed in Canadian dollars – Unaudited)

Gaia Grow Corp. (formerly, Spirit Bear Capital Corp.)
Pro forma Consolidated Statement of Financial Position
(Expressed in Canadian Dollars - Unaudited)- As at March 31, 2019

	Spirit Bear Capital Corp.	Gaia Grow Corp.	Gaia Bio Corp.	Pro forma Adjustments	Notes	Total
ASSETS	$	$		$		$
Current assets						
Cash	963,641	56,237	-	525,014	3(b)	
Restricted cash	-	3,982,683	-			
				(280,000)	3(d)	
				(86,065)	3(b)	5,161,510
Receivables	1,417	531	5,576	-		7,524
Loan Receivable	14,000	77,032	3,516	(14,000)	3(c)	
				(71,532)	3(f)	9,016
Deposit	-	200,000		(200,000)	3(g)	-
Prepaid	5,541	-	-	-		5,541
	984,599	4,316,483	9,092	(126,583)		5,183,591
Property				190,000	3(j)	190,000
TOTAL ASSETS	**984,599**	**4,316,483**	**9,092**	**63,417**		**5,373,591**
LIABILITIES						
Current liabilities						
Trade payables and accrued liabilities	89,646	3,500	82,257		3(c)	
				(76,000)	3(g)	
				190,000	3(j)	289,403
Share subscriptions received	-	3,982,683	-	(3,982,683)	3(b)	-
Loans payable	-	210,500	77,655	(10,500)	3(c)	
				(3,500)	3(c)	
				(71,532)	3(f)	
				(6,123)	3(i)	
				6,123	3(i)	202,623
Due to related party	-	124,000	36,404			160,404
	89,646	4,320,683	196,316	(3,954,215)		652,430
SHAREHOLDERS' EQUITY (DEFICIT)						
Share capital	1,248,051	490	100	(86,065)	3(b)	
				3,982,683	3(b)	
				525,014	3(b)	
				632,500	3(e)	
				2,880,001	3(c)	
				(1,248,641)	3(c)	7,934,133
Reserve	42,150			(42,150)	3(c)	-
Deficit	(395,248)	(4,690)	(187,324)	(280,000)	3(c)	
				(632,500)	3(e)	
				1,248,641	3(c)	
				(3,760,954)	3(c)	
				923,103	3(c)	
				(124,000)	3(g)	(3,212,972)
TOTAL SHAREHOLDERS' EQUITY	**894,953**	**(4,200)**	**(187,224)**	**4,017,632**		**4,721,161**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	**984,599**	**4,316,483**	**9,092**	**63,417**		**5,373,591**

1. Basis of Presentation

The accompanying unaudited pro forma consolidated financial statements of Gaia Grow Corp. (formerly, Spirit Bear Capital Corp.) ("Spirit Bear" or "the Company") have been prepared by management of the Company for inclusion in the filing statement of the Company in connection with the proposed amalgamation transaction involving the Company, the Company's wholly-owned subsidiary 1193805 B.C. Ltd. and of Gaia Grow Corp. ("Gaia"). The unaudited pro forma consolidated statement of financial position as at March 31, 2019 has been prepared based on the reviewed financial statements of Gaia and Gaia Bio-Pharmaceuticals Corp. ("Gaia Bio") as at March 31, 2019, and the audited financial statements of Spirit Bear as at January 31, 2019.

The functional currency of the Company and Gaia is Canadian dollar. The unaudited pro forma consolidated financial statements are presented in Canadian dollars.

It is management's opinion that these unaudited consolidated pro forma financial statements include all adjustments necessary for the fair presentation of the transactions described herein and are in accordance with International Financial Reporting Standards applied on a basis consistent with the Company's accounting policies. These pro forma consolidated financial statements are not intended to reflect the results of operations or the financial position of the Company that would have actually resulted had the transactions been effected on the dates indicated above. Furthermore, the pro forma financial information is not necessarily indicative of the results of operations that may be obtained in the future. Actual amounts recorded upon consummation of the transactions will differ from those recorded in these unaudited pro forma consolidated financial statements and the differences may be material.

Accounting policies used in the preparation of the unaudited consolidated pro forma financial statements are consistent with those used in the audited consolidated financial statements of Spirit Bear for the year ended January 31, 2019. The unaudited pro forma consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended January 31, 2019 of Spirit Bear.

2. Acquisition of Gaia ("Transaction")

On March 22, 2019, as last amended on June 7, 2019, the Company acquired all of the issued and outstanding shares of Gaia Bio for the following consideration:

(a) $200,000, paid in a series of tranches, as a non-refundable deposit to the shareholders of Gaia Bio ($76,000 paid and $124,000 has been recorded in due to related party). The amount due to related party is non-interest bearing and repayable upon demand;
(b) the issuance of 7% of the issued and outstanding common shares of the Company (estimated to be an aggregate of 8,400,000 common shares of the Company) (pending);
(c) A conditional payment of $1,600,000 in cash or equivalent in common shares of the Company, in the event that the common shares of the Company are valued less than $2,000,000 at any time during the 60 day period after the Company is in receipt of a license to cultivate from Health Canada. The Company does not expect to pay any conditional payments.;
(d) the Company will assume a business loan in the amount of $10,625 (currently in the amount of $6,123); and

2. Acquisition of Gaia ("Transaction") (continued)

(e) the Company will assume Gaia Bio's commitment pursuant to an Offer to Purchase Agreement ("Offer to Purchase") whereby Gaia Bio agreed to purchase a plot of land (the "Property") located in Lamont County, Alberta for the purpose of growing hemp. The purchase price, as last amended, is $190,000 and 5% of the total number of common shares of Gaia Bio, subject to the condition that the number of shares may change depending on whether more shares are issued. Closing of the transaction is to be 30 days after Gaia Bio receives Health Canada's pre-approval "letter-to-build" ("LTB"), which has not yet been obtained. Further, the Company will pay $1,000/month in purchase extension fees until closing of the Offer to Purchase.

Consequently, Gaia Bio became a wholly-owned subsidiary of Gaia. The interim financial statements for each of Gaia Grow Corp. and Gaia Bio-Pharmaceuticals Corp. do not reflect the impact of this transaction. For purposes of these unaudited consolidated pro forma financial statements, the post-acquired entity is herein referred to as "Gaia".

On January 31, 2019 Spirit Bear entered into an amalgamation agreement to acquire all of the issued and outstanding common shares of Gaia in exchange for 120,000,000 common shares of Spirit Bear.

Spirit Bear currently has 28,800,012 common shares outstanding. Gaia will be issued 120,000,000 consideration common shares. On completion of the Transaction, Gaia will be a wholly-owned subsidiary of Spirit Bear. Spirit Bear shareholders will control approximately 14.8% of the Company on an issued share basis and Gaia shareholders will control approximately 61.5% of the Company on an issued share basis. These unaudited consolidated pro forma financial statements reflect Gaia as the accounting parent and Spirit Bear as the accounting subsidiary.

3. Pro forma assumptions and adjustments

The following are the pro forma assumptions and adjustments relating to the Transaction.

a) On March 22, 2019, Gaia entered into the share purchase agreement pursuant to which Gaia agreed to acquire all of the issued and outstanding Gaia Bio shares in consideration for the issuance of 8,400,000 Gaia Shares to the Gaia Bio Shareholders.

b) Gaia will complete a concurrent private placement financing with the issuance of 45,076,969 to subscription receipts for proceeds from $4,507,697. Each subscription receipt will automatically convert into a common share of Gaia in connection with completion of the Transaction. 39,826,827 subscription receipts were issued in March 2019 and 5,250,142 were issued subsequent to March 31, 2019. The commission was estimated at 7% and is $86,065.

(Expressed in Canadian Dollars - Unaudited)

3. Pro forma assumptions and adjustments (continued)

c) The following table provides details of the fair value of the consideration given and the fair value of the assets and liabilities acquired:

	Number		Amount
Consideration			
Outstanding common shares of Spirit Bear post-subdivision	28,800,012	$	2,880,001
			2,880,001
Less: net Identifiable assets (liabilities) acquired			
Cash			963,641
Receivables			1,417
Prepaid			5,541
Trade payables and accrued liabilities			(89,646)
			880,953
Listing expense		$	3,760,954

The fair value of the 28,800,012 common shares of Spirit Bear was determined to be $0.10 per common share, based on the concurrent private placement.

In accordance with IFRS 3, Business Combinations, the substance of the transaction is a reverse takeover ("RTO") acquisition of a non-operating company. The transaction does not constitute a business combination as the Company does not meet the definition of a business under the standards. As a result, the transaction is accounted for as an asset acquisition transaction with Gaia being identified as the accounting acquirer and the equity consideration being measured at fair value and recorded as a listing expense.

For purposes of preparing the unaudited consolidated pro forma financial statements, the net liabilities acquired are measured at estimated fair values at March 31, 2019. A final determination of fair values and consideration given will be based on the actual assets and liabilities that exist at closing date and on actual share prices in effect at that time. Accordingly, the estimated fair values of assets and liabilities reflected in the table above are preliminary and subject to change pending additional information and facts that may become be known at the closing date.

d) Estimated legal and other fees related to the Transaction in the amount of $280,000 have been recorded in listing expense.

e) Fair value of the 6,325,000 finders' shares related to the Transaction was estimated as $632,500 using as estimation the subscription price in the concurrent private placement and has been recorded in listing expense.

f) The non-interest bearing and due on demand loan in the amount of $71,532 due to Gaia Grow Corp. from Gaia Bio to be eliminated.

(Expressed in Canadian Dollars - Unaudited)

g) $200,000, paid in a series of tranches, as a non-refundable deposit to the shareholders of Gaia Bio ($76,000 paid and $124,000 has been recorded in due to related party). The amount due to related party is non-interest bearing and repayable upon demand;

h) the issuance of 7% of the issued and outstanding common shares of the Company (estimated to be an aggregate of 8,400,000 common shares of the Company) (pending);

i) the Company will assume a business loan in the amount of $10,625 (currently in the amount of $6,123); and

j) the Company will assume Gaia Bio's commitment pursuant to an Offer to Purchase Agreement ("Offer to Purchase") whereby Gaia Bio agreed to purchase a plot of land (the "Property") located in Lamont County, Alberta for the purpose of growing hemp. The purchase price, as last amended, is $190,000 and 5% of the total number of common shares of Gaia Bio, subject to the condition that the number of shares may change depending on whether more shares are issued. Closing of the transaction is to be 30 days after Gaia Bio receives Health Canada's pre-approval "letter-to-build" ("LTB"), which has not yet been obtained. Further, the Company will pay $1,000/month in purchase extension fees until closing of the Offer to Purchase. All purchase extension fees to date have been recorded.

4. Share capital and per share amounts

Share capital in the unaudited consolidated pro forma financial statements is comprised of the following.

Authorized
Unlimited common shares without par value

	Share capital	
	Number of shares	Amount
Issued		
Gaia at March 31, 2019	60,000,000	$ 151
Recapitalization transaction (note 3(c))		
Spirit Bear balance at January 31, 2019	28,800,012	2,880,001
Elimination of Spirit Bear Equity	(28,800,012)	(2,880,001)
Shares acquired of legal parent	(60,000,000)	(151)
Consideration shares	120,000,000	-
Shares issued pursuant to private placement (note 3(b))	45,076,969	4,507,697
Share issue costs (note 3(b))		(86,065)
Shares issued to finders	6,325,000	632,500
Shares issued to Spirit Bear shareholders upon completion of the Transaction	28,800,012	2,880,001
TOTAL	**200,201,981**	**$ 7,934,133**

5. Income Taxes

No value has been ascribed to any acquired tax loss carry forwards obtained by Gaia as part of the RTO, as Gaia is an early stage company, and it is not known whether sufficient future taxable profits will be available to utilize these losses prior to expiry.

The effective tax rate applicable to the consolidated operations will be 27%.

CERTIFICATE OF THE COMPANY

The foregoing constitutes full, true and plan disclosure of all material facts relating to the securities of the Company assuming completion of the Acquisition.

June 28, 2019

(signed) "Zula Kropivnitski"
Chief Executive Officer
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) "Nizar Bharmal"	*(signed) "John LaGourgue"*
Director	Director

CERTIFICATE OF GAIA GROW CORP.

The foregoing, as it relates to Gaia Grow Corp., constitutes full, true and plan disclosure of all material facts relating to the securities of Gaia Grow Corp.

June 28, 2019

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) "Frederick Pels"	*(signed) "Adam Hoffman"*
Director	Director

ACKNOWLEDGMENT PERSONAL INFORMATION

"Personal Information" means any information about an identifiable individual, and includes information contained in any items in the foregoing Filing Statement that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of the Exchange's Form 3B2 – Information Required in a Filing Statement for a Qualifying Transaction, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to the Exchange's Form 3B2 – Information Required in a Filing Statement for a Qualifying Transaction; and

(b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

SPIRIT BEAR CAPITAL CORP.

Per: *(signed) "Zula Kropivnitski"*

Authorized Signatory