

MOUNTAIN LAKE MINERALS INC.
NOTICE OF MEETING
AND
MANAGEMENT INFORMATION CIRCULAR
FOR
ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON AUGUST 8, 2019
WITH RESPECT TO A PROPOSED CHANGE OF BUSINESS AND A PROPOSED
SPINOUT OF CERTAIN ASSETS

JUNE 21, 2019

Neither the Canadian Securities Exchange, nor any securities regulatory authority has in any way passed upon the merits of the transactions described in this information circular.

June 21, 2019

Dear Shareholders:

You are cordially invited to attend the special general meeting (the “**Meeting**”) of the holders of common shares of Mountain Lake Minerals Inc. (the “**Company**”). The Meeting will be held at the offices of Armstrong Simpson, located at Suite 2080 Street-777 Hornby Street, Vancouver, British Columbia, commencing at 10:00 a.m. (Vancouver time) on Thursday, August 8, 2019.

At the Meeting, you will be asked to consider and, if thought fit, to pass, with or without variation: (i) a special resolution approving a plan of arrangement (the “**Arrangement**”) involving the transfer by the Company to 1167343 B.C. Ltd. (“**Newco**”) of all of the Company’s mineral assets together with \$1,000,000 in cash and the distribution of common shares of Newco to the shareholders of the Company (the “**Shareholders**”), and (ii) a resolution approving (A) the purchase and sale by the Company of all of the issued and outstanding shares of 1157630 B.C. Ltd., and (B) the completion by the Company of a licensing arrangement with Phenome One Corp. (the “**Change of Business Acquisitions**”).

As a result of the Arrangement, holders of common shares of the Company will end up holding common shares in both the Company and Newco. Newco will hold the Company’s mineral assets and the Company will complete the Change of Business Acquisitions. The purpose of the Arrangement is to restructure the Company by separating the Company’s mineral assets from the proposed cannabis business. The Company believes this will be beneficial, as the separate identity created for each of the Company and Newco will facilitate future financing, maximize shareholder value, and allow shareholders to continue to participate in the future growth potential of the Company’s mineral properties.

The Board of Directors of the Company unanimously believes that the Arrangement and the Change of Business Acquisitions are in the best interests of the Company and its shareholders, and unanimously recommends that you vote in favour of the resolutions relating to both transactions. Without the prescribed approval of the holders of common shares of the Company, which in the case of the Arrangement is approval by two-thirds of the votes cast at the Meeting and in the case of the Change of Business Acquisitions is approval by a simple majority of the votes cast at the Meeting, the proposed Arrangement and Change of Business Acquisitions cannot take place. It should be noted that the Arrangement also requires the approval of the Supreme Court of British Columbia.

Details of the Arrangement, the Change of Business Acquisitions and their effects, as well as information concerning 1157630 B.C. Ltd. and the other assets to be acquired in the Change of Business Acquisitions are contained in the information circular accompanying this letter, and reference should be made to that document for complete information.

It is important that your shares be represented at the Meeting. Whether or not you are able to attend in person, your representation will be assured if you complete, sign and date the enclosed proxy form and return it in the envelope provided.

Yours sincerely,

“Paul K. Smith”

Paul K. Smith

President and Chief Executive Officer
MOUNTAIN LAKE MINERALS INC.

MOUNTAIN LAKE MINERALS INC.

NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special general meeting (the “**Meeting**”) of shareholders of MOUNTAIN LAKE MINERALS INC. (the “**Company**”) will be held at Suite 2080-777 Hornby Street, Vancouver, British Columbia, on Thursday, August 8, 2019, at the hour of 10:00 a.m. (Vancouver time) for the following purposes:

1. Pursuant to an order (the “**Interim Order**”) dated July 9, 2019, of the Supreme Court of British Columbia to consider and, if thought fit, pass, with or without variation, a special resolution (the “**Arrangement Resolution**”) to approve a plan of arrangement (the “**Plan of Arrangement**”) under section 288 of the Business Corporations Act (British Columbia) involving the Company and 1167343 B.C. Ltd (“**Newco**”), a wholly owned subsidiary of the Company, the full text of which resolution is set out in Schedule “F” to, and all as more particularly described in, the management information circular of the Company accompanying this notice (“the **Circular**”). The Plan of Arrangement will involve the transfer of the Company’s mineral properties and \$1,000,000 in cash to Newco and the distribution of common shares in the capital of Newco to shareholders of the Company;
2. To consider and, if thought fit, pass, with or without variation, an ordinary resolution (the “**Change of Business Resolution**”), approving the purchase and sale of 1157630 B.C. Ltd., a licensing arrangement with Phenome One Corp. and overall the change in direction of the Company’s business from being a mining issuer to that of an industrial issuer (the “**Change of Business**”), the full text of which resolution is set out in Schedule “E” to the Circular, all as more particularly described in the Circular;
3. To consider and, if thought fit, pass, with or without variation, an ordinary resolution (the “**Newco Option Plan Resolution**”) approving the adoption by Newco of a rolling stock option plan, subject to regulatory acceptance, as more particularly described in the Circular;
4. To receive the audited financial statements of the Company for the years ended November 30, 2018 and November 30, 2017, together with the reports of the auditors thereon;
5. To fix the number of directors for the ensuing year at four (4);
6. To elect directors of the Company for the ensuing year;
7. To appoint Manning Elliot LLP, Chartered Professional Accountants, as auditors for the Company for the ensuing year and to authorize the directors to fix their remuneration; and
8. To consider other matters, including without limitation such amendments or variations to any of the foregoing resolutions, as may properly come before the Meeting or any adjournment thereof.

The text of the Arrangement Resolution and the Plan of Arrangement are set forth in Schedule “F” and Schedule “I”, respectively, to the Circular. In order to become effective, the Arrangement Resolution must be approved by at least 66 2/3% of the votes cast by the shareholders of the Company, present in person or by proxy, at the Meeting. The Plan of Arrangement will be completed pursuant to the arrangement agreement dated June 5, 2018 between the Company and Newco, a copy of which is available under the Company’s profile on SEDAR at www.sedar.com.

The text of the Change of Business Resolution is set forth in Schedule “E” to the Circular. In order to become effective, the Change of Business Resolution must be approved by a simple majority of the votes cast by the shareholders of the Company, present in person or by proxy, at the Meeting. The Change of Business will be completed pursuant to three transaction agreements involving the Company, copies of which are available under the Company’s profile on SEDAR at www.sedar.com.

The text of the Newco Option Plan Resolution is found with the Circular at “*Particulars of Matters to be Acted Upon*”. In order to become effective, the Newco Option Plan Resolution must be approved by a simple majority of the votes cast by the shareholders of the Company, present in person or by proxy, at the Meeting.

A description of the Plan of Arrangement, the Change of Business and other matters to be dealt with at the Meeting is included in the Circular.

Pursuant to the Interim Order, holders of common shares of the Company have been granted the right to dissent against the Arrangement Resolution and to be paid the fair value of their common shares of the Company in respect of the Arrangement Resolution. This right is described in the Circular under the heading “*Rights of Dissent*” and the text of the Interim Order, as set forth in Schedule “J” to the Circular. **Failure to strictly comply with these requirements may result in the loss of any right of dissent.**

Shareholders wishing to dissent with respect to the Arrangement must send a written objection to the registered office of the Company at Suite 2080—777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, Attention: Shauna Hartman prior to the time of the Meeting, such that the written objection is received not later than 4:00 pm (Vancouver time) on Tuesday, August 6, 2019 or by 4:00 pm (Vancouver time) on the day which is two business days prior to the date on which any adjournment or postponement of the Meeting is held, in order to be effective.

Only holders of record of common shares of the Company at the close of business on June 21, 2019, will be entitled to vote in respect of the matters to be voted on at the Meeting or any adjournment thereof.

Your vote is important regardless of the number of common shares of the Company you own. Shareholders who are unable to attend the Meeting in person are asked to sign, date and return the enclosed form of proxy relating to the common shares of the Company held by them in the envelope provided for that purpose.

To be effective, the proxy must be duly completed and signed and then deposited with the Company's Registrar and Transfer Agent, Computershare Trust Company of Canada at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9 Tel. (604) 661-9438 Fax (604) 661-9401 at least 48 hours before the time of the Meeting or any adjournment or postponement thereof, excluding Saturdays, Sundays and holidays.

DATED at Vancouver, British Columbia, this 21st day of June, 2019.

MOUNTAIN LAKE MINERALS INC.
By Order of the Board

“Paul K. Smith”

Paul K. Smith,
President and Chief Executive Officer

INFORMATION CIRCULAR**TABLE OF CONTENTS**

	Page
INTRODUCTION	1
NOTICE TO U.S. SHAREHOLDERS	1
FORWARD LOOKING STATEMENTS	2
DOCUMENTS INCORPORATED BY REFERENCE	4
CURRENCY AND ACCOUNTING PRINCIPLES	6
GLOSSARY OF TERMS	7
SUMMARY	16
The Meeting	16
The Parties	17
The Arrangement	17
The Change of Business Transactions	21
Arm’s Length Transactions	22
Funds Available	22
Selected Pro Forma Consolidated Financial Information	23
Market for Securities	24
Conflicts of Interest	24
Interest of Experts	24
Risk Factors	25
Accompanying Documents	25
GENERAL PROXY INFORMATION	26
Solicitation of Proxies	26
Appointment of Proxies	26
Voting of Shares and Exercise of Discretion of Proxies	26
Revocation of Proxies	27
Advice to Beneficial Shareholders	27
Record Date	28
Indebtedness of Directors and Senior Officers	28
Interest of Certain Persons or Companies in Matters to be Acted Upon	28
Interest of Informed Persons in Material Transactions	29
Voting Shares Requisite Shareholder Approvals	30
Principal Shareholders	30
PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING	30
Financial Statements	30
Election of Director	30
Appointment of Auditor	31
Proposed Arrangement	31
Proposed Change of Business	32
Approval of Newco Stock Option Plan	32
THE ARRANGEMENT	33
Purpose of the Arrangement	33
Proposed Timetable for Arrangement	33
Principal Steps of the Arrangement	34
Treatment of Options and Warrants	35
Fairness of Arrangement	35
Recommendations of Board of Directors	35

Required Approvals.....	35
Conditions to the Arrangement Becoming Effective.....	37
Amendment and Termination of the Arrangement Agreement.....	38
Failure to Complete Arrangement.....	38
Delivery of Share Certificates.....	38
Securities Laws Matters.....	39
Stock Exchange Listing.....	40
RIGHTS OF DISSENT.....	40
Dissent Notices.....	40
Effect of Voting on the Arrangement Resolution.....	41
Sequence of Events.....	41
Effect of Loss of Dissent Rights.....	42
Strict Compliance Required.....	42
CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....	42
No Tax Summary.....	42
No U.S. Legal Opinion or IRS Ruling.....	42
INFORMATION CONCERNING THE CHANGE OF BUSINESS TRANSACTIONS.....	42
Purpose of Change of Business Transactions.....	42
Description of the Change of Business Transactions.....	43
Financing.....	44
Acquisition Agreements.....	44
Timing for Completion of the Change of Business Transactions.....	44
Recommendations of the Board.....	45
Shareholder Approvals.....	45
Escrow Restrictions and Pooling Arrangement.....	45
Directors and Management.....	46
RISK FACTORS ASSOCIATED WITH THE TRANSACTIONS.....	46
No Certainty That All Conditions Precedent Will Be Satisfied.....	46
Anticipated Benefits of the Transactions May Not Be Realized.....	46
Failure to Obtain All Regulatory Requirements.....	46
Termination of Acquisition Agreements or Arrangement Agreement.....	47
Acquisitions Generally.....	47
Market for Newco Shares.....	47
Newco Shares may not be qualified investments under the ITA for a Registered Plan.....	47
Dilution.....	47
GENERAL MATTERS.....	48
Experts.....	48
Other Material Facts.....	48
Additional Information.....	48
Additional Business.....	48
APPROVAL BY THE BOARD OF DIRECTORS.....	48

SCHEDULES

- Schedule “A” - Information Concerning the Issuer
- Schedule “B” - Information Concerning the Target
- Schedule “C” - Information Concerning the Resulting Issuer
- Schedule “D” - Information Concerning Newco
- Schedule “E” - Change of Business Resolution
- Schedule “F” - Arrangement Resolution
- Schedule “G” - Audited Financial Statements of the Target for the period from incorporation on March 21, 2019 and ended August 31, 2018 and Interim Financial Statements for the Target for the nine months ended May 31, 2019
- Schedule “H” - Pro Forma Financial Statements of the Resulting Issuer as at May 31, 2019
- Schedule “I” - Plan of Arrangement
- Schedule “J” - Interim Order
- Schedule “K” - Notice of Hearing
- Schedule “L” - Pro Forma Financial Statements of Newco as at May 31, 2019

INTRODUCTION

This Circular is furnished in connection with the solicitation of proxies by the management of the Issuer for use at the Meeting to be held on July 26, 2019, and any adjournment or postponement thereof. No person has been authorized to give any information or make any representations in connection with the Arrangement or other matters to be considered at the Meeting, other than those contained in this Circular and if given or made, any such information or representation must not be relied upon as having been authorized.

This Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer of proxy solicitation. Neither the delivery of this Circular nor any distribution of securities referred to herein shall, under any circumstances, create any implication that there has been no change in the information set forth herein since the date of this Circular.

Neither the Arrangement nor the Change of Business has been approved or disapproved by any securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or merits of the Arrangement or the Change of Business or upon the accuracy or adequacy of the information contained in this Circular and any representation to the contrary is unlawful.

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this Circular and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, the Target or Newco.

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth herein under “*Glossary of Terms*”.

NOTICE TO U.S. SHAREHOLDERS

THE SECURITIES ISSUABLE IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The New Common Shares, Reorganization Shares and Newco Shares to be issued pursuant to the Arrangement have not been registered under the 1933 Act and will be issued in reliance on an exemption from the registration requirements thereunder and exemptions from applicable securities laws.

The solicitation of proxies by the Issuer is not subject to the requirements of the 1934 Act by virtue of an exemption applicable to proxy solicitations by foreign private issuers (as defined in a rule under the 1934 Act). Accordingly, this Circular has been prepared in accordance with the applicable disclosure requirements in Canada, which are different from the requirements applicable to proxy solicitations under the 1934 Act.

The financial statements and other financial information included or incorporated by reference in this Circular have been prepared in accordance with IFRS and are subject to Canadian auditing and auditor independence standards and thus may not be comparable to financial statements prepared in accordance with United States generally accepted accounting principles and United States auditing and auditor independence standards.

Shareholders should be aware that the acquisition by Shareholders of New Common Shares, Reorganization Shares and Newco Shares, as applicable, pursuant to the Arrangement described herein may have tax consequences in both the United States and Canada. United States Shareholders and other non-resident Shareholders are advised to consult their tax advisors to determine the particular tax consequences to them of the Arrangement.

The enforcements by investors of civil liabilities under the United States securities laws may be affected adversely by the fact that the Issuer and Newco are organized under the laws of a jurisdiction outside the United States, that most, if not all, of their officers and directors are residents of countries other than the United States, that the experts named in this Circular are residents of countries other than the United States, and that all or a substantial portion of the assets of the Issuer and Newco may be located outside the United States. As a result, it may be difficult or impossible for U.S. Shareholders to effect service of process within the United States upon the Issuer or Newco or their respective officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States. In addition, U.S. Shareholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States.

FORWARD LOOKING STATEMENTS

The information provided in this Circular, including information incorporated by reference, may contain “forward-looking statements” (collectively referred to hereafter as “**forward-looking statements**”) about the Issuer, the Target, the Additional Assets and/or Newco. In addition, the Issuer, the Target, Phenome and Newco 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 Issuer or Newco in connection with this Arrangement 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 Issuer, the Target, Phenome or Newco that address activities, events or developments that the Issuer, the Target, Phenome and Newco expect or anticipate 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. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments.

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 Issuer, the Target, Phenome and Newco and assumptions concerning future events. Forward-looking statements 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. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the headings “*Risk Factors Associated with the Transactions*” and in relation to the businesses of the Resulting Issuer and Newco as further described in Schedules “C” and “D” respectively and in other documents incorporated by reference in this Circular.

In particular, this Circular contains forward-looking statements pertaining to the following:

- the terms, conditions and completion of the Change of Business Transactions and Financing;
- the Closing Date and the Effective Date;
- use of proceeds from the Financing;
- the obtaining of all required regulatory approvals in connection with the Arrangement, Change of Business Transactions and Financing;
- the potential benefits of the Change of Business Transactions and Arrangement;
- estimates of the Resulting Issuer’s future revenues and profits;
- treatment under government regulatory and taxation regimes;
- the timing of the listing of the Resulting Issuer’s Shares on the CSE and the potential listing of Newco’s shares on a Canadian stock exchange;
- the Resulting Issuer’s and the Target’s business strategies, objectives and plans to pursue the commercialization of its products;
- expectations for expansion plans for the Facility and its costs;

- expectations of successful receipt of the Cannabis License from Health Canada to produce and sell cannabis at the Facility;
- the suitability of the Facility;
- expectations regarding production costs, capacity and yields of the Target and growth thereof;
- the Resulting Issuer's and the Target's estimates of the size of the potential markets for its products and the rate and degree of market acceptance of such products and its competitive positions in relation thereto;
- the Target's intentions to develop its business and operations
- projections of market prices and costs and the future market for the Target's products and conditions affecting same;
- estimates of the Resulting Issuer's or the Target's future revenues and profits;
- the Resulting Issuer's anticipated cash needs, needs for additional financing and use of funds;
- ability to obtain and protect the Resulting Issuer's intellectual property and proprietary rights;
- expectations regarding the Resulting Issuer's and Newco's ability to raise capital;
- the likelihood of the Arrangement being completed;
- the principal steps of the Arrangement;
- statements relating to the business and future activities of, and developments related, to the Resulting Issuer and Newco after the date of this Circular and thereafter;
- Shareholder approval of the Change of Business Transactions and the Arrangement and Court approval of the Arrangement;
- market position, and future financial or operating performance of the Resulting Issuer and Newco;
- liquidity of the Shares and Newco Shares following the Effective Time;
- ability of Newco to develop its mineral properties;
- anticipated developments in operations of Newco and the Resulting Issuer;
- the future price of metals;
- costs and timing of exploration and development and capital expenditures related thereto;
- operating expenditures;
- success of exploration activities of Newco; and
- estimated exploration budgets of Newco.

With respect to forward-looking statements listed above and contained in this Circular, management of the Issuer has made assumptions regarding, among other things:

- the Issuer's and the Target's ability to satisfy the conditions to the Change of Business Transactions and Financing and the Issuer's and Newco's ability to satisfy the conditions to the Arrangement;
- the Issuer's ability to complete the Financing;
- the legislative and regulatory environment;
- the timing and receipt of governmental approvals, including the Cannabis License;
- foreign currency and exchange rates;
- predictable changes to metal prices and other predicted trends in the mineral exploration industry;
- predictable changes to market prices for the Resulting Issuer's and the Target's products and other predicted trends regarding factors underlying the market for the cannabis industry;
- the ability to secure necessary personnel, equipment and services;
- anticipated results of exploration activities;
- anticipated results of research and development activities;
- that tax regimes will remain largely unaltered;
- the Resulting Issuer's and Newco's ability to obtain additional financing on satisfactory terms; and
- the global economic environment.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Circular:

- the possibility that operating results will not be consistent with the Resulting Issuer's or Target's expectations or that exploration results will not be consistent with Newco's expectations;
- the fact that cannabis is not an approved drug or medicine in Canada and that the Target does not yet hold a Cannabis License under the Cannabis Regulations;
- timeframes and costs to receive a Cannabis License under the Cannabis Act;

- treatment under government regulatory and taxation regimes and potential changes thereto in light of recent court decisions and federal announcements;
- limited operating history and negative operating cash flow;
- reliance by the Target on a single production facility and factors relating to the development of the Facility;
- expansion plans for the Facility being subject to Health Canada regulatory approvals;
- dependence on management and conflicts of interest;
- restrictions on marketing activities in the cannabis industry;
- competition for, among other things, customers, land and greenhouses, supply, capital, capital acquisitions of products and skilled personnel;
- consumer acquisition and retention;
- liabilities inherent in cannabis and agricultural operations and in mineral exploration companies;
- fluctuations in currency and interest rates;
- competition in the cannabis and mineral exploration industry;
- unfavorable publicity or consumer perception;
- product liability and recall risks as well as general operating risks;
- environmental risks;
- risks relating to global financial and economic conditions;
- alteration of tax regimes and treatments;
- the Resulting Issuer's holding company status;
- changes in legislation affecting operations of either the Resulting Issuer or Newco;
- failure to realize the benefits of the Arrangement or Change of Business Transactions and any future acquisitions;
- incorrect assessments of the value of acquisitions; and
- other factors discussed under "*Risk Factors Associated with the Transactions*" and in Schedules "C" and "D" to this Circular as applicable to the businesses of the Resulting Issuer and Newco respectively.

Consequently, all forward-looking statements made in this Circular and other documents of the Issuer, the Target and Newco 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 Issuer, the Target or Newco. 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 Issuer, the Target and Newco and/or persons acting on their behalf may issue. The Issuer, the Target and Newco 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 securities laws. For all these reasons, Shareholders should not place undue reliance on forward-looking statements

INFORMATION CONCERNING THE TARGET

The information contained or referred to in this Circular relating to the Target has been furnished by the Target or in relation to the Phenome License has been furnished by Phenome. In preparing this Circular, the Issuer has relied upon the Target and Phenome to ensure that the Circular contains full, true and plain disclosure of all material facts relating to the Target and the Phenome License, respectively. Although the Issuer has no knowledge that would indicate that any statements contained herein concerning the Target or the Phenome License are untrue or incomplete, neither the Issuer nor any of its principals assumes any responsibility for the accuracy or completeness of such information or for any failure by the Target or Phenome to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed on SEDAR by the Issuer with securities commissions or similar authorities in Canada, are specifically incorporated by reference into, and form an integral part of, this Circular:

1. Audited consolidated financial statements of the Issuer for the financial years ended November 30, 2018 and 2017 and the MD&A filed in connection with the audited consolidated financial statements for the financial year ended November 30, 2018.

2. Unaudited interim consolidated financial statements of the Issuer for the three and six months ended May 31, 2019 and the MD&A filed in connection with the unaudited interim financial statements for the three months ended May 31, 2019.
3. The following sections of the Highfield Report:
 - (a) Property Description and Location;
 - (b) Accessibility, Climate, Local Resources, Infrastructure and Physiography;
 - (c) History;
 - (d) Geological Setting and Mineralization;
 - (e) Deposit Types;
 - (f) Exploration;
 - (g) Drilling;
 - (h) Sample Preparation, Analyses and Security;
 - (i) Data Verification;
 - (j) Interpretation and Results; and
 - (k) Recommendations.
4. Material change report dated March 16, 2018 pertaining to the execution of a letter of intent with 115.;
5. Material change report dated March 16, 2018 pertaining to the proposed Financing.
6. Material change report dated June 11, 2018 pertaining to the execution of a definitive share exchange agreement with 115. and the execution of the Target Acquisition Agreement and the Arrangement Agreement.
7. Material change report dated April 9, 2019 pertaining to the completion of the Consolidation on July 16, 2018.
8. Material change report dated April 9, 2019 pertaining to the closing of an initial tranche of the Financing on July 18, 2018.
9. Material change report dated January 18, 2019 pertaining to the appointment of new directors, Marc Geen and Matthew McGill, the execution of the Highfield Agreements and the termination of the share exchange agreement with 115.
10. Material change report date April 9, 2019 pertaining to the closing of a second tranche of the Financing on March 29, 2019.
11. Material change report dated April 12, 2019 pertaining to the execution of the Phenome Agreement and the extension of certain Warrants issued by the Issuer.

Copies of the foregoing documents incorporated herein by reference may be obtained on request without charge from the Issuer's registered and records office located at 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4 (Telephone: 604.604.683.7361). These documents are also available through SEDAR, which can be accessed online at www.sedar.com.

Any statement contained in a document incorporated or deemed to be incorporated by reference hereto shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained in this Circular or to any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances to which it was made. Any statement so modified or superseded shall not be deemed, except as modified or superseded, to constitute a part of this Circular.

CURRENCY AND ACCOUNTING PRINCIPLES

Unless otherwise indicated herein, references to "\$", "CDN\$" or "Canadian dollars" are to Canadian dollars.

Terms and abbreviations used in the financial statements of the Issuer and the Target and in the schedules to this Circular are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

The historical financial statements of the Issuer included in this Circular are reported in Canadian dollars and have been prepared in accordance with IFRS.

INDUSTRY DATA

The industry data contained in this Circular is based upon information from independent industry and other publications and the Issuer's management's knowledge of, and experience in, the industry in which the Resulting Issuer and Newco will operate. None of the sources of industry data have provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, the Arrangement or Change of Business Transactions. Industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data are not guaranteed. The Issuer has not independently verified any of the data from third party sources referred to in this Circular or ascertained the underlying assumptions relied upon by such sources.

NOTE REGARDING PRO FORMA SHARE CAPITALIZATION AND FINANCIAL DISCLOSURE

Unless otherwise indicated, all disclosure herein with respect to the pro forma share capitalization and financial disclosure of the Resulting Issuer following the completion of the Change of Business Transactions and Financing assumes that the Financing is fully subscribed.

DATE OF INFORMATION

Except as otherwise indicated in this Circular, all information disclosed in this Circular is as of June 21, 2019 and the phrase "as of the date hereof" and equivalent phrases refer to June 21, 2019.

GLOSSARY OF TERMS

For the assistance of Shareholders, the following is a glossary of terms used frequently throughout this Circular and the summary hereof. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. Certain additional terms are defined within the body of this Circular and in such cases will have the meanings ascribed thereto.

115	1151026 B.C. Ltd., a company incorporated pursuant to the BCBCA and the sole shareholder of Active Health Products Ltd.
115 Transaction	The transaction by which the Issuer was to acquire all of the issued and outstanding common shares of 115
ACMPR	<i>Access to Cannabis for Medical Purposes Regulation</i> (ACMPR) issued pursuant to the CDSA which was replaced by the Cannabis Act and the Cannabis Regulations
ACMPR License	A license issued by Health Canada under the ACMPR, which license would have designated that pursuant to the ACMPR, the Target Subsidiary would have been a Licensed Producer
Acquisition Agreements	Collectively, the Target Acquisition Agreement and the Phenome Agreement.
Affiliate	Unless specified otherwise, has the meaning ascribed to such term in NI 45-106.
Arm's Length Transaction	A transaction which is not a related party transaction as defined under applicable securities laws. The Change of Business Transactions described in this Circular, are Arm's Length Transactions.
Arrangement	The proposed arrangement to be completed pursuant to the provisions of Part 9, Division 5 of the BCBCA, among the Issuer and the Shareholders and Newco and its shareholders, as described under the heading " <i>The Arrangement – Details of the Arrangement</i> ".
Arrangement Agreement	The arrangement agreement made as of June 5, 2018, between the Issuer and Newco, a copy of which is available on the Issuer's profile on SEDAR at www.sedar.com , and any amendments made thereto.
Arrangement Application	The arrangement application to be filed with the Registrar by the Issuer and Newco that includes all records required to be filed with the Registrar to give effect to each provision of the Arrangement, including an entered copy of the Final Order
Arrangement Resolution	The special resolution approving the Arrangement Agreement and the Plan of Arrangement, the full text of which is set forth in Schedule "F" attached to this Circular, to be considered, and if deemed advisable, passed, with or without variation, by the Shareholders at the Meeting.
Associate	Unless specified otherwise, has the meaning ascribed to such term in the <i>Securities Act</i> (British Columbia), as amended, including the regulations promulgated thereunder.

Audit Committee	The audit committee of the Board.
BCBCA	The <i>Business Corporations Act</i> (British Columbia), S.B.C. 2002, c.57, as amended from time to time, including the regulations promulgated thereunder.
Beneficial Shareholder	A shareholder holding its Common Shares through an Intermediary, or otherwise not in the shareholder's own name.
Board of Directors or Board	The board of directors of the Issuer or the Resulting Issuer, as the context requires.
cannabis	Unless specified otherwise, has the meaning ascribed to such term in the Cannabis Act
Cannabis Act	The shortened title to " <i>An Act respecting cannabis and to amend the Controlled Dugs and Substance Act, the Criminal Code and other acts</i> ", S.C. 2018, c.16, which came into effect on October 17, 2018, as amended from time to time
Cannabis License	A license to be issued by Health Canada under the Cannabis Act, and in the case of the Target Subsidiary which license would designate that pursuant to the Cannabis Act, the Target Subsidiary will be a licensed cannabis, cultivator, producer and vendor.
Cannabis Regulations	The regulations to the Cannabis Act which came into effect on October 17, 2018, as such may be amended from time to time.
CDSA	<i>Controlled Drugs and Substances Act</i> (Canada) S.C. 1996, c. 19, as amended from time to time, including the regulations promulgated thereunder
CEO	Each individual who served as Chief Executive Officer of the Issuer or acted in a similar capacity during the most recently completed financial year.
CFO	Each individual who served as Chief Financial Officer of the Issuer or acted in a similar capacity during the most recently completed financial year.
Change of Business Resolution	The ordinary resolution approving the Change of Business Transactions, the full text of which is set forth in Schedule "E" attached to this Circular, to be considered, and if deemed advisable, passed, with or without variation, by the Shareholders at the Meeting.
Change of Business Transactions	Collectively, the Target Acquisition and) the Phenome Transaction, which transactions will redirect the Issuer's resources and change the nature of its business from that of a mining issuer to a cannabis issuer, all as more particularly announced by the Issuer in its press releases of June 8, 2018 and April 12, 2019
Circular	This management information circular of the Issuer dated June 21, 2019 furnished in connection with the solicitation of proxies for use at the Meeting.
Closing	The closing of the Change of Business Transactions.

Closing Date	The date on which the Closing occurs, as agreed by the Issuer and the Target and the Target Shareholders.
Common Shares	The common shares without par value in the capital of the Issuer issued and outstanding immediately prior to the implementation of the Arrangement on the Effective Date.
company	unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
Consolidation	The 10 old for one new consolidation of the Issuer's Common Shares completed on July 16, 2018
Control Person	Any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer
Court	The Supreme Court of British Columbia.
CRA	Canada Revenue Agency.
CSE	Canadian Securities Exchange
CSE Policies	The rules and policies of the CSE in effect as of the date hereof.
CTLS System	Health Canada's Cannabis Tracking and Licensing System, a public facing web application that enable the submission of new license applications, requests for amendments and license renewals in addition to submission of monthly tracking reports. Only those applicants that have received approval from Health Canada are granted access to the CTLS System to submit a license application and/or submit monthly tracking reports.
Dissent Notice	A validly delivered written objection to the Arrangement Resolution made by a registered Shareholder, as described under " <i>Rights of Dissent.</i> "
Dissent Rights	The right of a registered Shareholder to dissent in respect of the Arrangement Resolution in strict compliance with the procedures described in the Plan of Arrangement and the BCBCA.
Dissenting Shareholder	A Shareholder who delivers a Dissent Notice and validly exercises the right of dissent provided with respect to the Arrangement, as described under " <i>Rights of Dissent.</i> "
Effective Date	The date on which the Plan of Arrangement becomes effective.
Effective Time	12:01 a.m., Vancouver time, on the Effective Date, or such other time on the Effective Date as the Board may determine.
Escrow Agreement	The escrow agreement pursuant to which certain securities held by principals of the Resulting Issuer, will be deposited with the Transfer Agent,

in accordance with the policies of the CSE and NP 46-201.

executive officer	(i) the chair, (ii) the vice-chair, (iii) a vice-president in charge of a principal business unit, division or function, including sales, finance or production; (iv) an officer, including of a subsidiary, who performs a policy making functions; (v) or any other individual performing policy making functions of a company, including the Issuer, the Target or the Resulting Issuer.
Exchanges	Either of the CSE or the TSXV
Facility	The Target Subsidiary's existing 12,000 sq. ft. facility located in Kelowna, British Columbia.
Final Order	The final order of the Court approving the Arrangement to be applied for following the Meeting pursuant to Section 291 of the BCBCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction.
Financing	The financing to be completed by the Issuer concurrent with the Change of Business Transactions to raise up to a further \$3,000,000 through the sale of a further up to 10,000,00 Units at a price of \$0.30 per Unit on a non-brokered basis, not including the \$2,500,700 raised to date. Participants in the Financing will be entitled to participate in the Arrangement as the Financing will be completed prior to the Arrangement.
Finder	Matthew McGill
Finder's Fee Agreement	The finder's fee agreement entered into between the Issuer and the Finder dated June 6, 2018 in relation to a finder's fee payable in connection with the Target Acquisition through the issuance of the Finder Shares.
Finder's Shares	An aggregate of 200,000 Common Shares have a deemed price of \$0.30 per share to be issued to the Finder as a finder's fee payable in connection with the Target Acquisition pursuant to the Finder's Fee Agreement.
Health Canada	The Canadian federal department responsible for health
Highfield Property	The zinc, copper and silver property located in Windsor, Nova Scotia to be acquired by Newco pursuant to the Highfield Agreement.
Highfield Agreements	The asset purchase agreements dated August 8, 2018 between Newco and each of Creo Resources Ltd. and Gifhorse Resources Inc., pursuant to which Newco will acquire, collectively, a 100% interest in and to the Highfield Property, subject to the Highfield Royalties.
Highfield Finder's Agreement	The finder's fee agreement dated August 8, 2018 between Newco and Robert Kelly pursuant to which Mr. Kelly will receive an aggregate of 210,000 Newco Shares as a finder's fees payable in connection with the acquisition by Newco of the Highfield Property.
Highfield Report	The technical report prepared in accordance with the form requirements of NI 43-101 in relation to the Highfield Property entitled "NI 43-101 Technical Report on the Highfield Base Metal Property" dated January 10, 2019 with an effective date of December 15, 2018 as prepared by David R.

Duncan, P. Geo of D. R. Duncan & Associates Ltd.

Highfield Royalties	An aggregate 2.0% net smelter royalty granted collectively to Creo Resources Ltd. and Gifthorse Resources Inc. in respect of the Highfield Property pursuant to the Highfield Agreements and an existing 0.75% net smelter royalty in respect of a portion of the Highfield Property held by a third party.
IFRS	International Financial Reporting Standards.
Insider	if used in relation to a company, means: <ul style="list-style-type: none"> (a) a director or senior officer of a company; (b) a director or senior officer of a company that is an Insider or subsidiary of a company; (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 a company; or (d) a company itself if it holds any of its own securities.
Interim Order	The interim order of the Court dated July 9, 2019, providing, among other things, for the calling and holding of the Meeting as such order may be affirmed, amended or modified by any court of competent jurisdiction, a copy of which is attached as Schedule “J” to this Circular.
Intermediary	A broker, intermediary, trustee or other person holding Common Shares on behalf of a Beneficial Shareholder.
Issuer	Mountain Lake Minerals Inc., a corporation incorporated under the BCBCA and listed on the CSE under the trading symbol “MLK”.
ITA	The Income Tax Act (Canada), as amended, and the regulations thereunder.
Lease	The commercial lease agreement dated January 30, 2018 between Vladikovic Holdings Ltd. and the Target Subsidiary in relation to the premises on which the Facility is located
License Application	The Target Subsidiary’s application for a Cannabis License to be issued by Health Canada.
Licensed Producer or LP	A “Licensed Producer” of cannabis within the meaning of the ACMPR
Listing Date	The date on which the Resulting Issuer resumes trading on the CSE after the completion of the Transactions.
MD&A	Management’s discussion and analysis, as such term is defined in National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators.
Meeting	The annual and special general meeting of Shareholders to be held on

August 8, 2019.

Mineral Properties	Collectively, the Issuer's interests in the mineral exploration properties known as the Caledonia Brook property, the Little River property and the Glover Island property, all located in Newfoundland and Labrador
MMAR	The <i>Marihuana Medical Access Regulations</i> (Canada), which was replaced by the MMPR.
MMPR	The <i>Marihuana for Medical Purposes Regulation</i> (Canada), which was replaced by the ACMPR
Name Change	The change of the Issuer's name from "Mountain Lake Minerals Inc." to "Pac Roots Cannabis Corp."
Named Executive Officer or NEO	One of the (i) the CEO, (ii) the CFO, (iii) each of the Issuer's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, or (iv) any additional individuals for whom disclosure would have been provided under paragraph (i) above except that the individual was not serving as an executive officer of the Issuer, nor in a similar capacity, as at the end of the most recently completed financial year end.
New Common Shares	The new common shares without par value in the capital of the Issuer to be issued as part of the Arrangement.
Newco	1167343 B.C. Ltd., a subsidiary of the Issuer which will acquire the Mineral Properties under the Arrangement.
Newco Board	The board of directors of Newco.
Newco Common Shares	The common shares without par value in the capital of Newco.
Newco Warrants	Warrants to acquire Newco Common Shares.
Newco Option Plan Resolution	The ordinary resolution approving the Newco Stock Option Plan to be considered, and if deemed advisable, passed, with or without variation, by the Shareholders at the Meeting.
Newco Stock Option Plan	The stock option plan of Newco to be approved by the Shareholders at the Meeting.
NI 43-101	National Instrument 43-101 Standards of Disclosure for Mineral Projects as adopted by the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time.
NI 52-110	National Instrument 52-110 Audit Committees as adopted the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time
NP 46-201	National Policy 46-201 Escrow for Initial Public Offerings as adopted the Canadian Securities Administrators and the companion policies and forms

thereto, as amended from time to time.

Notice of Meeting	The notice to the Shareholders of the Meeting which accompanies this Circular.
Parties	Either of the Issuer or Newco, as the context requires, and “Party” refers to any of them, in relation to the Arrangement Agreement.
Payment Shares	An aggregate of 40,000,000 Common Shares having a deemed price of \$0.30 per shares to be issued to the Target Shareholders as the total consideration payable for the acquisition of the Target Shares by the Issuer pursuant to the Target Acquisition Agreement.
person	Broadly interpreted and 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.
Phenome	Phenome One Corp, a company incorporated pursuant to the <i>Canada Business Corporations Act</i> which is a full-service cannabis farming company focused on elite strain selective breeding
Phenome Agreement	The license agreement dated as at April 8, 2019 between the Issuer and Phenome in respect of the Phenome License.
Phenome License	The license granted to the Issuer by Phenome pursuant to the Phenome Agreement in respect of a genetic cannabis library of certain cultivars, technical and materials owned by Phenome in order to allow the Issuer to propagate, cultivate, harvest, process, breed and develop, manufacture, produce and use such licensed property.
Phenome Transaction	The acquisition of the Phenome License pursuant to the Phenome Agreement.
Placement Warrant	The warrants issuable as part of the Units in the Financing, each whole warrant entitling the holder to acquire a Common Share at a price of \$0.50 per Common Shares for a period of period of one year from issuance.
Plan of Arrangement	The plan of arrangement set out as Exhibit I to the Arrangement Agreement, and any amendments or variation thereto, and which Plan of Arrangement is attached as Schedule “T” to this Circular.
Pooling Arrangement	The additional pooling restrictions to be contractually applied to the Payment Shares over and above the escrow requirements of the CSE or NP 46-201, as more particularly described herein.
Pre-Arrangement Shares	The Common Shares following their re-designation pursuant to the Arrangement.
Record Date	June 21, 2019
Registered Plan	A trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit-sharing plan, a tax-free savings account or a registered education

savings plan.

Registered Shareholder	A registered holder of Common Shares.
Registrar	The Registrar of Companies for the Province of British Columbia.
Reorganization Shares	The Reorganization Shares without par value in the capital of the Issuer, which will be issued as part of the Arrangement as set forth in the Arrangement Agreement.
Resulting Issuer	The Issuer, following completion of the Transactions and Name Change.
Resulting Issuer Options	Incentive stock options granted under the Stock Option Plan to acquire Resulting Issuer Shares
Resulting Issuer Shares	Common shares, following completion of the Arrangement, in the capital of the Resulting Issuer.
Resulting Issuer Stock Option Plan	The stock option plan of the Resulting Issuer
SEC	The United States Securities and Exchange Commission.
SEDAR	The System for Electronic Document Analysis and Retrieval as located on the internet at www.sedar.com .
Shareholders	Holders of one or more Common Shares.
Stock Option Plan	The current incentive stock option plan of the Issuer.
Stock Options	Existing options granted by the Issuer pursuant to the Option Plan.
Target	1157630 B.C. Ltd., a company incorporated pursuant to the BCBCA and the sole shareholder of the Target Subsidiary
Target Acquisition	The acquisition of all of the issued and outstanding Target Shares by the Issuer pursuant to the Target Acquisition Agreement.
Target Acquisition Agreement	The share exchange agreement dated June 8, 2018 between the Issuer, the Target and the Target Shareholders.
Target Shareholders	The holders of the Target Shares.
Target Shares	The common shares in the capital of the Target.
Target Subsidiary	Go Green B.C. Medicinal Marijuana Ltd., a company incorporated pursuant to the BCBCA and the holder of the License Application.
Target Subsidiary Share Purchase Agreement	The share purchase agreement dated April 20, 2018 between the Target, the Target Subsidiary and the Target Subsidiary Vendor, as amended April 20, 2018, November 15, 2018 and May 30, 2019.
Target Subsidiary Shares	The common shares in the capital of the Target Subsidiary.
Target Subsidiary Vendor	1065703 B.C. Ltd., a company incorporated pursuant to the BCBCA.

Transactions	Collectively, the Change of Business Transactions and the Arrangement.
Transfer Agent	Computershare Trust Company of Canada.
TSXV	TSX Venture Exchange.
Unit	A unit offered pursuant to the Financing at a price of \$0.30 per unit, each comprised of one Common Shares and one half of one Placement Warrant
United States or USA	The United States of America, its territories and possessions, any state of the United States and the District of Columbia.
Warrants	Existing warrants issued by the Issuer to acquire Common Shares.
Working Capital Amount	\$1,000,000 in cash to be advanced by the Issuer to Newco pursuant to the Arrangement less the amount of advances made, which as of the date of this Circular has been \$450,000, leaving a remaining amount to be advanced of \$550,000.
1933 Act	The United States Securities Act of 1933, as amended.
1934 Act	The United States Securities Exchange Act of 1934, as amended.

SUMMARY

The following is a summary of information relating to the Issuer, the Target, the Additional Assets, the Change of Business Transactions, the Arrangement, the Resulting Issuer and Newco (assuming completion of the matters contemplated in this Circular) contained elsewhere in this Circular. This summary is qualified in its entirety by and should be read together with the more detailed information and financial data and statements contained elsewhere in this Circular, including the Schedules, which are incorporated herein and form part of this Circular, and the documents incorporated by reference herein. Certain capitalized words and terms used in this Summary are defined in the Glossary.

The Meeting

Time, Date and Place of Meeting

The Meeting will be held at the office of the Issuer's legal counsel, located at Suite 2080-777 Hornby Street, Vancouver, British Columbia, on August 8, 2019, commencing at the hour of 10:00 a.m. (Vancouver time).

Record Date

The record date for determining the registered Shareholders for the Meeting is June 21, 2019. Please see "General Proxy Information" for further information.

Purpose of the Meeting

At the Meeting and in addition to annual meeting matters, Shareholders will be asked to consider and approve the Change of Business Transactions pursuant to the Change of Business Resolution and the Arrangement Resolution authorizing the Arrangement.

The Shareholders will also be asked to vote on the Newco Option Plan Resolution, in contemplation of the completion of the Arrangement, and the Option Plan Resolution and to consider such other matters as may properly come before the Meeting, all as set forth in the notice of special meeting accompanying this Circular

Approvals Required for Certain Matters

The full text of the Change of Business Resolution is set out in Schedule "E" to this Circular. In order to implement the Change of Business Transactions, the Change of Business Resolution must be approved, with or without amendment, by a simple majority of the votes cast by the Shareholders, present in person or by proxy at the Meeting. Please see "*Particulars to be Acted Upon at the Meeting – Proposed Change of Business*".

The full text of the Arrangement Resolution is set out in Schedule "F" to this Circular. Pursuant to the BCBCA, the Interim Order and the articles of the Issuer, in order to implement the Arrangement, the Arrangement Resolution must be approved, with or without amendment, by at least two-thirds of the votes cast by the Shareholders, present in person or by proxy at the Meeting. Please see "*The Arrangement – Required Approvals – Shareholder Approval of the Arrangement*".

Board Recommendations

The Board has unanimously determined that the Transactions set forth herein are fair to the Shareholders and in the best interests of Shareholders. The Board recommends that Shareholders vote in favor of the Change of Business Resolution, the Arrangement Resolution and the Newco Option Plan Resolution. Please see "*Information Concerning the Change of Business Transactions – Recommendations of the Board*" and "*The Arrangement – Recommendation of the Board*".

The Parties

The Issuer

The Issuer is a company incorporated under the BCBCA whose principal business has been the exploration of gold and base metals projects located in Atlantic Canada.

The Issuer has entered into the Arrangement Agreement with Newco, pursuant to which the Issuer is to transfer the Mineral Properties and the Working Capital Amount to Newco and will distribute the Newco Shares to the Shareholders on the basis of one Newco Share for each Common Share held as of the Effective Date. Please see the “*the Arrangement*”.

Following completion of the Arrangement, the Issuer will complete the Change of Business Transactions and become a cannabis issuer. The Resulting Issuer’s primary business would become the pursuit of the Cannabis License and the eventual production and sale of cannabis at the Facility. Please see Schedule “C” - “*Information Concerning Resulting Issuer*”.

Upon the Closing and assuming the completion of the Financing, the Resulting Issuer anticipates having 68,166,295 Resulting Issuer Shares issued and outstanding, nil Resulting Issuer Options outstanding, and 10,152,343 Resulting Issuer Warrants outstanding. See Schedule “C” – “*Information Concerning the Resulting Issuer – Fully Diluted Share Capital*”.

The Target

The Target is a private holding company incorporated pursuant to the laws of the Province of British Columbia. The Target holds all of the issued and outstanding securities of the Target Subsidiary, which holds the License Application and the assets and real property interest relating to the Facility.

Newco

Newco is a private company incorporated under the provisions of the BCBCA for the purposes of completing the Arrangement. The Newco Shares will not initially be listed on any stock exchange following completion of the Arrangement. Holders of Newco Shares are advised to consult their legal advisors with respect to trading in Newco Shares. Following completion of the Arrangement, Newco intends to pursue a listing on either the CSE or the TSXV. There can be no assurances that Newco will be successful in being listed on any stock exchange. Please see Schedule “D” - “*Information Concerning Newco*” for additional information.

The Arrangement

The purpose of the Arrangement is to restructure the Issuer by separating the proposed business of the Resulting Issuer from its interest in the Mineral Properties, through a new company, Newco, which also holds the Highfield Property. The Arrangement will provide both the Issuer and Newco with flexibility to utilize and exploit their respective assets. Management also feels that by separating its assets into two companies and providing Shareholders with interests in both of those companies, Shareholder value will be enhanced by allowing the Shareholders to continue to participate in the growth potential of the Mineral Properties and the Highfield Property, which would otherwise not be developed by the Issuer following the Change of Business Transactions.

Principal Steps

Provided all conditions to implement the Plan of Arrangement are satisfied, the following general steps will occur and be deemed to occur without further act or formality commencing at the Effective Time, but in the order and with the timing set out in the Plan of Arrangement:

- (a) Dissenting Shares. The Common Shares held by Dissenting Shareholders will be deemed to be transferred by the holder thereof to the Issuer, and thereupon such Dissenting Shareholder shall cease to have any rights as a

Shareholder, other than the right to be paid the fair value of such holder's Common Shares in accordance with the Plan of Arrangement.

- (b) Reorganization of Share Capital. The Issuer will alter its share capital by re-naming and re-designating the Common Shares as Pre-Arrangement Shares and by creating an unlimited number of New Common Shares and Reorganization Shares, having the rights and restrictions described in the Plan of Arrangement.
- (c) Exchange of Common Shares. Each issued and outstanding Common Share (other than Common Shares held by Dissenting Shareholders) will be exchanged with Shareholders for one New Common Share and one Reorganization Share, and the Common Shares, none of which will be allotted and issued, will be cancelled and the authorized capital of the Issuer and its notice of articles will be amended by deleting the Common Shares (as re-designated as Pre-Arrangement Shares) as a class of share of the Issuer.
- (d) Exchange of Reorganization Shares. All of the Reorganization Shares will be transferred by Shareholders to Newco in exchange for Newco Common Shares on the basis of one Newco Common Share for each Reorganization Share held.
- (e) Redemption of Reorganization Shares. The Issuer will redeem all of the Reorganization Shares from Newco and will satisfy the redemption amount of such shares by the transfer to Newco of the Mineral Properties, and the Working Capital Amount which will be sufficient to enable Newco to meet its initial objectives. The transfer will be effected at a price equal to the fair market value of such assets.

As a result of the foregoing, on the Effective Date two companies will exist, the Issuer and Newco. The Issuer will hold the Target Shares and Newco will hold the Issuer's interest in the Mineral Properties as well as the Highfield Property, and Shareholders (other than Dissenting Shareholders) will own both New Common Shares and Newco Common Shares.

For more detailed information, see "*The Arrangement– Principal Steps of the Arrangement*" and the Plan of Arrangement attached to this Circular as Schedule "I".

Effect of the Arrangement on Options and Warrants

The Arrangement Agreement and the Plan of Arrangement provide that each holder of Warrants will receive Newco Warrant. The exercise price for such Newco Warrants will be equal to the exercise price of the corresponding Warrants. The remaining terms of the Newco Warrants, including term to expiry, conditions to and manner of exercising and vesting schedule, if any will otherwise be unchanged from those contained in the Warrants. ***Required Approvals***

Shareholder Approval

In order for the Arrangement to be implemented, the Arrangement Resolution must be passed, with or without variation, by at least two-thirds of the votes cast in respect of the Arrangement Resolution by Shareholders present or voting by proxy at the Meeting. Notwithstanding the foregoing, the Arrangement Resolution authorize the Board, without further notice to or approval of the Shareholders, subject to the terms of the Arrangement, to decide not to proceed with the Arrangement and to revoke such Arrangement Resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the BCBCA. If more than 1% of the Common Shares become the subject of dissent rights, the Arrangement may be terminated. Please see "*The Arrangement – Required Approval – Shareholder Approval of the Arrangement*" for further information.

Court Approval

The Arrangement requires Court approval under the BCBCA. In addition to this approval, the Court will be asked for a declaration following a Court hearing that the Arrangement is fair to the Shareholders. Prior to the mailing of this Circular, the Interim Order was obtained from the Court providing for the calling and holding of the Meeting and certain other procedural matters. A copy of the Interim Order is attached hereto as Schedule "J".

Provided the Arrangement receives the approval of the requisite majority of the Shareholders at the Meeting and certain other conditions are met, the Issuer intends to make application to the Court for the Final Order. The Notice of Application for the Final Order is attached as Schedule “K” to this Circular. It is anticipated that the Issuer will make application to the Court for the Final Order at 10:00 a.m. (Vancouver time) on or about August 12, 2019, or as soon thereafter as counsel may be heard. Shareholders and interested parties have the right to appear at such hearing and present evidence. Such persons should consult with their legal advisors as to the necessary requirements.

The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, and subject to compliance with such terms and conditions, if any, as the Court sees fit. The Final Order is not effective until filed with the Registrar, and the Final Order will only be filed when all other conditions to closing have been met. See “*The Arrangement – Required Approvals - Court Approval of Arrangement.*”

Securities Laws Information for Canadian Shareholders

The issuance and distribution of the New Common Shares, Reorganization Share and Newco Shares pursuant to the Arrangement will constitute a distribution of securities that is exempt from the prospectus requirements of Canadian securities legislation and is exempt from or otherwise is not subject to the registration requirements under applicable securities legislation. The New Common Shares, including the New Common Shares issuable on exercise of the Options and Warrants, as the case may be, and the Newco Shares, received pursuant to the Arrangement will not be legended and may be resold through registered dealers in each of the provinces of Canada provided that (i) the trade is not a “control distribution” as defined in National Instrument 45-102 “Resale of Securities” of the Canadian Securities Administrators, (ii) no unusual effort is made to prepare the market or to create a demand for the New Common Shares or Newco Shares, as the case may be, (iii) no extraordinary commission or consideration is paid to a person in respect of such sale, and (iv) if the selling security holder is an insider or officer of the Issuer or Newco, as the case may be, the selling security holder has no reasonable grounds to believe that the Issuer or Newco, as the case may be, is in default of applicable Canadian securities laws.

Each Shareholder is urged to consult his or her professional advisors to determine the Canadian conditions and restrictions applicable to trades in New Common Shares and Newco Shares, as applicable. For further information, see “*The Arrangement – Canadian Securities Laws*”

Securities Law Information for United States Shareholders

The New Common Shares, Reorganization Shares and Newco Shares to be issued to Shareholders under the Arrangement have not been and will not be registered under the 1933 Act or the securities laws of any state of United States and are being issued and exchanged in reliance on the exemption from the registration requirements of the 1933 Act provided under Section 3(a)(10) thereof and similar exemptions from registration under applicable state securities law. The Issuer does not have a class of securities registered with the SEC and, accordingly, it is not a reporting company in the United States.

NONE OF THE NEW COMMON SHARES OR NEWCO SHARES TO WHICH SHAREHOLDERS MAY BE ENTITLED PURSUANT TO THE ARRANGEMENT HAVE BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES OF ANY STATE OF THE UNITED STATES, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

See “*The Arrangement – U.S. Securities Law Matters*”.

Delivery of Share Certificates

The certificates currently representing the Common Shares will continue to represent the New Common Shares upon completion of the Arrangement. If the Arrangement is completed, Newco will mail to Shareholders of record on or about the Effective Date the certificates representing the Newco Common Shares which the Shareholders are

entitled to receive under the Arrangement. Shareholders should not deliver certificates for the Common Shares as the certificates representing the Common Shares are not being exchanged. Please see “*The Arrangement – Delivery of Share Certificates*” for more information.

Dissenting Shareholders’ Rights on Arrangement

The Interim Order provides that each Registered Shareholder will have the right to dissent and, if the Arrangement becomes effective, to have such holder’s Common Shares cancelled in exchange for a cash payment from the Issuer equal to the fair value of such holder’s Common Shares, as of the day of the Meeting, in accordance with the provisions of the Interim Order. In order to validly dissent, any such Registered Shareholder must not vote any Common Shares in respect of which Dissent Rights have been exercised in favour of the Arrangement Resolution, must provide the Issuer with written objection to the Arrangement by 4:00 p.m. (Vancouver Time) on August 6, 2019, or two Business prior to any adjournment or postponement of the Meeting, and must otherwise comply with the procedures provided in the Interim Order, the Plan of the Arrangement and the BCBCA. A Beneficial Shareholder who wishes to exercise Dissent Rights must arrange for the Registered Shareholder(s) holding its Common Shares to deliver the Dissent Notice.

If a Dissenting Shareholder fails to STRICTLY COMPLY with the requirements the Dissent Rights as set out under the Interim Order, the BCBCA and the Plan of Arrangement, such holder will lose its Dissent Rights. The Dissent Rights are set out in the Interim Order, the text of which is set out in Schedule “J” to this Circular. See the description under “Rights of Dissent”.

Canadian Federal Income Tax Considerations

This Circular does not contain any discussion as to the application of Canadian federal income tax, or the tax law of any province or other jurisdiction in Canada, in relation to the exchange of Common Shares for New Common Shares, Reorganization Shares or Newco Shares as contemplated by the Arrangement. Accordingly, holders of Common Shares resident in Canada should consult their own tax advisers for advice with respect to the application of Canadian tax law to the distribution of the New Common Shares, Reorganization Shares and Newco Shares, as the case may be.

U.S. Federal Income Tax Advisory

This Circular does not contain any discussion as to the application of the United States federal income tax, or the tax law of any state or other jurisdiction in the United States, in relation to the exchange of Common Shares for New Common Shares, Reorganization Shares or Newco Shares as contemplated by the Arrangement. Accordingly, holders of Common Shares resident in the United States should consult their own tax advisers for advice with respect to the application of U.S. tax law to the distribution of the New Common Shares, Reorganization Shares and Newco Shares, as the case may be.

Applications to Exchanges

The Issuer has applied to the CSE to approve the listing of the New Common Shares in place of the existing Common Shares, subject to the fulfillment of the usual requirements of the CSE. The Issuer has also applied to the CSE for the temporary listing of the Reorganization Shares to facilitate completion of the Arrangement.

Failure to Complete Arrangement

IN THE EVENT THE ARRANGEMENT RESOLUTION IS NOT PASSED BY SHAREHOLDERS, THE COURT DOES NOT APPROVE THE ARRANGEMENT OR THE ARRANGEMENT DOES NOT PROCEED FOR SOME OTHER REASON, THE MINERAL PROPERTIES AND WORKING CAPITAL AMOUNT WILL REMAIN WITH THE ISSUER AND THE ISSUER WILL CONTINUE TO PURSUE THE CHANGE OF BUSINESS TRANSACTION. IN SUCH CIRCUMSTANCES, NEWCO WILL LIKELY REMAIN A SUBSIDIARY OF THE ISSUER HOLDING THE ISSUER’S INTERESTS IN THE HIGHFIELD PROPERTY, BUT WHICH WILL BE OTHERWISE INACTIVE.

The Change of Business Transactions

Summary of the Change of Business Transactions

The Issuer has entered into each of the Target Agreement and the Phenome Agreement, whereby, following completion of the Arrangement, the Issuer will acquire the following:

- (a) the Target Shares from the Target Shareholders, and thereby the Target's indirect interest in the License Application held through its subsidiary the Target Subsidiary and as consideration therefor, the Issuer will issue to the Target Shareholders, the Payment Shares all of which Payment Shares will be subject to the Pooling Arrangement and portions of which will also be subject to the Escrow Agreement; and
- (b) the Phenome License from Phenome, and as consideration therefore, the Issuer will pay to Phenome an aggregate of \$250,000 in cash and issue an aggregate of 10,000,000 Resulting Issuer Shares over a nine-month period following the Listing Date.

The Acquisition Agreements are available on SEDAR at www.sedar.com. The completion of the Transactions is conditional upon the completion of the Financing as described below, the receipt of the approval of the CSE and certain other closing conditions as more particularly described in the Acquisition Agreements. See "*Information Concerning the Change of Business Transactions.*"

The Transaction will enable the shareholders of the Resulting Issuer to participate in a company whose primary business is the eventual production and sale of cannabis in Canada.

Financing

In connection with the Change of Business Transactions, the Issuer will also complete the Financing to raise up to a further \$3,000,000 on a non-brokered basis through the issuance of up to an additional 10,000,000 Units at a price of \$0.30 per Unit. The Issuer previously raised \$2,500,700 through the issuance of 4,133,000 Units on July 17, 2018 and 4,202,665 Units on March 29, 2019, such that the intent is that the Issuer will have raised an aggregate of \$5,500,700 in all tranches.

In connection with the Financing, finders will receive a cash commission of 7% of the gross proceeds raised in the Financing payable in cash and 7% of the Units placed in the Financing payable through the issuance of Placement Warrants. \$69,993.00 was paid and 289,310 Placement Warrants were issued in connection with the completion of the initial tranche of the Financing on July 17, 2018.

See Schedule "A" - "*Information Concerning the Issuer – the Financing.*"

Directors and Management

Following the Closing, the persons below will hold the following positions with the Resulting Issuer:

Mr. Patrick Elliott – President, CEO and Director
 Mr. William Fleming – Director
 Mr. Marc Geen – Director
 Mr. Matthew McGill – Director

In addition, the Issuer will identify a candidate to hold the positions of Chief Financial Officer and Corporate Secretary of the Resulting Issuer, prior to the Closing Date and will announce such candidate and their qualifications via press release.

See Schedule "C" - "*Information Concerning the Resulting Issuer – Directors, Officers and Promoters.*"

Arm's Length Transactions

The Change of Business Transactions will be carried out by parties dealing at arm's length to one another and therefore are each an Arm's Length Transaction. The Arrangement is being conducted by the Issuer and Newco, which is its wholly owned subsidiary and does not constitute a related party transaction.

On completion of the Change of Business Transactions and assuming the completion of the Financing, the Target Shareholders together with Phenome the Finder will hold an aggregate of 42,700,000 Resulting Issuer Shares, representing approximately 62.64% of the issued and outstanding Resulting Issuer Shares on an undiluted basis.

See Schedule "C" - "*Information Concerning the Resulting Issuer –Pro Forma Consolidated Capitalization*" for additional information.

No Insider, promoter or Control Person of the Issuer and no Associate or Affiliate of same has any interest in the Change of Business Transactions or the Arrangement, other than that which arises solely from the holding of Common Shares or in the case of Marc Geen, the holding of Target Shares, or in the case of Matthew McGill, in his capacity as the Finder. As each of Messrs. Geen and McGill joined the board of the Issuer several months following the negotiation of the Target Acquisition Agreement, the Target Acquisition remains an arm's length transaction.

Funds Available

Resulting Issuer

Upon completion of the Transactions and based on the Issuer having an estimated working capital of \$146,900 as at May 31, 2019 and the Target having an estimated working capital of \$199,300 as at May 31, 2019 and assuming receipt of additional gross proceeds of \$3,000,000 with respect to the Financing, and after the transfer of \$550,000 as the remaining Working Capital Amount to Newco pursuant to the Arrangement Agreement and \$200,000 in estimated remaining estimated transaction costs and up to \$210,000 in potential finder's fees payable in respect of the Financing, the Resulting Issuer anticipates it will have estimated working capital of \$2,386,200. The principal purpose of such funds, after giving effect to the Transactions and for the 12 months thereafter, will be for, among other things, working capital and future capital expenditures for the Facility. It is anticipated that the Resulting Issuer will use such funds as follows:

Principal Purpose	Budgeted Expenditures
Estimated general and administrative costs over the 12 months following the Listing Date ⁽¹⁾	\$400,000
Capital expenditures for the Facility ⁽²⁾	\$1,200,000
Completion of security and video evidence package for Health Canada	\$20,000
Payments due to Phenome pursuant to the Phenome Agreement over the 12 months following the Listing Date	\$250,000
Unallocated working capital ⁽³⁾	\$516,200
Total	\$2,386,200

Notes:

- (1) General and administrative costs for the next 12 months are expected to be comprised of: legal fees of \$25,000, audit and accounting fees of \$30,000, stock exchange fees, filing fees and transfer agent costs of \$12,500, office rents and supplies of \$36,000, marketing and shareholder communication costs of \$50,000, executive management fees and consulting cost of \$234,835 (See Schedule "C" "*Information Concerning the Resulting Issuer -Executive Compensation*"), and miscellaneous administrative costs of \$11,675.
- (2) Capital expenditures on the Facility for the next 12 months are expected to be comprised of \$350,000 for building supplies, \$250,000 for labour costs, \$75,000 for engineering and plan design, \$200,000 for Q/A and security costs, \$150,000 for electrical costs and \$175,000 for mechanical costs.
- (3) Unallocated funds will be added to the working capital of Newco and invested in short-term interest bearing obligations.

There may be circumstances where, for sound business reasons a reallocation of funds may be necessary. See Schedule “C” - *“Information Concerning the Resulting Issuer – Available Funds and Principal Purposes”*.

Newco

Following completion of the Arrangement, Newco will have \$643,500 in cash, being the remainder of the Working Capital Amount due pursuant to the Arrangement Agreement, less Newco’s working capital of \$93,500, and will hold the Mineral Properties and the Highfield Property. Newco intends to focus on the further exploration of the Highfield Property and the maintenance of the Mineral Properties, as well as moderate exploration plans. It is anticipated that Newco will use such funds as follows:

Principal Purpose	Budgeted Expenditures
Estimated general and administrative costs over the 12 months following the Effective Date ⁽¹⁾	\$212,000
Exploration programs on the Highfield Property as recommended in the Highfield Report ⁽²⁾	\$200,000
Expenditures to maintain the Mineral Properties in good standing ⁽³⁾	\$110,000
Unallocated working capital ⁽⁴⁾	\$131,500
Total	\$643,500

Notes:

- (1) General and administrative costs for the next 12 months are expected to be comprised of: legal fees of \$15,000, audit and accounting fees of \$20,000, filing fees and transfer agent costs of \$15,000, consulting fees and directors fees of \$144,000 (See Schedule “D” – *“Information Concerning Newco - Executive Compensation”*), and miscellaneous administrative costs averaging \$1,500 per month (comprised of capital, equipment, office, investor relations and other miscellaneous costs).
- (2) See Schedule “D” – *“Information Concerning Newco - Material Mineral Properties”* for a description of the Highfield Property and the work program recommended in the Highfield Report.
- (3) Expenditures include \$100,000 to be expended on the Caledonia Brook property under the option agreement with New Dawn Resources Inc. and \$10,000 to maintain the claims representing the Little River Property.
- (4) Unallocated funds will be added to the working capital of Newco and invested in short-term interesting bearing obligations.

There may be circumstances where, for sound business reasons a reallocation of funds may be necessary. See Schedule “D” - *“Information Concerning Newco – Available Funds and Principal Purposes”*.

Selected Pro Forma Consolidated Financial Information

The following table sets forth certain pro forma financial information for the Resulting Issuer and Newco, on a consolidated basis, after giving effect to the Transactions and Financing and certain other adjustments and subject to the assumptions described in the notes to the unaudited consolidated pro forma financial statements of the Resulting Issuer and Newco which are attached as Schedules “H” and “L” respectively hereto. The unaudited pro forma consolidated balance sheets have been prepared based on the assumption that, among other things, the Transactions occurred on May 31, 2019.

The following information should be read in conjunction with the financial statements and reports thereon included in this Circular, being the audited financial statements of the Issuer for the years ended November 30, 2018 and November 30, 2017, and corresponding MD&A for the year ended November 30, 2018; the interim financial statements of the Issuer for the three and six months ended May 31, 2019, and corresponding MD&A, all of which are incorporated by referenced into this Circular and available on SEDAR, the audited consolidated financial statements of the Target for the period from incorporation on March 21, 2018 and ended August 31, 2018 and interim financial statements of the Target for the nine months ended May 31, 2019, which are attached hereto as Schedule “G”.

	Resulting Issuer Pro Forma May 31, 2019 (unaudited) (\$)	Newco Pro Forma May 31, 2019 (unaudited) (\$)
Current Assets	2,330,980	1,126,188
Total Assets	6,292,001	1,138,688
Current Liabilities	(1,143,224)	Nil
Total Liabilities	(1,143,224)	Nil
Shareholders' Equity	5,148,777	1,138,688

Market for Securities

The Common Shares are currently listed on the CSE for trading under the symbol MLK. The price of the Common Shares on June 7, 2018, being the last day on which the Common Shares traded prior to the halt of trading of the Common Shares pending the announcement of the proposed acquisition of 115 was \$0.045, prior to the Consolidation which became effective on July 16, 2018. The Common Shares have been halted from trading on the CSE since June 8, 2018. See *“Information Concerning the Issuer – Stock Exchange Price”* for more information.

Upon completion of the Change of Business Transaction, the Resulting Issuer Shares will continue to be listed on the CSE under a new trading symbol to be determined.

Sometime following the Effective Date, Newco intends to apply for the listing of the Newco Shares on either the TSXV or the CSE. Any listing will be subject to Newco meeting the listing requirements of the applicable Exchanges. There can be no assurance as to if, or when, the Newco Shares will be listed or traded on any stock exchange. It is not a condition of the Arrangement that any stock exchange shall have approved the listing of the Newco Shares. As the Newco Shares will not be listed on a stock exchange, unless and until such a listing is obtained, holders of Newco Shares may not have a market for their shares

Conflicts of Interest

Directors or officers of the Resulting Issuer or Newco may, from time to time, serve as directors or officers of, or participate in ventures with, other companies involved in the cannabis industry or the mining industry, respectively. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible business opportunities or in generally acting on behalf of the Resulting Issuer or Newco, as the case may be, notwithstanding that they will be bound by the provisions of the BCBCA to act at all times in good faith in the interests of the Resulting Issuer or Newco and to disclose such conflicts to the Resulting Issuer or Newco, as applicable, if and when they arise. As of the date of this Circular, to the best of its knowledge, the Issuer is not aware of the existence of any conflicts of interest between Issuer and any of the directors or officers of the Issuer. Please see Schedule “C” - *“Information Concerning the Resulting Issuer – Conflicts of Interest”* and Schedule “D” - *“Information Concerning Newco – Conflicts of Interest”*.

For information concerning the director and officer positions held by the proposed directors and officers of the Resulting Issuer and Newco, please see Schedule “C” - *“Information Concerning the Resulting Issuer – Other Reporting Issuer Experience”* and Schedule “D” - *“Information Concerning Newco – Other Reporting Issuer Experience”*, respectively.

Interest of Experts

To the best of the Issuer’s knowledge, no direct or indirect interest in the Issuer is held or will be received by any experts responsible for opinions or reports referred to in this Circular. No expert is expected to be elected, appointed

or employed as a director, officer or employee of the Resulting Issuer or Newco. Please see “*General Matters – Experts*” for more information.

Risk Factors

In considering approval of the Transactions, Shareholders should carefully consider certain risks relating to the Transactions and risks involved in the business of the Resulting Issuer and Newco.

Shareholders should consider a number of risks relating to the Transactions, which include: (i) uncertainty over whether all conditions precedent in the Acquisition Agreements and the Arrangement Agreement will be satisfied; (ii) the anticipated benefits of the Transactions may not be realized by the Issuer or Newco; (iii) failure to obtain all regulatory requirements for completion of the Transactions; (iv) the Acquisition Agreements and the Arrangement Agreement may be terminated in certain circumstances; (v) risks concerning acquisitions generally, (vi) there is no guarantee that the Newco Shares will be listed on any stock exchange or that a market for such shares will develop; (vii) Newco Shares may not be qualified investments under the ITA for a Registered Plan; and (viii) following completion of the Transactions, the Resulting Issuer and Newco may issue additional equity securities.

For more information see “*Risk Factors Association with the Transactions*”.

An investment in Resulting Issuer following completion of the Transactions, involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the proposed business of the Resulting Issuer. The risks, uncertainties and other factors, many of which are beyond the control of the Issuer or the Resulting Issuer, that could influence actual results include, but are not limited to: (i) risks relating to the Target not holding a Cannabis License; (ii) risks associated with the cost and timing of obtaining a Cannabis License; (iii) regulatory risks; (iv) risks relating to changes in laws and regulations (v) risks relating to the limited operating history of the Issuer; (vi) risks relating to history of net losses and lack of cash flow; (vii) risks relating reliance on a single facility and risk factors related to that facility; (viii) expansion risks; (ix) the Resulting Issuer’s reliance on operators and key employees; (x) risk of sales activities; (xi) competitive risks, (xii) client retention risks, (xiii) transportation risks, (xiv) risks inherent in agricultural operations, (xv) risk relating to energy costs, (xvi) pricing risks, (xvii) risks of theft and data loss, (xviii) unfavorable publicity or consumer perception, (xix) product liability risks and product recalls (xx) operating risks, (xxi) risks relating to the Resulting Issuer’s additional funding requirements; (xxii) risks relating the Resulting Issuer’s holding company status; (xxiii) economic risks; (xxiv) conflicts of interest between the Resulting Issuer and its proposed directors and officers; (xxv) the Resulting Issuer’s ability to pay dividends; and (xxvi) market risks; and other factors beyond the control of the Issuer or the Resulting Issuer. For a detailed description of certain risk factors relating to ownership of Resulting Issuer Shares, which should be carefully considered before making an investment decision, see Schedule “C” “*Information Concerning the Resulting Issuer - Risk Factors*”.

An investment in Newco, following completion of the Arrangement, also involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the proposed business of Newco. The risks, uncertainties and other factors, many of which are beyond the control of the Issuer or Newco, that could influence actual results include, but are not limited to: (i) nature of the securities and no assurance of listing; (ii) exploration and development risks; (iii) environmental risks; (iv) title risks; (v) risks relating to Newco’s substantial capital requirements; (vi) competitive risks; (vii) commodity prices; (viii) lack of mineral resources; (ix) economic risks; (x) Newco’s reliance on key employees; (xi) conflicts of interests between Newco and its proposed directors and officers; (xii) Newco’s ability to pay dividends; (xiii) regulatory risks; (xiv) risks relating to the limited operating history of Newco; (xv) uninsured risks; (xvi) dilutive risks. For a detailed description of certain risk factors relating to ownership of Newco Shares, which should be carefully considered before making an investment decision, see Schedule “D” “*Information Concerning Newco – Risk Factors*”.

Accompanying Documents

This Circular is accompanied by several Schedules which are incorporated by reference into, form an integral part of, and should be read in conjunction with this Circular. It is recommended that Shareholders read this Circular and the attached Schedules in their entirety.

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by management of the Issuer for use at the Meeting, and at any adjournment thereof. The solicitation will be by mail and possibly supplemented by telephone, electronic communications or other personal contact to be made without special compensation by regular officers and employees of the Issuer. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Issuer. The Issuer does not reimburse Shareholders, nominees or agents for the costs incurred in obtaining from their principals authorization to execute forms of proxy. The Issuer has arranged for intermediaries to forward meeting materials to Beneficial Shareholders held as of record by those intermediaries and the Issuer may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Appointment of Proxies

Accompanying this Circular is a form of proxy for Registered Shareholders. The persons named in the form of proxy are directors and/or officers of the Issuer, and are proxyholders nominated by the Board of Directors. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act on its behalf at the Meeting other than the persons named in the enclosed instrument of proxy. To exercise this right, a Shareholder must strike out the names of the nominees of management named in the instrument of proxy and insert the name of its nominee in the blank space provided on the proxy, or complete another instrument of proxy.**

The completed instrument of proxy must be dated and signed and the duly completed instrument of proxy must be deposited at the Issuer's transfer agent, COMPUTERSHARE INVESTOR SERVICES INC. no later than forty eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting, or adjournment or postponement thereof or may be accepted by the chairman of the Meeting, prior to the commencement of the Meeting. The mailing address for proxies is:

**Computershare Investor Services Inc.
100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1
Fax number: 1-866-249-7775
Vote by Phone:
Registered Shareholders: 1-866-732-VOTE (8683)
Beneficial Shareholders: 1-866-734-VOTE (8683)
Vote Online: www.investorvote.com**

The instrument of proxy must be signed by the Shareholder or by his duly authorized attorney. If signed by a duly authorized attorney, the instrument of proxy must be accompanied by the original power of attorney or a notarially certified copy thereof.

Voting of Shares and Exercise of Discretion of Proxies

If a Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares represented by proxy will be voted or withheld from voting by the proxyholder in accordance with those instructions on any ballot or poll that may be called for.

In the enclosed form of proxy, in the absence of any instructions in the proxy, it is intended that such Common Shares will be voted by the proxyholder, if a nominee of management, in favour of the motions proposed to be made at the Meeting, and more specifically in favor of the Arrangement Resolution, the Change of Business Resolution and the Newco Option Plan Resolution, as stated under the headings in the Notice of Meeting to which this Circular is attached. If any amendments or variations to such matters, or any other matters, are properly brought before the Meeting, the proxyholder, if a nominee of management, will exercise its discretion and vote on such matters in accordance with its best judgment.

The instrument of proxy enclosed, in the absence of any instructions in the proxy, also confers discretionary authority on any proxyholder other than the nominees of management named in the instrument of proxy with respect to the matters identified herein, amendments or variations to those matters, or any other matters which may properly be brought before the Meeting. To enable a proxyholder to exercise its discretionary authority a Shareholder must strike out the names of the nominees of management in the enclosed instrument of proxy and insert the name of its nominee in the space provided, and not specify a choice with respect to the matters to be acted upon. This will enable the proxyholder to exercise its discretion and vote on such matters in accordance with its best judgment.

At the time of printing this Circular, management of the Issuer is not aware that any amendments or variations to existing matters or new matters are to be presented for action at the Meeting.

Revocation of Proxies

A proxy may be revoked by:

- (a) signing a proxy bearing a later date and depositing it at the place and within the time aforesaid.
- (b) signing and dating a written notice of revocation (in the same manner as the proxy is required to be executed, as set out in the notes to the proxy) and either delivering the same to Computershare Trust Company of Canada at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9 Tel. (604) 661-9438 Fax (604) 661-9401, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.
- (c) attending the Meeting or any adjournment thereof and registering with the Scrutineer thereat as a shareholder present in person, whereupon such proxy shall be deemed to have been revoked.
- (d) in any other manner provided by law.

Only registered Shareholders have the right to revoke a proxy. A Beneficial Shareholder who wishes to change its vote must, at least seven days before the Meeting, arrange for its Intermediary to revoke its proxy on its behalf.

Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to many Shareholders, as many Shareholders do not hold their Shares in their own name. Beneficial Shareholders should note that only proxies deposited by Shareholders appearing on the records maintained by the Issuer's transfer agent as registered Shareholders will be recognized and allowed to vote at the Meeting. If a Shareholder's Common Shares are listed in an account statement provided to the Shareholder by a broker, in all likelihood those shares are not registered in the Shareholder's name and that Shareholder is a Beneficial Shareholder. Such shares are most likely registered in the name of the Shareholder's broker or an agent of that broker. In Canada the vast majority of such shares are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms. Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted at the Meeting at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting.**

In accordance with the requirements of National Instrument 54-101 – Communications with Beneficial Owners of Securities of a Reporting Issuer (“**NI 54-101**”) of the Canadian Securities Administrators, the Issuer has distributed copies of the Notice of Meeting, this Circular and the instruments of proxy to the clearing agencies and Intermediaries for onward distribution to Beneficial Shareholders. Intermediaries are required to forward the Issuer's proxy solicitation materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them under NI 54-101. **The Issuer has determined not to pay for the distribution by Intermediaries of**

the Meeting Materials to holders who have advised the Intermediaries that they object to the disclosure of ownership information about the Beneficial Shareholder and such Beneficial Shareholders will not receive the Meeting Materials unless their Intermediary assumes the costs of such delivery.

Regulatory policies require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. The vast majority of Intermediaries now delegate responsibility for obtaining instructions from Beneficial Shareholders to ADP Investor Communications (“ADP”) in Canada. ADP typically prepares a machine-readable Request for Voting Instructions (“VIF”), mails these VIFs to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to ADP, usually by way of mail, the Internet or telephone. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting by proxies for which ADP has solicited voting instructions. A Beneficial Shareholder who receives an ADP VIF cannot use that form to vote shares directly at the Meeting. The VIF must be returned to ADP (or instructions respecting the voting of shares must otherwise be communicated to ADP) well in advance of the Meeting in order to have the shares voted. If you have any questions respecting the voting of Common Shares held through an Intermediary, please contact that Intermediary for assistance.

The purpose of this procedure is to permit Beneficial Shareholders to direct the voting of the Common Shares which they beneficially own. **A Beneficial Shareholder receiving a VIF cannot use that form to vote Common Shares directly at the Meeting. Beneficial Shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.** Should a Beneficial Shareholder who receives a VIF wish to attend the Meeting or have someone else attend on their behalf, the Beneficial Shareholder may request a legal proxy as set forth in the VIF, which will grant the Beneficial Shareholder or their nominee the right to attend and vote at the Meeting.

All references to Shareholders in this Circular and the accompanying instrument of proxy and Notice of Meeting are to Registered Shareholders unless specifically stated otherwise.

Record Date

Only Shareholders of record on the close of business on the 21st day of June, 2019, who either personally attend the Meeting or who complete and deliver an instrument of proxy in *the manner and subject to the provisions set out under the heading "Appointment of Proxies" and "Revocation of Proxies"* will be entitled to have his or her Shares voted at the Meeting, or any adjournment or postponement thereof.

The Record Date should be distinguished from the Effective Date, which is expected to be on or about August 19, 2019. Shareholders must be Shareholders on the Effective Date, and not the Record Date, to participate in the Arrangement.

Indebtedness of Directors and Senior Officers

None of the directors or senior officers of the Issuer, no proposed nominee for election as a director of the Issuer, and no associates or affiliates of any of them, is or has been indebted to the Issuer or its subsidiaries at any time since the beginning of the Issuer’s last completed financial year.

Interest of Certain Persons or Companies in Matters to be Acted Upon

In considering the recommendations of the Board to vote in favour of the matters discussed in this Circular, Shareholders should be aware that two of the directors of the Issuer have interests in the Transactions that are different from, or in addition to, the interests of the Shareholders generally. These interests relate to the fact that such directors, being Marc Geen and Matthew McGill, will receive consideration pursuant to the Target Acquisition in their capacity, directly or indirectly, as shareholders of the Target, and in the case of Mr. McGill, as the Finder pursuant to the Target Acquisition.

Matthew McGill and Marc Geen are directors of the Issuer and currently hold no Common Shares or other securities in the capital of the Issuer.

Mr. Geen is a Target Shareholder and holds 1,000,000 Target Shares, representing 10% of the issued and outstanding Target Shares. Pursuant to the Target Acquisition Agreement, as consideration for Mr. Geen's Target Shares, Mr. Geen will receive 1,000,000 Payment Shares, of which will be submitted to escrow pursuant to the Escrow Agreement and will also be subject to the Pooling Arrangement. Mr. Geen will receive no other consideration in relation to the Transactions, other than upon receipt of his Payment Shares in his capacity as a Shareholder on the Effective Date and being treated equally to all other Shareholders, in relation to the Arrangement.

Mr. McGill, indirectly through 1143984 B.C. Ltd., is a Target Shareholder and holds 1,000,000 Target Shares, representing 10% of the issued and outstanding Target Shares. Pursuant to the Target Acquisition Agreement, as consideration for Mr. McGill's Target Shares, Mr. McGill will receive 1,000,000 Payment Shares, of which will be submitted to escrow pursuant to the Escrow Agreement and will also be subject to the Pooling Arrangement. In addition, Mr. McGill as the Finder, will receive 200,000 Finder Shares upon the completion of the Target Acquisition pursuant to the Finder's Fee Agreement. Mr. McGill will receive no other consideration in relation to the Transactions, other than upon receipt of his Payment Shares and Finders Shares, in his capacity as a Shareholder on the Effective Date and being treated equally to all other Shareholders, in relation to the Arrangement.

Mr. Geen and Mr. McGill were not members of the Board of the Issuer at the time of the negotiation of the Target Acquisition or at the time the Target Acquisition Agreement was executed. Mr. Geen and Mr. McGill had advised the Board of their interests in the Target Acquisition at the time of joining same.

Other than as disclosed elsewhere in this Circular or in their capacity as a Shareholder and being treated equally to all other Shareholders, none of the Directors or Senior Officers of the Issuer, no proposed nominee for election as a Director of the Issuer, none of the persons who have been Directors or Senior Officers of the Issuer since the commencement of the Issuer's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

Interest of Informed Persons in Material Transactions

For the purposes of this Circular, "informed person" means:

- (a) a director or executive officer of the Issuer;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Issuer;
- (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Issuer or who exercises control or direction over voting securities of the Issuer, or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Issuer, other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) the Issuer if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

Other than as disclosed elsewhere in this Circular or in their capacity as a Shareholder and being treated equally to all other Shareholders, no informed person, no proposed director of the Issuer and no associate or affiliate of any such informed person or proposed director, has any material interest, direct or indirect, in any material transaction since the commencement of the Issuer's last completed financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Issuer or any of its subsidiaries.

Voting Shares Requisite Shareholder Approvals

The authorized capital of the Issuer consists of an unlimited number of Common Shares. Each Shareholder of record at the close of business on the Record Date will be entitled to receive notice of and vote at the Meeting, or any adjournment or postponement thereof, in person or by proxy. As of the Record Date, the Issuer had 12,282,962 Common Shares issued and outstanding, each Common Share carrying the right to one vote. The Shareholders are entitled to one vote for each Common Share held.

In order to be effective, (i) the Arrangement Resolution to be submitted to the Shareholders at the Meeting must be approved by the affirmative vote of at least two-thirds of the votes cast thereon, (ii) the Change of Business Resolution must be approved by the affirmative vote of a simple majority of the votes cast thereon; (iii) the Newco Option Plan Resolution must be approved by the affirmative vote of a simple majority of the votes cast thereon.

A quorum at the Meeting will consist of at least two Shareholders present in person or represented by proxy.

Principal Shareholders

To the knowledge of the Directors and Senior Officers of the Issuer, only the following own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Issuer:

Name of Shareholder	Number of Common Shares	Percentage of Issued and Outstanding Common Shares
Terra Capital New Horizons Fund	2,500,000	20.35%

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

Financial Statements

The financial statements of the Issuer for the financial years ended November 30, 2018 and 2017 and the auditors' report thereon will be presented to the Meeting. A copy is available online at www.sedar.com.

Election of Director

Management intends to propose for adoption an ordinary resolution that the number of directors of the Issuer be fixed at four. If there are more nominees for election than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected until all such vacancies have been filled.

Each director of the Issuer is elected annually and holds office until the next Annual General Meeting of the Shareholders unless that person ceases to be a director before then. You can vote for all of these Directors, vote for some of them and withhold for others, or withhold for all of them. Unless otherwise instructed, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as Directors of the Issuer.

The following table sets out the names of the persons to be nominated for election as directors, the positions and offices which they presently hold with the Issuer, their respective principal occupations and the number of shares of the Issuer which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular:

Name, Municipality of Residence, Proposed Offices	Principal Occupation During Last Five Years	Director Since	Shares Beneficially Owned or Controlled

Name, Municipality of Residence, Proposed Offices	Principal Occupation During Last Five Years	Director Since	Shares Beneficially Owned or Controlled
Paul Smith, Kings County, Nova Scotia, President, Chief Executive Officer and Director	President and CEO of the Issuer since May 2012	Director of the Issuer since May 2012	122,500
Marc Geen, Rock Creek, B.C., Director ⁽¹⁾	CEO and Director of Speakeasy Cannabis Club Ltd., from Operations manager of M&J Orchards Ltd. (a cherry orchard company) from March 2018 to Present; June 2007 to June 30, 2015, Founder and principal of the Target from February 2017 to Present; Self-employed for operations of Myers Creek Orchard from June 2015 to Present	Director of the Issuer since January 2019	Nil
William Fleming, Halifax, Nova Scotia, Director ⁽¹⁾	President of Mernova Medicinal Inc., a private cannabis cultivation company in Nova Scotia from 2014 to Present	Director of the Issuer since May 2015	268,100
Matthew McGill, Langley, B.C., Director ⁽¹⁾	Licensed realtor with McGill Realty from 2011 to Present	Director of the Issuer since January 2019	Nil

(1) Member of the Audit Committee

Appointment of Auditor

Unless otherwise specified, the persons named in the enclosed instrument of proxy will vote for the reappointment of Manning Elliott LLP, Chartered Professional Accountants, of Vancouver, B.C. as auditor of the Issuer for the ensuing year, at a remuneration to be fixed by the directors. Manning Elliott LLP was first appointed auditor of the Issuer on February 17, 2017

Proposed Arrangement

The Issuer and Newco have entered into the Arrangement Agreement providing for the completion of the Arrangement. At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, approve the Arrangement Resolution set forth in Schedule "F" hereto to approve the Arrangement.

The Arrangement Resolutions must be approved by two-thirds of votes cast at the Meeting. **It is the intention of the persons named in the enclosed proxy, in the absence of instructions to the contrary, to vote the proxy in favour of the Arrangement Resolution.**

The Arrangement, the Plan of Arrangement and the terms of the Arrangement Agreement are summarized below. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which has been filed by the Issuer under its profile on SEDAR at www.sedar.com, and the Plan of Arrangement, which is attached to this Circular as Schedule "I".

If the Arrangement is approved at the Meeting and the Final Order approving the Arrangement is issued by the Court and the applicable conditions to the completion of the Arrangement are satisfied or waived, the Arrangement will take effect commencing at the Effective Time, which will be at 12:01 a.m. (Vancouver time) on the Effective Date, which is expected to be on or about August 19, 2019.

Proposed Change of Business

The Issuer and the Target and the Target Shareholders and the Issuer and Phenome have entered into the Acquisition Agreements providing for the completion of the Change of Business Transactions. At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, approve the Change of Business Resolution set forth in Schedule “E” hereto to approve the Change of Business Transactions.

The Change of Business Resolution must be approved by a simple majority of the votes cast at the Meeting. **It is the intention of the persons named in the enclosed proxy, in the absence of instructions to the contrary, to vote the proxy in favour of the Change of Business Resolution.**

If the Change of Business Transactions are approved at the Meeting and the CSE approves the Change of Business Transactions and the applicable conditions to the completion of the Change of Business Transactions are satisfied or waived, the Arrangement will take effect following the completion of the Change of Business Transactions, which are expected to be completed on or about August 16, 2019.

Approval of Newco Stock Option Plan

The Shareholders approved the Stock Option Plan on June 29, 2015, under which the Board was authorized to grant options for 10% of the issued and outstanding Common Shares of the Issuer from time to time. Following the Arrangement, Newco intends to adopt the Newco Stock Option Plan. As the Stock Option Plan of the Issuer will not carry forward to Newco, and in contemplation of the successful completion of the Arrangement, at the Meeting, Shareholders will be asked to consider, and if thought fit, pass the Newco Option Plan Resolution with or without variation, the full text of which is below.

The purpose of the Newco Stock Option Plan is to allow Newco to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of Newco. The granting of such options is intended to align the interests of such persons with that of the shareholders. Options will be exercisable over periods of up to 10 years as determined by the Newco Board and are required to have an exercise price no less than the closing price of the Newco Shares on the day immediately preceding the day the option is granted (the “Market Price”). In the event the Newco Shares are listed on either the TSXV or the CSE, the exercise price may be the Market Price less any discounts allowed by the TSXV or CSE, as applicable, subject to a minimum exercise price of \$0.05. Pursuant to the Newco Stock Option Plan, the Newco Board may from time to time authorize the issue of options to directors, officers, employees and consultants of Newco and its subsidiaries. The maximum number of Newco Shares which may be issued pursuant to options granted under the Newco Stock Option Plan, and any other security-based compensation plan of Newco, will not exceed 10% of the issued and outstanding Newco Shares at the time of the grant. In addition, the number of options which may be granted to any one individual may not exceed 5% of the aggregate number of Newco Shares issued and outstanding in any 12-month period. The maximum number of options that may be granted to any one consultant under the Newco Stock Option Plan and any other security-based compensation arrangements of Newco in any 12 month period must not exceed 2%. The total number of Newco Shares which may be reserved for issuance to insiders within any 12-month period may not exceed 10% of the aggregate number of Newco Shares issued and outstanding as at the date of grant. The Newco Stock Option Plan contains no vesting requirements, but permits the Newco Board to specify a vesting schedule in its discretion, provided that if required by any stock exchange on which the Newco Shares trade, options issued to a consultant engaged in investor relations activities must vest in stages over not less than 12 months with no more than one quarter of the options vesting in any three month period. The Newco Stock Option Plan also provides that if a change of control, as defined therein, occurs, all options may immediately become vested and may thereupon be exercised in whole or in part by the option holder.

If a director, officer, employee or consultant ceases to be an eligible participant for any reason, other than death, each option held will cease to be exercisable 90 days after such termination date or any such longer period as determined by the Newco Board. If such person ceases to be an eligible participant due to termination for cause, the options shall cease to be exercisable immediately. If a director, officer, employee or consultant dies, the legal representative may exercise the options within a period of the earlier of (i) the expiry date of such option; and (ii) 12 months after the date of death, but only to the extent the options were exercisable on the date of death.

In the event that an option expires during a self-imposed blackout period, or within 48 hours following the end of any self-imposed blackout period, such expiry date will be extended to the date that is 10 calendar days following the end of such blackout period.

The Newco Stock Option Plan is a rolling stock option plan which sets the number of options available for grant by Newco at an amount equal to 10% of the issued and outstanding Newco Shares from time to time, together with any other security-based compensation plan of Newco.

The full text of the Newco Stock Option Plan is available for review by any Shareholder up until the day preceding the Meeting at the Issuer's registered and records offices at 2080 – 777 Hornby Street, Vancouver, British Columbia.

Shareholders will be asked at the Meeting to consider and, if deemed advisable, approve with or without variation the following resolution:

“BE IT RESOLVED THAT subject to the completion of the Arrangement the Newco Stock Option Plan authorizing the directors to grant options on shares up to a maximum of 10% of Newco Shares issued and outstanding from time to time, as at the date of the relevant grant, be and it is hereby approved and that any one director or officer of Newco be and they are hereby authorized, without further shareholder approval, to carry out the intent of this resolution and to execute and deliver such other documents and instruments and to do or cause to be done all such other acts and things, as may in the opinion of such director or officer be necessary or desirable to carry out the intent of this resolution.”

The Board recommends that Shareholders vote in favour of the Newco Option Plan Resolution at the Meeting. To be effective, the Newco Option Plan Resolution must be approved by not less than a majority of the votes cast by Shareholders who vote in respect thereof, in person or by proxy, at the Meeting. Unless otherwise indicated, the persons designated as proxy holders in the accompanying proxy will vote the Common Shares represented by such proxy for the Newco Option Plan Resolution.

THE ARRANGEMENT

Purpose of the Arrangement

The purpose of the Arrangement is to restructure the Issuer by separating the Mineral Properties and the Highfield Property from the proposed cannabis business contemplated by the Change of Business Transactions, through a new company, Newco. The Arrangement will provide both the Issuer and Newco with flexibility to utilize and exploit their respective assets. The Board believes the formation of Newco to hold the Mineral Properties and the Highfield Property will allow management of the Issuer to focus entirely on the development of the Facility and business of the Target, following completion of the Change of Business Transactions, and free management of Newco to facilitate separate fund-raising, exploration and mining strategies for the Mineral Properties, which the Issuer would not expect to devote significant time or expenditures towards once the proposed Change of Business Transaction is completed. By separating the industrial assets from the mining assets into two companies, Shareholders are permitted to continue to participate in the growth potential of the Mineral Properties and Highfield Property and to participate in new potential following the completion of the Change of Business Transactions.

Proposed Timetable for Arrangement

The anticipated timetable for the completion of the Arrangement and the key dates as proposed are as follows:

Meeting:	August 8, 2019
Final Court Approval:	August 12, 2019
Effective Date:	August 19, 2019

The Effective Date is an anticipated date. The Board will determine the Effective Date, based on its determination of when all conditions to the completion of the Arrangement are satisfied. Notice of the actual Effective Date will be given to Shareholders through a press release when all conditions to the Arrangement have been met and the Board is of the view that all elements of the Arrangement will be completed.

The New Common Shares are anticipated to be listed for trading on the CSE following the Effective Date, but may remain halted from trading pending the submission of final listing documentation to the CSE in relation to the Change of Business Transactions.

The foregoing dates may be amended at the discretion of the Issuer.

Principal Steps of the Arrangement

The following description of the Arrangement is qualified in its entirety by reference to the full text of the Plan of Arrangement, which is attached as Schedule "I" to this Circular.

Pursuant to the Arrangement Agreement, the Issuer has agreed to transfer its interest in the Mineral Properties and the Working Capital Amount to Newco, which already holds the Highfield Property. This transfer will be effected pursuant to the Arrangement. Under the Arrangement, the existing Shareholders, in exchange for their Common Shares, will receive one New Common Share and one Newco Common Share.

The Arrangement Agreement establishes the Plan of Arrangement, which provides for the following general steps to occur and be deemed to occur without further act or formality commencing at the Effective Time, but in the order and with the timing set out in the Plan of Arrangement:

- (a) Dissenting Shares. The Common Shares held by Dissenting Shareholders will be deemed to be transferred by the holder thereof to the Issuer, and thereupon such Dissenting Shareholder shall cease to have any rights as a Shareholder, other than the right to be paid the fair value of such holder's Common Shares in accordance with the Plan of Arrangement.
- (b) Reorganization of Share Capital. The Issuer will alter its share capital by renaming and re-designating the Common Shares as Pre-Arrangement Shares and by creating an unlimited number of New Common Shares and Reorganization Shares, and will attach rights and restrictions to the New Common Shares and Reorganization Shares as further described in the Plan of Arrangement.
- (c) Exchange of Common Shares. Each issued and outstanding Common Share (other than Common Shares held by Dissenting Shareholders) will be exchanged with Shareholders for one New Common Share and one Reorganization Share, and the Common Shares, none of which will be allotted and issued, will be cancelled and the authorized capital of the Issuer and its notice of articles will be amended by deleting the Common Shares (as re-designated as Pre-Arrangement Shares) as a class of share of the Issuer.
- (d) Exchange or Reorganization Shares. All of the Reorganization Shares will be transferred by Shareholders to Newco in exchange for the issuance of Newco Common Shares on the basis of one Newco Common Share for each Reorganization Share held.
- (e) Redemption of Reorganization Shares. The Issuer will redeem all of the Reorganization Shares from Newco and will satisfy the redemption amount of such shares through the transfer to Newco of its interest in the Mineral Properties and the Working Capital Amount. The transfer will be effected at a price equal to the fair market value of such assets.

As a result of the foregoing, on the Effective Date two companies will exist, the Issuer and Newco. The Issuer will hold all of the issued and outstanding securities of the Target, the Option and the Phenome License and Newco will hold the Issuer's interest in the Mineral Properties and the Highfield Property. Shareholders (other than Dissenting Shareholders) will own both New Common Shares and Newco Common Shares.

Assuming the Shareholders and the Court approve the Arrangement, the Board will still have discretion as to whether to complete the Arrangement. At the present time, the Board does not anticipate that this discretion will be exercised, and intends to complete the Arrangement. See *“The Arrangement - Amendment and Termination of the Arrangement Agreement.”*

Treatment of Options and Warrants

The Arrangement Agreement and the Plan of Arrangement provide that each holder of Warrants will receive Newco Warrant. The exercise price for such Newco Warrants will be equal to the exercise price of the corresponding Warrants. The remaining terms of the Newco Warrants, including term to expiry, conditions to and manner of exercising and vesting schedule, if any will otherwise be unchanged from those contained in the Warrants.

Following the Effective Date, the certificates, agreements or other instruments representing the Warrants will be deemed to represent the right to receive a certificate representing the number of Newco Warrants to which a holder of the Warrants may be entitled to in accordance with the Plan of Arrangement. Newco will deliver certificates representing the Newco Warrants to the holders thereof within 20 Business Days of the Effective Date.

Fairness of Arrangement

The Arrangement was determined to be fair to the Shareholders by the Board, based upon, but not limited to, the following factors:

- (a) Under the terms of the Arrangement, all Shareholders (other than Dissenting Shareholders) will be treated equally as to participation in the Arrangement.
- (b) The Arrangement will benefit Shareholders generally through providing them with ownership positions in two publicly traded companies carrying out two different business:
 - (i) Newco, a new company holding the Mineral Properties and the Highfield Property, which will be better able to utilize and exploit those assets; and
 - (ii) A continuing interest in the Issuer, which will hold all of the issued and outstanding securities of the Target, the Option and the Phenome License.
- (c) The Arrangement must be approved by two-thirds of the votes cast at the Meeting by Shareholders and by the Court which, the Issuer is advised, will consider, among other things, the fairness of the Arrangement to Shareholders (see *“The Arrangement - Conditions to the Arrangement Becoming Effective”*).
- (d) The availability of Dissent Rights to Registered Shareholders with respect to the Arrangement.

Recommendations of Board of Directors

As set out above the Board has reviewed the terms and conditions of the Arrangement and concluded that the terms thereof are fair and reasonable to, and in the best interests of, the Shareholders. The Board has therefore authorized the submission of the Arrangement to the Shareholders and the submission of the Arrangement Agreement to the Court for approval. **The Board unanimously determined that the Arrangement is in the best interests of the Issuer, and is fair from a financial point of view to the Shareholders. The Board unanimously recommends that the Shareholders vote in favour of the Arrangement.**

Required Approvals

Shareholder Approval of Arrangement

As provided in the Interim Order, before the Arrangement can be implemented the Arrangement Resolution, with or without variation, must be passed by at least two-thirds of the votes cast with respect thereto by Shareholders present

at the Meeting either in person or by proxy. Each Common Share carries the right to one vote. A copy of the Arrangement Resolution is attached as Schedule “F” to this Circular.

The Board of Directors has unanimously approved the Arrangement and recommends that Shareholders vote in favour of the Arrangement Resolution, and the persons named in the enclosed form of proxy intend to vote for such approval at the Meeting unless otherwise directed by the Shareholders appointing them.

At the present time the sole voting shareholder of Newco is, and prior to implementation of the Arrangement the sole voting shareholders will continue to be, the Issuer, which has approved the Arrangement.

Should Shareholders fail to approve the Arrangement Resolution by the requisite majority, the Arrangement will not be completed.

Notwithstanding the foregoing, the Arrangement Resolution authorizes the Board, without further notice to or approval of the Shareholders, subject to the terms of the Arrangement, to amend the Arrangement Agreement or to decide not to proceed with the Arrangement and to revoke the Arrangement Resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the BCBCA.

Court Approval of Arrangement

The BCBCA requires that the Issuer obtain court approval to proceed with the Arrangement. Prior to the mailing of this Circular, the Issuer obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters related thereto. A copy of the Interim Order is attached to this Circular as Schedule “J”. The Notice of Hearing of Petition for the Final Order is attached to this Circular as Schedule “K”.

As provided in the Notice of Hearing of Petition, the hearing in respect of the Final Order is scheduled to take place on August 12, 2019, before the Court at 10:00 am, or so soon thereafter as counsel may be heard at the court house, 800 Smithe Street, Vancouver, British Columbia, or such other date and time as the Court may direct, subject to Shareholder approval of the Arrangement at the Meeting. Any security holder or creditor of the Issuer has the right to appear, be heard and present evidence or arguments, provided that such security holder or creditor files and serves a response to petition no later than 4:00 p.m. (Vancouver time) on August 8, 2019 along with any other documents required, all as set out in the Interim Order and Notice of Hearing of Petition, the text of which are set out in Schedule “J” and Schedule “K” to this Circular, respectively, and satisfy any other requirements of the Court. Such persons should consult with their legal advisors as to the necessary requirements. In the event that the hearing is adjourned, then, subject to further order of the Court, only those persons having previously filed and served a response to petition will be given notice of the adjournment.

The Court has broad discretion under the BCBCA when making orders with respect to the Arrangement. The Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, on the terms presented or substantially on those terms. Depending upon the nature of any required amendments, the Issuer and Newco may determine not to proceed with the Arrangement.

The New Common Shares, Reorganization Shares and Newco Shares to be issued to Shareholders in exchange for their Common Shares pursuant to the Arrangement have not been and will not be registered under the 1933 Act or the securities laws of any state of the United States and will be issued and exchanged in reliance upon the exemption from registration under the 1933 Act provided by Section 3(a)(10) thereof and exemptions provided under the securities laws of each state of the United States in which Shareholders reside. Section 3(a)(10) of the 1933 Act exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and receive timely and adequate notice thereof. The Court will be advised prior to the hearing of the application for the Final Order that if the terms and conditions of the Arrangement, and the fairness thereof, are approved by the Court, the New Common Shares, Reorganization

Shares and Newco Shares to be issued to Shareholders pursuant to the Arrangement will not require registration under the 1933 Act. Accordingly, the Final Order of the Court will, if granted, constitute a basis for the exemption from the registration requirements of the 1933 Act with respect to the issuance and exchange of the New Common Shares, Reorganization Shares and Newco Shares for the Common Shares pursuant to the Arrangement. See “*The Arrangement – U.S. Securities Law Matters*” below.

The Final Order is not effective until filed with the Registrar, and the Final Order will only be filed when all other conditions to closing have been met.

Conditions to the Arrangement Becoming Effective

The directors of each of the Issuer and Newco have authorized the entering into, and both companies have entered into, the Arrangement Agreement. A copy of the Arrangement Agreement is available under the Issuer’s profile on SEDAR at www.sedar.com and a copy of the Plan of Arrangement is attached as Schedule “I” to this Circular.

Pursuant to the Arrangement Agreement, the respective obligations of the Issuer and Newco to complete the Arrangement and to file a certified copy of the Final Order and such other documentation required by the Registrar in order for the Arrangement to be implemented are also subject to the satisfaction of the following conditions, among other things:

- (a) The Arrangement must receive the approval of the Shareholders, as described under “*Required Approvals - Shareholder Approval of Arrangement*”.
- (b) The Arrangement must be approved by the Court, as described under “*Required Approvals - Court Approval of Arrangement*”.
- (c) No action has been instituted and continuing on the Effective Date for an injunction to restrain, a declaratory judgment in respect of, or damages on account of or relating to the Arrangement, and no cease trading or similar order with respect to any securities of the Issuer or Newco has been issued and remains outstanding.
- (d) The New Common Shares are listed for trading on the CSE, the Reorganization Shares are listed for trading on the CSE at the time of the Arrangement, subject to compliance with the listing requirements of the CSE.
- (e) All other consents, waivers, orders and approvals, including regulatory approvals and orders necessary for the completion of the Arrangement, have been obtained or received.
- (f) None of the consents, waivers, orders or approvals contemplated herein will contain conditions or require undertakings considered unsatisfactory or unacceptable by the Issuer.
- (g) The Change of Business Transactions will have been completed.
- (h) The Issuer shall have obtained the written consent for the assignment of the option agreement dated October 30, 2017 between the Issuer and New Dawn Resources Inc. relating to the Caledonia Brook property.
- (i) The Arrangement Agreement has not been terminated as provided for therein.

Management of the Issuer believes that all consents, orders, regulations, approvals or assurances required for the completion of the Arrangement will be obtained prior to the Effective Date in the ordinary course and upon application therefor.

Upon fulfillment of the foregoing conditions, the Board of Directors intends to take such steps and make such filings as may be necessary for the Arrangement to be implemented. The Effective Date will be the date set out in such filings.

The obligations of each of the Issuer and Newco to complete the transactions contemplated by the Arrangement Agreement are further subject to the condition, which may be waived by any such party without prejudice to its right to rely on any other condition in its favour, that each and every one of the covenants of the other party thereto to be performed on or before the Effective Date pursuant to the terms of the Arrangement Agreement will have been duly performed and that, except as affected by the transactions contemplated by the Arrangement Agreement, the representations and warranties of such other party thereto will be true and correct in all material respects as at such Effective Date, with the same effect as if such representations and warranties had been made at and as of such time.

Amendment and Termination of the Arrangement Agreement

The Arrangement Agreement provides that it may be amended in a manner not materially prejudicial to the Shareholders by written agreement of the Issuer and Newco before or after the Meeting, but prior to the Effective Date, without further notice to the Shareholders.

The Arrangement Agreement may, at any time before or after the holding of the Meeting but no later than the Effective Date, be terminated by the Board of Directors without further notice to, or action on the part of, Shareholders.

Without limiting the generality of the foregoing, the Board of Directors may terminate the Arrangement Agreement:

- (a) If immediately prior to the Effective Date, Dissenting Shareholders holding 1% or more of the outstanding Common Shares have not abandoned the right of dissent provided for in the Plan of Arrangement.
- (b) In the event that the Change of Business Transactions are terminated.
- (c) If prior to the Effective Date there is any material change in the business, operations, property, assets, liabilities or condition, financial or otherwise, of the Issuer or Newco, or any change in general economic conditions, interest rates or any outbreak or material escalation in, or the cessation of, hostilities or any other calamity or crisis, or there should develop, occur or come into effect any occurrence which has a material effect on the financial markets of Canada and the Board of Directors determines in its sole judgment that it would be inadvisable in such circumstances for the Issuer to proceed with the Arrangement.

Failure to Complete Arrangement

In the event the Arrangement Resolution is not passed by Shareholders, the Court does not approve the Arrangement or the Arrangement does not proceed for some other reason, the Mineral Properties and the Working Capital Amount will remain with the Issuer and the Issuer will carry on business as it is currently carried on and continue to proceed with the proposed Change of Business Transactions and Financing. In such event Newco will likely remain a dormant company and the Issuer will seek to find other ways to create value from the Mineral Properties and the Highfield Property for its Shareholders, though it is not expected the Issuer will take any further steps to advance the exploration of the Mineral Properties or the Highfield Property as it intends to devote its time and resources to the business of the Target.

Delivery of Share Certificates

The certificates currently representing the Common Shares will continue to represent the New Common Shares upon completion of the Arrangement. If the Arrangement is completed, Newco will mail to Shareholders of record on or about the Effective Date the certificates representing the Newco Shares which the Shareholders are entitled to receive under the Arrangement. Shareholders are not required to deliver certificates for the Common Shares in order to receive their Newco Shares, as certificates representing the Common Shares are not being exchanged pursuant to the Arrangement and will be deemed to represent the New Common Shares.

Securities Laws Matters

All Shareholders are urged to consult with their own legal counsel to determine the conditions and restrictions applicable to trades in the New Common Shares and Newco Shares and to ensure that any subsequent resale of Newco Common Shares, Reorganization Shares or Newco Shares to be received in exchange for their Common Shares pursuant to the Arrangement complies with applicable securities legislation. This Circular does not contain any discussion of the restrictions which may be applicable in any jurisdiction other than Canada or to Shareholders who are not residents of Canada.

Status under Canadian Securities Laws

The Issuer is a reporting issuer in British Columbia, Alberta and Ontario, and the Common Shares currently trade on the CSE. After the Arrangement, the Issuer will continue to be listed on the CSE and Newco expects it will not immediately be listed on any stock exchange. Upon completion of the Arrangement, Newco expects that it will be a reporting issuer in British Columbia, Alberta and Ontario and anticipates making an application to list the Newco Shares on one of the Exchanges.

Distribution and Resale of New Common Shares, Reorganization Shares and Newco Shares under Canadian Securities Laws

The issuance and distribution of the New Common Shares, Reorganization Shares and Newco Shares pursuant to the Arrangement will constitute a distribution of securities that is exempt from the prospectus requirements of Canadian securities legislation and is exempt from or otherwise is not subject to the registration requirements under applicable securities legislation.

The New Common Shares, Reorganization Shares and Newco Shares will generally be “freely tradable” (and not subject to any “restricted period” or “hold period”) and will not be legended and may be resold through registered dealers in each of the provinces of Canada if the following conditions are met: (i) the trade is not a control distribution (as defined in applicable securities legislation); (ii) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade; (iii) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and (iv) if the selling securityholder is an Insider or an officer of the Issuer or Newco, as the case may be, the selling securityholder has no reasonable grounds to believe that the Issuer or Newco, as the case maybe is in default of securities legislation.

Exemption from the Registration Requirements of the 1933 Act

In the event that the Arrangement is completed, the resulting issuance of New Common Shares, Reorganization Shares and Newco Common Shares to Shareholders will not be registered under the 1933 Act or the securities laws of any state of the United States, but will instead be effected in reliance on the registration exemption provided by Section 3(a)(10) of the 1933 Act and exemptions provided under applicable state securities laws. Section 3(a)(10) of the 1933 Act exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and receive timely and adequate notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. Accordingly, the Final Order will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof with respect to the New Common Shares, Reorganization Shares and Newco Shares to be issued to Shareholders in exchange for their Common Shares pursuant to the Arrangement.

The securities to which Shareholders may be entitled pursuant to the Arrangement have not been approved or disapproved by the SEC or securities regulatory authorities of any state of the United States, nor has the SEC or securities regulatory authority of any state in the United States passed on the adequacy or accuracy of this circular. Any representation to the contrary is a criminal offence.

Stock Exchange Listing

The Common Shares are currently listed on the CSE. The Arrangement will not be implemented unless the New Common Shares are listed on the CSE in place of the existing Common Shares. The Issuer has applied to the CSE for approval to the listing of the New Common Shares and for the temporary listing of the Reorganization Shares to facilitate completion of the Arrangement. It is not expected that the Newco Shares will be listed on any stock exchange immediately following completion of the Arrangement and it is not a condition to the Arrangement proceeding that the Newco Shares be listed.

RIGHTS OF DISSENT

The following description of the Dissent Rights is not a comprehensive statement of the procedures to be followed by a Registered Shareholder who seeks payment of the fair value of their Common Shares and is qualified in its entirety by the reference to the full text of the Interim Order, which is attached as Schedule “J” to this Circular, the Plan of Arrangement and the BCBCA. A Registered Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the BCBCA, as modified by the Interim Order and the Plan of Arrangement, and should seek independent legal advice. Failure to comply with the BCBCA, as modified by the Interim Order and the Plan of Arrangement, and to adhere to the procedures established therein may result in the loss of all rights thereunder.

As indicated in the Notice of Meeting accompanying this Circular, and as provided in the Plan of Arrangement and the Interim Order, Registered Shareholders may exercise Dissent Rights in connection with the Arrangement pursuant to the Interim Order, the Final Order and in the manner provided in sections 237-247 of the BCBCA, as modified by the Plan of Arrangement and Interim Order.

A Shareholder who dissents to the Arrangement Resolution and is paid the fair value of such shares will not be entitled to receive any New Common Shares, Reorganization Shares or Newco Shares. The fair value of such holder’s Common Shares will be determined as of the close of business on the business day before the adoption of the Arrangement Resolution. The payment for such fair value of the Common Shares shall be made by the Issuer.

The statutory provisions dealing with the right of dissent are technical and complex. Any Shareholders who wish to exercise their Dissent Rights should seek independent legal advice, as failure to comply strictly with the provisions of Sections 237 - 247 of the BCBCA, the Plan of Arrangement and the Interim Order may result in the loss of Dissent Rights.

Only Registered Shareholders on the Record Date of the Meeting may exercise Dissent Rights. A Beneficial Shareholder who wishes to exercise the Dissent Rights must arrange for the Registered Shareholder(s) holding its Common Shares to deliver the Dissent Notice.

Dissenting Shareholders are ultimately entitled to be paid fair value for their Common Shares and shall be deemed to have transferred their Common Shares to the Issuer for cancellation immediately at the Effective Time and in no case shall the Issuer or Newco or any other person be required to recognize such Persons as holding Common Shares, New Common Shares, Reorganization Shares or Newco Shares, as applicable, after the time that is immediately prior to the Effective Time and the names of each Dissenting Shareholder shall be deleted from the central securities register of the Issuer as a Shareholder at the Effective time and the Issuer shall be recorded as the registered holder of the Common Shares held by the Dissenting Shareholder and shall be deemed to be the legal owner of such Common Shares.

Dissent Notices

All Dissent Notices of a Registered Shareholder should be addressed and sent via registered mail to the registered office of the Issuer at Suite 2080, 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, Attention: Shauna Hartman. All Dissent Notices must be actually received by no later than 4:00 p.m. (Vancouver time) on August 6, 2019 or the date which is two Business Days prior to any adjournment or postponement of the Meeting. The Dissent

Notice must also set out the number of Common Shares the Dissenting Shareholder holds as well as all other information specified in the Interim Order.

Effect of Voting on the Arrangement Resolution

A vote against the Arrangement Resolution, an abstention from voting in respect of the Arrangement Resolution, or the execution or exercise of a proxy to vote against the Arrangement Resolution does not constitute a Dissent Notice, but a Shareholder need not vote against the Arrangement Resolution in order to dissent. However, a Shareholder who consents to or votes (or instructs, or is deemed, submission of any incomplete proxy, to have instructed his or her proxyholder to vote) in favour of the Arrangement Resolution, other than as a proxy for a different Shareholder whose proxy required an affirmative vote, or otherwise acts inconsistently with the dissent, will cease to be entitled to exercise any Dissent Rights.

Sequence of Events

If the Arrangement Resolution is passed at the Meeting, the Issuer must send by registered mail to every Dissenting Shareholder, prior to the date set for the hearing of the Final Order, a notice (a "Notice of Intention") stating that, subject to receipt of the Final Order and satisfaction of the other conditions set out in the Arrangement Agreement, the Issuer intends to complete the Arrangement. A Notice of Intention need not be sent to any Shareholder who voted in favour of the Arrangement Resolution or who has withdrawn his Dissent Notice.

Within one month of the date of Notice of Intention, the Dissenting Shareholder is required to send written notice to the Issuer that he requires the purchase of all of his or her Common Shares, and at the same time to deliver certificates representing those Common Shares to the Issuer. Upon such delivery, a Dissenting Shareholder will be bound to sell and the Issuer will be bound to purchase such shares subject to the demand for a payment equal to their fair value as of the day before the day on which the Arrangement Resolution was passed by the Shareholders, excluding any appreciation or depreciation in anticipation of the vote (unless such exclusion would be inequitable). Every Dissenting Shareholder who has delivered a demand for payment must be paid the same price as the other Dissenting Shareholders.

A Dissenting Shareholder who has sent a demand for payment, or the Issuer, may apply to the Court which may: (a) require the Dissenting Shareholder to sell and the Issuer to purchase such shares in respect of which a Dissent Notice has been validly given; (b) set the price and terms of the purchase and sale, or order that the price and terms be established by arbitration, in either case having due regard for the rights of creditors; (c) join in the application of any other Dissenting Shareholder who has delivered a demand for payment; and (d) make consequential orders and give such directions as it considers appropriate. No Dissenting Shareholder who has delivered a demand for payment may vote or exercise or assert any rights of a Shareholder in respect of the Common Shares for which a demand for payment has been given, other than the rights to receive payment for those Common Shares. Until a Dissenting Shareholder who has delivered a demand for payment is paid in full, that Dissenting Shareholder may exercise and assert all the rights of a creditor of the Issuer. No Dissenting Shareholder may withdraw his demand for payment unless the Issuer consents.

Once the Arrangement becomes effective, none of the resulting changes to the Issuer will affect the rights of the Dissenting Shareholders or the Issuer or the price to be paid for the Dissenting Shareholder's Common Shares. If the Court determines that a person is not a Dissenting Shareholder or is not otherwise entitled to dissent, the Court, without prejudice to any acts or proceedings that the Issuer or the Shareholders may have taken during the intervening period, may make the order it considers appropriate to remove the restrictions on the Dissenting Shareholder from dealing with his or her Common Shares.

If a Dissenting Shareholder strictly complies with the foregoing requirements but the Arrangement is not completed for any reason, then the Issuer will return to the Dissenting Shareholder the certificates delivered to the Issuer, if any and the Dissenting Shareholder will not be entitled to receive fair value for their Common Shares.

Effect of Loss of Dissent Rights

If a Dissenting Shareholder fails to strictly comply with the requirements of the Dissent Rights as set out in the Interim Order, it will lose such rights and will not be entitled to be paid fair value for their Common Shares, the Issuer will return to the Dissenting Shareholder the certificates representing the Common Shares that were delivered to the Issuer, if any, and, if the Arrangement is completed, that Dissenting Shareholder will be deemed to have participated in the Arrangement on the same terms as other Shareholders who is not a Dissenting Shareholder and shall receive New Common Shares, Reorganization Shares and Newco Shares on the same basis as every other Shareholder.

Strict Compliance Required

Strict adherence to the procedures set forth above will be required and a shareholder's failure to do so may result in the loss of all rights of dissent. Accordingly, each Shareholder who might desire to exercise rights of dissent should carefully consider and fully comply with the provisions set forth in the Interim Order and consult his or her legal advisor.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

No Tax Summary

This Circular contains no discussions of the tax consequences of the Arrangement to the Shareholders resident in Canada or otherwise. No representation with respect to the Canadian federal or income tax consequences in other jurisdictions to any particular Shareholder is made herein. Accordingly, Shareholders should consult their own tax advisors with respect to their particular circumstances including, where relevant, the application and effect of the income and other taxes of any country, province, territory, state or local tax authority.

No U.S. Legal Opinion or IRS Ruling

No legal opinion from U.S. legal counsel or ruling from the United States Internal Revenue Service has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the Arrangement. Shareholders who are subject to U.S. taxation should consult with their own professional advisers with regard to the Arrangement's U.S. tax implications.

INFORMATION CONCERNING THE CHANGE OF BUSINESS TRANSACTIONS

Purpose of Change of Business Transactions

Collectively, the Change of Business Transactions (which will occur immediately prior to the Arrangement) will constitute a "fundamental change" of the Issuer under the CSE policies and, if completed, will result in the change of the Issuer's business from that of a mining issuer to that of an industrial issuer in the cannabis industry. Notwithstanding the approval of the Change of Business Resolution at the Meeting, the completion of the Change of Business Transactions will be subject to the approval of the CSE.

Shareholders should review this Circular in its entirety, in particular, the disclosure at Schedules "B" *Information Concerning the Target* and "C" *Information Concerning the Resulting Issuer* and the terms of the Acquisition Agreements, for a more complete understanding of the particulars of the Change of Business Transactions and their expected effect on the Issuer and the Resulting Issuer. The Acquisition Agreements have been filed under the Issuer's profile on SEDAR at www.sedar.com.

Description of the Change of Business Transactions

The parties to the Change of Business Transactions are the Issuer and the Target and the Target Shareholders and the Issuer and the Phenome. The Change of Business Transactions are comprised of two components being the Target Acquisition and the Phenome License.

Target Acquisition

Pursuant to the provisions of the Target Acquisition Agreement, the Issuer will acquire all of the issued and outstanding securities of the Target, being 10,000,000 Target Shares, from their holders in exchange for the issuance of the Payment Shares. The Payment Shares will be distributed to the security holders of the Issuer pro rata on the basis of four Payment Shares for each Target Share held. 14,000,000 of the Payment Shares issuable will be held by Principals or their Associates and subject to the Escrow Agreement as a result and all of the Payment Shares will be subject to the Pooling Arrangement.

In addition to the issuance of the Payment Shares, the Issuer has agreed to issue to the Target Subsidiary Vendor an aggregate of 3,383,333 Resulting Issuer Shares upon the completion of the Change of Business Transactions in accordance with the terms of the Target Subsidiary Share Purchase Agreement.

In connection with the Target Acquisition Agreement, the Target has entered into the Finder's Fee Agreement with the Finder pursuant to which 200,000 Finder's Shares will be issued, all of which will be subject to the Escrow Agreement.

The completion of the Target Acquisition is subject to several conditions precedent, including the License Applications not having been denied, revoked or otherwise terminated, the completion of the Financing to raise such amount as may be required for the CSE to approve the Change of Business Transactions and the Issuer to distribute the Working Capital Amount to Newco, the Arrangement having been approved by the Shareholders, the approval of the CSE for the Target Acquisition.

Phenome License

Pursuant to the provisions of the Phenome Agreement, the Issuer will acquire from Phenome, the Phenome License in consideration of the payment of an aggregate of \$250,000 in cash and the issuance of 10,000,000 Resulting Issuer Shares as follows:

- (a) \$50,000 in cash and 2,500,000 Resulting Issuer Shares on the date on which the Issuer receives the approval of the CSE for the Change of Business Transactions;
- (b) \$100,000 in cash and 2,500,000 Resulting Issuer Shares on the date on which is three months following April 8, 2019 (the "effective date"), subject to the receipt of the approval of the CSE for the Change of Business Transactions;
- (c) \$100,000 in cash and 2,500,000 Resulting Issuer Shares on the date on which is six months following the effective date, subject to the receipt of the approval of the CSE for the Change of Business Transactions; and
- (d) 2,500,000 Resulting Issuer Shares on the date on which is nine months following the effective date, subject to the receipt of the approval of the CSE for the Change of Business Transactions;

In addition, the Resulting Issuer will make non-refundable, non-creditable royalty payments to Phenome equal to 5% of gross sales of products, which royalty shall be payable within 60 days of each calendar quarter.

The Phenome License Agreement will continue for as long as the Issuer has payment obligations, including the royalty payments, to Phenome, unless earlier terminated as a result of breach of the agreement or other

circumstances, including where gross sales of products in any two consecutive calendar quarters, after 2019, are less than \$1,000,000.

The Resulting Issuer has been granted a right of first refusal in respect of any of the licensed cultivars, technology or materials (the “licensed material”), subject to certain exceptions as set forth in the Phenome License Agreement, such that should Phenome receive a bona fide offer from an independent third party dealing with it arm’s length to acquire such licensed material, it must first offer the licensed material to the Resulting Issuer on terms no less favorable than those offered to it. The Resulting Issuer will have a period of 30 days to accept such offer, failing which Phenome will be entitled to sell the licensed material on the terms specified for a period of 60 days.

Under the Phenome License Agreement, the Resulting Issuer will have the sole responsibility and decision making authority in relation to development and commercialization activities in respect of the licensed materials, at its own cost, but shall provide progress reports to Phenome of its activities within 60 days of each calendar quarter.

Financing

In connection with the Change of Business Transactions, the Issuer will also complete the Financing to raise a further up to \$3,000,000 on a non-brokered basis through the issuance of up to an additional 10,000,000 Units at a price of \$0.30 per Unit. , The Issuer previously raised \$2,500,700 through the issuance of 4,133,000 Units on July 17, 2018 and 4,202,665 Units on March 29, 2019, such that the intent is that the Issuer will have raised an aggregate of \$5,500,700 in all tranches

In connection with the Financing, finders will receive a cash commission of 7% of the gross proceeds raised in the Financing payable in cash and 7% of the Units placed in the Financing payable through the issuance of Placement Warrants. \$69,993.00 was paid and 289,310 Placement Warrants were issued in connection with the completion of the initial tranche of the Financing on July 17, 2018.

The securities issued in the Financing will be legended with a “hold period” to reflect resale restrictions in accordance with applicable securities laws and, if required, the policies of the TSXV.

The Resulting Issuer intends to use the proceeds from the financing to carry out its business objectives and for general and working capital requirements during the twelve-month period following the Closing Date. Please see Schedule “C” - *“Information Concerning the Resulting Issuer - Available Funds and Principal Purpose”* and *“Information Concerning the Resulting Issuer – Stated Business Objectives”*.

Acquisition Agreements

The Change of Business Transactions will be effected in accordance with the Acquisition Agreements, all of which has been filed by the Issuer on SEDAR at www.sedar.com as material documents. The Acquisition Agreements contains certain representations and warranties made by (i) the Issuer in respect of the consideration and other matters, (ii) by the Target Shareholders in respect of the Target Shares, (iii) by the Target in relation to its assets, operations and financial condition, and (iv) by Phenome in relation to its intellectual property. The Acquisition Agreements contains a number of conditions precedent to the obligations of the various 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 transaction may not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis, or at all.

Timing for Completion of the Change of Business Transactions

The Arrangement will be completed following the Change of Business Transactions and the Financing with the result that the Target Shareholders, the Finder, Phenome and the subscribers in the Financing will participate in the Arrangement and will receive Newco Shares. It is anticipated that the Arrangement will be completed not more than five Business Days following the Change of Business Transactions and Financing.

Recommendations of the Board

In reaching its decision to approve the Change of Business Transactions and to recommend to Shareholders that the vote in favor of the Change of Business Resolution, the Board carefully considered all aspects of the Acquisition Agreements and considered a number of factors in concluding that the Change of Business Transactions are in the best interests of the Issuer, including the following:

- The Arrangement, if completed, will allow Shareholders to continue to hold their interest in the Mineral Properties and their growth potential; and
- the evaluation by the Board of other possible strategic alternatives to maximize shareholder value, and the perceived risks to the Issuer associated with such alternatives and the timing and uncertainty of successfully accomplishing any of such alternatives, and the conclusion of the Board that none of those alternatives were reasonably likely to present superior opportunities, or reasonably likely to create greater value for Shareholders in comparison to the Change of Business Transactions.

In the course of its deliberations, the Board also identified and considered a variety of risks, including, but not limited to:

- the risks associated with the Transactions as outlined below;
- the risks to the Issuer if the Transactions are not completed, including the costs incurred in pursuing the Change of Business Transaction, the diverting of significant management attention away from the conduct of the Issuer's business; and
- the risk factors applicable to the Resulting Issuer as outlined in this Circular.

The foregoing discussion of the information and factors considered by the Board is not intended to be exhaustive but summarizes certain material factors considered by the Board. The Board collectively reached its decision with respect to the Change of Business Transactions in light of the factors described above and other factors that each member of the Board considered appropriate.

Irrespective of whether the Change of Business Resolution is passed by the Shareholders, the Board may elect not to proceed with all or part of the Change of Business Transactions and the other transactions contemplated in the Acquisition Agreements.

Shareholder Approvals

The Change of Business Transactions must be approved by a majority of the votes cast at the Meeting by the Shareholders present in person or by proxy.

Notwithstanding the foregoing, the Change of Business Resolution authorizes the Board, without further notice to or approval of the Shareholders, subject to the terms of the Acquisition Agreements to decide not to proceed with the Change of Business Transactions and to revoke the Change of Business Resolution at any time prior to the Closing Date.

Escrow Restrictions and Pooling Arrangement

14,000,000 Payment Shares and 200,000 Finder Shares held by Principals will be subject to escrow restrictions pursuant to the terms of the Escrow Agreement, and will be released from escrow based upon the passage of time in accordance with NP 46-201, such that 10% of the securities will be released on Listing Date and the remaining escrowed securities will be released in six tranches of 15% every six months thereafter.

In addition, all of the Target Shareholders have agreed to participate in the Pooling Arrangement such that all of the Payment Shares shall be pooled and released based on the passage of time such that 5% of the Payment Shares will

be released on the Listing Date and every three months thereafter in the initial two years following the Listing Date and 10% every three months thereafter.

For additional information, please see “*Information Concerning the Resulting Issuer – Escrowed Securities*”.

Directors and Management

Immediately following the completion of the Change of Business Transactions, Paul K. Smith will resign as President, CEO, CFO and a director of the Resulting Issuer and Patrick Elliott will be appointed as President, CEO and a director. In addition, the Issuer will identify a candidate to hold the positions of Chief Financial Officer and Corporate Secretary of the Resulting Issuer, prior to the Closing Date and will announce such candidate and their qualifications via press release.

RISK FACTORS ASSOCIATED WITH THE TRANSACTIONS

The proposed business of both the Resulting Issuer and Newco involve significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Shareholders should carefully consider the following risk factors associated with the Transactions in evaluating whether to approve the Arrangement Resolution and the Change of Business Resolution. These risk factors should be considered in conjunction with the other information included in this Circular, including risks related to the business of the Resulting Issuer and Newco in the schedules attached hereto. The following risk factors are not a definitive list of all risk factors associated with the Transactions. Additional risks and uncertainties, including those currently unknown to the Issuer or considered to not be material by the Issuer, may also adversely affect the trading prices or value of the New Common Shares or the Newco Shares and/or the business of the Issuer or any one or more of the Resulting Issuer, the Targets or Newco.

No Certainty That All Conditions Precedent Will Be Satisfied

The completion of the Transactions is subject to a number of conditions precedent set out in the Acquisition Agreements and the Arrangement Agreement, some of which are outside the control of the Issuer and Newco, the Target, the Target Shareholders or Phenome, as applicable, including receipt of the Final Order or CSE approval. There can be no certainty, nor can the Issuer provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Transactions are not completed, the market price of the Common Shares may decline to the extent that the market price reflects a market assumption that the Transactions will be completed. Additionally, if the Transactions are not completed and the Issuer decides to seek another merger or arrangement or disposition of the Mineral Properties, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the consideration to be received by its Shareholders pursuant to the Arrangement.

Anticipated Benefits of the Transactions May Not Be Realized

The Issuer and Newco are proposing to complete the Transactions to strengthen the position of each entity and to create the opportunity to realize certain benefits including, among other things, those set forth in this Circular. Achieving the benefits of the Transactions depends in part on the ability of the Resulting Issuer and Newco to effectively capitalize on its assets, to realize the anticipated capital and operating synergies, to profitably sequence the growth prospects of its asset base and to maximize the potential of its improved growth opportunities and capital funding opportunities as a result of acquisition of the Target and the transfer of the Mineral Properties to Newco. A variety of factors, including those risk factors set forth in this Circular and the Schedules attached hereto, may adversely affect the ability to achieve the anticipated benefits of the Transactions.

Failure to Obtain All Regulatory Requirements

Completion of the Transactions is subject to, among other things, the acceptance of the CSE, Shareholder approvals and, in the case of the Arrangement, court approval. There can be no certainty, nor can either party provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The requirement to take

certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a material adverse effect on the business and affairs of Newco or the Resulting Issuer or the trading price of the shares of Newco or the Resulting Issuer after completion of the Transactions.

Termination of Acquisition Agreements or Arrangement Agreement

Each of the Issuer, the Target and the Target Shareholders, the Issuer and Phenome and the Issuer and Newco has the right to terminate the Acquisition Agreements and the Arrangement Agreement, respectively, in certain circumstances. Accordingly, there is no certainty, nor can either party provide any assurance, that the Acquisition Agreements or the Arrangement Agreement will not be terminated before the completion of the Transactions. In addition, the completion of the Transactions is subject to a number of conditions precedent, certain of which are outside the control of the parties. There is no certainty, nor can any party provide any assurances, that these conditions will be satisfied.

Acquisitions Generally

While the Issuer conducted due diligence in connection with the Change of Business Transactions, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of the Target, the License Application, the Facility for which the Issuer is not sufficiently indemnified pursuant to the provisions of the Target Acquisition Agreement. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Resulting Issuer's financial performance and results of operations. The Resulting Issuer could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits anticipated in the Target Acquisition. All of these factors could cause a delay of the anticipated accretive effect of the Change of Business Transactions and cause a decrease in the market price of the Common Shares.

Market for Newco Shares

There is no assurance when, or if, the Newco Shares will be listed on any stock exchange. Sometime following the Effective Date, Newco expects to make an application to be listed on one of the Exchange. Any listing will be subject to meeting the listing requirements of such Exchange.

Newco Shares may not be qualified investments under the ITA for a Registered Plan.

There can be no assurance as to if, or when, the Newco Shares will be listed or traded on any stock exchange. Newco intends to elect to be a "public corporation" for the purposes of the ITA with effect from the date of its incorporation, however, if the Newco Shares are not listed on a designated stock exchange in Canada before the due date for Newco's first income tax return or if Newco does not otherwise satisfy the conditions in the ITA to be a "public corporation", the Newco Shares will not be considered to be a qualified investment for a Registered Plan from their date of issue. Where a Registered Plan acquires a Newco Share in circumstances where the Newco Share is not a qualified investment under the ITA for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant under the Registered Plan, including that the Registered Plan may become subject to penalty taxes, the annuitant of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax or, in the case of a registered education savings plan, such plan may have its tax exempt status revoked.

Dilution

Following completion of the Transactions, the Resulting Issuer and Newco may issue equity securities to finance their respective activities, including acquisitions. If the Resulting Issuer or Newco were to issue common shares, existing holders of such shares may experience dilution in the Resulting Issuer or Newco, as the case may be. Moreover, when the Resulting Issuer's or Newco's intention to issue additional equity securities becomes publicly known, the Resulting Issuer's or Newco's share price, as the case may be, may be materially adversely affected.

The completion of the Change of Business Transactions and the Financing **prior** to the completion of the Arrangement will result in an immediate dilution to the Shareholders in relation to their ownership in Newco.

GENERAL MATTERS

Experts

The Issuer retained David R. Duncan, P. Geo. of D.R. Duncan & Associates Ltd. to prepare an independent technical report on the Highfield Property. The Highfield Report is referenced in Schedule “D” at “*Information Concerning Newco - Material Mineral Projects*”.

Manning Elliott LLP, Chartered Professional Accountants, prepared the auditor’s reports for the audited annual financial statements of the Issuer for years ended November 30, 2018 and November 30, 2017, which are attached as incorporated by reference herein, as well as the auditor’s report for the audited annual financial statements of the Target for the period from incorporation on March 21, 2018 to August 31, 2018, which are attached as Schedule “G” hereto. Manning Elliott LLP, Chartered Professional Accountants, the Issuer’s and the Target’s auditor, is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

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

Other Material Facts

To the knowledge of management of the Issuer, there are no other material facts relating to the Issuer, Newco, the Target, the Resulting Issuer, the Transactions or the Financing that are not otherwise disclosed in this Circular and are necessary in order for the Circular to contain full, true and plain disclosure of all material facts relating to the Issuer, the Target, Newco and the Resulting Issuer, assuming completion of the Transactions and the Financing.

Additional Information

Additional information relating to the Issuer is on SEDAR at www.sedar.com. Shareholders may contact the Issuer at 1853 Sunken Lake Road, RR#2, Wolfville, Nova Scotia, B4P 2R2 (Telephone: 647-729-0311) to request copies of the Issuer’s financial statements and MD&A or a copy of this Circular, or any of the Issuer documents incorporated herein by reference.

Additional Business

As of the date of this Circular, the Board does not know of any other matters to be brought to the Meeting, other than those set forth in the Notice of Meeting accompanying this Circular. If other matters are properly brought before the Meeting, the persons named in the enclosed proxy will vote the proxy on such matters in accordance with their best judgment.

APPROVAL BY THE BOARD OF DIRECTORS

The contents and mailing to Shareholders of this Circular have been approved by the Board of Directors.

No person is authorized to give any information or to make any representations in respect of the matters addressed herein other than those contained in this Circular and, if given or made, such information must not be relied upon as having been authorized.

SCHEDULE A

INFORMATION CONCERNING THE ISSUER

All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Circular to which this Schedule "A" is attached.

Corporate Structure

The Issuer was incorporated under the BCBCA on May 16, 2012 as "Mountain Lake Minerals Inc." The business office of the Issuer is located at 1853 Sunken Lake Road, RR#2, Wolfville, Nova Scotia, B4P 2R2 and the registered and records office of the Issuer is located at Suite 2080, 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4. The Issuer is a reporting issuer in the provinces of British Columbia, Alberta and Ontario and the Common Shares are listed for trading on the CSE under trading symbol "MLK". The Issuer has no subsidiaries, other than Newco which was created for the purposes of completing the Arrangement.

General Development of the Business

Three Year History

The Issuer has been a mineral exploration company involved in the exploration of the Mineral Properties.

Plan of Arrangement

On July 9, 2012, the Issuer completed a plan of arrangement with Marathon Gold Corporation and Mountain Lake Resources Inc. under the BCBCA. Pursuant to the plan of arrangement, the Issuer issued 20,309,586 common shares to Mountain Lake Resources Inc., which immediately distributed such shares to their shareholder, as consideration of the transfer to the Issuer of certain asset (and their associated liabilities), consisting of:

- (a) a 100% interest in the Glover Island property, subject to a 1% net smelter returns royalty;
- (b) the assignment of an option to acquire a 100% interest in the Little River Property, subject to a 2.0% net smelter returns royalty;
- (c) a 100% interest in the Bobby's Pond property (subsequently sold by the Issuer to Centrerock Mining Limited);
- (d) a 100% interest in the Goodwin property, subject to aggregate royalties of 2% of net smelter returns (subsequently transferred to the previous rights holder);
- (e) the assignment of a 41.8% interest in a joint venture with Wallbridge Mining Company Limited for the Hong Kong property;
- (f) 167,368 common shares of Rockwell Diamonds Inc, a TSX listed company (subsequently sold by the Issuer).

On October 26, 2012, the Common Shares were approved for listing on the CSE.

Cease Trade Orders

On April 13, 2015, the British Columbia Securities Commission issued a cease trade order in relation to the Issuer for failure to file audited annual financial statements for its financial year ended November 30, 2014 and corresponding MD&A. The Common Shares were also suspended from trading on the CSE on April 28, 2015. A revocation order was issued on June 17, 2015 following the filing of the outstanding materials and the Common Shares were reinstated for trading on June 19, 2015.

On November 4, 2015, the British Columbia Securities Commission issued a cease trade order in relation to the Issuer for failure to file interim financial statements and corresponding MD&A for the financial period ended August 31, 2015. A revocation order was issued on December 4, 2015 following the filing of the outstanding materials.

On April 7, 2016 the British Columbia Securities Commission issued a cease trade order in relation to the Issuer for failure to file audited annual financial statements for its financial year ended November 30, 2015 and corresponding MD&A. On April 11, 2016, the Ontario Securities Commission issued a similar order. The Common Shares were also suspended from trading on the CSE on April 12, 2016. A revocation order was issued on June 28, 2016 by each of the British Columbia and Ontario Securities Commissions following the filing of the outstanding materials and the Common Shares were reinstated for trading on August 10, 2017 following the filing by the Issuer of, among other things, a listing statement dated July 18, 2017.

Mineral Properties

On October 30, 2017, the Issuer entered into an option agreement with New Dawn Resources Inc. pursuant to which the Issuer was granted the option to acquire a 100% interest in the Caledonia Brook property, a gold property located near Grand Falls in Central Newfoundland consisting of 53 mineral claims under two licenses. In order to exercise the option, the Issuer is required to issue an aggregate of 450,000 Common Shares, make \$35,000 in cash payments and incur accumulated exploration expenditures of \$175,000 over a three-year period. The Issuer is required to issue an additional 350,000 Common Shares if prior to the third anniversary of the closing of the option agreement, the assay results from exploration work on the property demonstrate at least one rock of sample contains one or more than one ounce of gold per tonne. The property is subject to a 1.5% net smelter returns royalty, of which 1.0% may be purchased at any time for \$1,500,000. As at the date of this Circular, the option agreement in relation to the Caledonia Brook property is in default as the Issuer has yet to issue Common Shares and incur exploration expenditures due on or before October 30, 2018. The Issuer anticipates that New Dawn Resources Inc. will consent to the assignment of the option agreement to Newco and allow the option agreement to remain in effect pending the Effective Date.

On February 26, 2018 the Minister of Natural Resources revoked the Issuer's Mining Lease 190-A that included a 100% interest in the Glover Island property. The Glover Island gold exploration property consists of one mineral license and one mining lease (190-A) covering a total of 2,550 hectares situated on Glover Island in the province of Newfoundland and Labrador. Only the Mining Lease is impacted by the revocation. The Glover Island property is subject to a net smelter returns royalty to New Island Resources of 1% of commercial production, which reduces to 0.5% after the payment of the first \$1.0 million.

The Issuer believes that the Ministerial decision to revoke Mining Lease 190-A was done in bad faith and has issued a letter to the Minister of Natural Resources requesting further dialogue and a meeting with senior officials from the Newfoundland Government. Until that time the Issuer believes ownership of Mining Lease 190-A is subject to further consideration pending additional information being made to the Minister of Natural Resources.

Consolidation

On July 16, 2018, the Issuer completed the Consolidation, consolidating the Common Shares on a 10 old for one new basis.

Recent Financings

The Issuer completed the following financings in the last three financial years:

- 7,000,000 pre-Consolidation units issued at \$0.025 per unit for aggregate proceeds of \$175,000. Each unit was comprised of one pre-Consolidation Common Share and one share purchase warrant, exercisable at a price of \$0.05 per pre-Consolidation Common Share for a period of two years ending August 16, 2019.
- 300,000 pre-Consolidation units issued at \$0.10 per unit for aggregate proceeds of \$30,000. Each unit was comprised of one pre-Consolidation Common Share and one share purchase warrant, exercisable at a price of \$0.15 per pre-Consolidation Common Share for a period of two years ending October 30, 2019.

- 1,900,000 pre-Consolidation Common Shares were issued at \$0.10 per Common Shares to settle accounts payable of \$190,000.
- 4,133,000 Units issued at \$0.30 per Unit for aggregate proceeds of \$1,239,900. Each unit was comprised of one Common Share and one half of one Warrant, with each whole Warrant exercisable at a price of \$0.50 for a period of two years ending July 17, 2019. On April 8, 2019, the Issuer entered into agreements with the subscribers of the units to extend the term of the Warrants issued until July 17, 2020 and to issue a further 2,066,500 Warrants to the holders, with the effect that the units were comprised of one Common Share and one whole Warrant.
- 4,202,665 Units issued at \$0.30 per Units for aggregate proceeds of \$1,260,799.50. Each Unit was comprised of one Common Share and one half of one Warrant, with each whole Warrant exercisable at a price of \$0.50 for a period of two years ending March 29, 2020.

Change of Business

The Issuer intends that the Change of Business Transactions shall constitute a re-direction of the business of the Issuer. Upon the completion of the Transactions, the Resulting Issuer will carry on the business of the Target as an industrial issuer. See “*Information Concerning the Transaction.*”

Financing

In connection with the Change of Business Transactions, the Issuer proposes to complete the Financing, pursuant to which the Issuer intends to raise, on a non-brokered basis, at least \$3,000,000 through the sale of 10,000,000 Units at a price of \$0.30 per Unit. The Issuer has already raised an aggregate of \$2,500,699.50 through the sale of 4,133,000 Units on July 17, 2018 and 4,202,665 Units on March 29, 2019.

In connection with the Financing, the Issuer agreed to pay eligible finders a cash commission of 7.0% of the gross proceeds placed in the Financing and issue to the Finders, such number of Warrants as represents 7.0% of the Units sold. An aggregate of \$69,993 was paid and 233,310 Warrants were issued to Finders in connection with the initial tranche of the Financing completed on July 17, 2018. No finder’s fees were paid in connection with the second tranche of the Financing completed on March 29, 2019.

The Resulting Issuer intends to use the proceeds from the financing to carry out its business objectives and for general and working capital requirements during the twelve month period following the Closing Date. See Schedule D “*Information Concerning the Resulting Issuer - Available Funds and Principal Purpose*” and “*Information Concerning the Resulting Issuer – Stated Business Objectives*”.

Selected Consolidated Financial Information and Management’s Discussion and Analysis

Selected Financial Information

The following table sets forth selected financial information of the Issuer for its most recently completed quarter, being the six months ended May 31, 2019 and the two most recently completed financial years ended November 30, 2018 and November 30, 2017. Such information is derived from the Issuer’s financial statements, which are incorporated by reference herein and should be read in conjunction with such financial statements:

Selected Financial Information	For the six months ended May 31, 2019 (unaudited)	For the year ended November 30, 2018 (audited)	For the year ended November 30, 2017 (audited)
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Operations Data

Selected Financial Information	For the six months ended May 31, 2019 (unaudited)	For the year ended November 30, 2018 (audited)	For the year ended November 30, 2017 (audited)
Total Revenues	Nil	Nil	
Total Expenses	\$145,173	\$202,937	\$367,709
Net Income (Loss)	\$(145,173)	\$117,705	(\$3,622,417)
Net Income (Loss) per Share – Basic and Fully Diluted	(\$0.01)	\$0.02	(\$1.22)
Balance Sheet Data	As at May 31, 2019	As at November 30, 2018	As at November 30, 2017
Current Assets	\$417,527	\$643,327	\$65,866
Non-Current Assets	\$2,377,053	\$1,876,615	\$107,106
Total Assets	\$2,794,580	\$2,519,942	\$172,972
Current Liabilities	\$1,014,656	\$866,237	\$969,237
Working Capital (Deficit)	(\$597,129)	(\$222,910)	(\$903,371)
Other Liabilities	Nil	Nil	Nil
Total Liabilities	\$1,014,656	\$866,237	\$969,237
Share Capital	\$7,624,172	\$6,333,372	\$5,069,627
Share Subscriptions	\$-	\$1,019,408	\$42,500
Contributed Surplus	\$583,565	\$583,565	\$491,953

Balance Sheet Data

	As at May 31, 2019	As at November 30, 2018	As at November 30, 2017
Deficit	(\$6,427,813)	(\$6,282,640)	(\$6,400,345)
Total Equity (Deficiency)	\$1,779,924	\$1,653,705	(\$796,265)
Number of Shares Issued and Outstanding	12,282,962	8,020,297	3,472,301

Management's Discussion and Analysis

The Issuer's MD&A for the year ended November 30, 2018 and for the six months ended May 31, 2019 are incorporated by reference herein, and should be read in conjunction with the Issuer's audited financial statements for the years ended November 30, 2018 and 2017 and notes thereto and the Issuer's unaudited financial statements for the six months ended May 31, 2019, together with the notes thereto, incorporated by reference herein.

A pro forma consolidated statement of financial position for the Resulting Issuer giving effect to the Transactions and the closing of the Financing as at May 31, 2019 is attached to this Circular as Schedule "H".

Description of the Securities

The authorized capital of the Issuer consists of an unlimited number of Common Shares without par value. As at the date of this Circular, there are 12,282,962 Common Shares issued and outstanding.

The following is a summary of the principal attributes of the Common Shares:

Voting Rights. The holders of the Common Shares are entitled to receive notice of, attend and vote at any meeting of the shareholders of the Issuer. The Common Shares carry one vote per share. There are no cumulative voting rights, and directors do not stand for re-election at staggered intervals.

Dividends. The holders of Common Shares are entitled to receive on a pro rata basis such dividends as may be declared by the board of directors, out of funds legally available therefor. There are no indentures or agreements limiting the payment of dividends.

Profits. Each Common Share is entitled to share pro rata in any profits of the Issuer to the extent they are distributed either through the declaration of dividends or otherwise distributed to shareholders, or on a winding up or liquidation.

Rights on Dissolution. In the event of the liquidation, dissolution or winding up of the Issuer, the holders of the Common Shares will be entitled to receive on a pro rata basis all of the assets of the Issuer remaining after payment of all the Issuer's liabilities.

Pre-Emptive, Conversion and Other Rights. No pre-emptive, redemption, sinking fund or conversion rights are attached to the Common Shares, and the Common Shares, when fully paid, will not be liable to further call or assessment. No other class of shares may be created without the approval of the holders of Common Shares. There are no provisions discriminating against any existing or prospective holder of Common Shares as a result of such shareholder owning a substantial number of Common Shares.

Additionally, the Issuer has 5,112,143 Warrants outstanding with exercise prices ranging from \$0.50 to \$1.50 per Common Share and expiry dates from July 17, 2019 to July 17, 2020.

Stock Option Plan

The Board may, in accordance with its Stock Option Plan, from time to time, in its discretion, and in accordance with the rules and regulations of the CSE, grant to directors, officers, employees or consultants of the Issuer non-transferable- Options to purchase Common Shares.

The Stock Option Plan was approved by the Board on June 11, 2012, and was last approved by Shareholders on June 29, 2015. The purpose of the Stock Option Plan is to assist the Issuer in attracting, retaining and motivating directors, officers, employees and consultants (together "service providers") of the Issuer and of its affiliates and to closely align the personal interests of such service providers with the interests of the Issuer and its shareholders.

The Stock Option Plan provides that, subject to the requirements of the CSE, the aggregate number of securities reserved for issuance will be 10% of the number of the Common Shares of the Issuer issued and outstanding from time to time.

The Stock Option Plan is administered by the Board of the Issuer, which has full and final authority with respect to the granting of all options thereunder.

Options may be granted under the Stock Option Plan to such service providers of the Issuer and its affiliates, if any, as the Board may from time to time designate. The exercise prices shall be determined by the Board, but shall, in no event, be less than the closing market price of the Issuer's Common Shares on the CSE, less up to the maximum discount permitted under the CSE's policies. The Stock Option Plan provides that the number of Common Shares issuable on the exercise of options granted to all persons together with all of the Issuer's other previously granted options may not exceed 10% of the Issuer's issued and outstanding Common Shares. In addition, the number of Common Shares which may be reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued Common Shares on a yearly basis. Subject to earlier termination and in the event of dismissal for cause, termination other than for cause or in the event of death, all options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options granted under the Stock Option Plan are not transferable or assignable other than by Will or other testamentary instrument or pursuant to the laws of succession.

The Issuer currently has no Options outstanding but the Board may determine to grant Options in connection with the closing of the Transactions.

Prior Sales

During the 12 months prior to the date of this Circular, the Issuer has issued the following securities:

Date	Number of Common Shares	Reason for Issuance	Issue Price per Common Share	Aggregate Issue Price	Consideration Received
July 17, 2018	4,133,000 Units	Private Placement	\$0.30 per Unit	\$1,239,900.00	Cash
December 13, 2018	60,000 Shares	Exercise of Warrants	\$0.50 per Share	\$30,000	Cash
March 29, 2019	4,202,665 Units	Private Placement	\$0.30 per Unit	\$1,260,799.50	Cash
Total	8,335,665 Units and 60,000 Shares			\$2,530,699.50	

Stock Exchange Price

The Common Shares have been listed and posted for trading on the CSE since October 26, 2012. The following table sets out the high and low trading of the Common Shares for the periods indicated as reported by the Exchange:

Month	High \$	Low \$	Close \$	Volume
Quarter ended August 31, 2017 ⁽¹⁾	\$0.05	\$0.02	\$0.035	0
Year ended November 30, 2017	\$0.09	\$0.035	\$0.05	3,073,660
Quarter ended February 28, 2018	\$0.06	\$0.025	\$0.03	1,505,610
Quarter ended May 31, 2018	\$0.07	\$0.025	\$0.035	1,221,250
Quarter ended August 31, 2018 ⁽²⁾	Halted trading			
Year ended November 30, 2018	Halted trading			
Quarter ended February 28, 2019	Halted trading			
Month ended March 31, 2019	Halted trading			
Month ended April 30, 2019	Halted trading			
Month ended May 31, 2019	Halted trading			

Notes:

- (1) The Common Shares were suspended on April 12, 2016 as a result of a default in CSE requirements. The Common Shares were reinstated for trading on August 10, 2017.
- (2) The Common Shares were halted on June 7, 2018 pending the announcement of the transaction with 115 and the Target Acquisition. The last trade of the Common Shares prior to the trade halt was on June 7, 2018 at a price of \$0.045 (per Pre-Consolidation Common Share).

Audit Committee

Under National Instrument 52-110 – Audit Committees (“NI 52-110”) reporting issuers are required to provide disclosure with respect to its Audit Committee including the text of the Audit Committee’s Charter, composition of the Audit Committee, and the fees paid to the external auditor. The Issuer provides the following disclosure with respect to its Audit Committee:

Audit Committee Charter

The Issuer’s audit committee charter is reproduced below:

1. Purpose of the Committee

1.1 The purpose of the Audit Committee is to assist the Board in its oversight of the integrity of the Issuer’s financial statements and other relevant public disclosures, the Issuer’s compliance with legal and regulatory requirements relating to financial reporting, the external auditors’ qualifications and independence and the performance of the internal audit function and the external auditors.

2. Members of the Audit Committee

2.1 At least one member must be “financially literate” as defined under NI 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Issuer’s financial statements.

2.2 The Audit Committee shall consist of no less than three Directors.

2.3 At least one member of the Audit Committee must be “independent” as defined under NI 52-110, while the Issuer is in the developmental stage of its business.

3. Relationship with External Auditors

3.1 The external auditors are the independent representatives of the shareholders, but the external auditors are also accountable to the Board of Directors and the Audit Committee.

3.2 The external auditors must be able to complete their audit procedures and reviews with professional independence, free from any undue interference from the management or directors.

3.3 The Audit Committee must direct and ensure that the management fully co-operates with the external auditors in the course of carrying out their professional duties.

3.4 The Audit Committee will have direct communications access at all times with the external auditors.

4. Non-Audit Services

4.1 The external auditors are prohibited from providing any non-audit services to the Issuer, without the express written consent of the Audit Committee. In determining whether the external auditors will be granted permission to provide non-audit services to the Issuer, the Audit Committee must consider that the benefits to the Issuer from the provision of such services, outweighs the risk of any compromise to or loss of the independence of the external auditors in carrying out their auditing mandate.

4.2 Notwithstanding section 4.1, the external auditors are prohibited at all times from carrying out any of the following services, while they are appointed the external auditors of the Issuer:

- (i) acting as an agent of the Issuer for the sale of all or substantially all of the undertaking of the Issuer; and
- (ii) performing any non-audit consulting work for any director or senior officer of the Issuer in their personal capacity, but not as a director, officer or insider of any other entity not associated or related to the Issuer.

5. Appointment of Auditors

5.1 The external auditors will be appointed each year by the shareholders of the Issuer at the annual general meeting of the shareholders.

5.2 The Audit Committee will nominate the external auditors for appointment, such nomination to be approved by the Board of Directors.

6. Evaluation of Auditors

6.1 The Audit Committee will review the performance of the external auditors on at least an annual basis, and notify the Board and the external auditors in writing of any concerns in regards to the performance of the external auditors, or the accounting or auditing methods, procedures, standards, or principles applied by the external auditors, or any other accounting or auditing issues which come to the attention of the Audit Committee.

7. Remuneration of the Auditors

7.1 The remuneration of the external auditors will be determined by the Board of Directors, upon the annual authorization of the shareholders at each general meeting of the shareholders.

7.2 The remuneration of the external auditors will be determined based on the time required to complete the audit and preparation of the audited financial statements, and the difficulty of the audit and performance of the standard auditing procedures under generally accepted auditing standards and generally accepted accounting principles of Canada.

8. Termination of the Auditors

8.1 The Audit Committee has the power to terminate the services of the external auditors, with or without the approval of the Board of Directors, acting reasonably.

9. Funding of Auditing and Consulting Services

9.1 Auditing expenses will be funded by the Issuer. The auditors must not perform any other consulting services for the Issuer, which could impair or interfere with their role as the independent auditors of the Issuer.

10. Role and Responsibilities of the Internal Auditor

10.1 At this time, due to the Issuer's size and limited financial resources, the Issuer's Chief Executive Officer and Chief Financial Officer are responsible for implementing internal controls and performing the role as the internal auditor to ensure that such controls are adequate.

11. Oversight of Internal Controls

11.1 The Audit Committee will have the oversight responsibility for ensuring that the internal controls are implemented and monitored, and that such internal controls are effective.

12. Continuous Disclosure Requirements

12.1 At this time, due to the Issuer's size and limited financial resources, the Issuer's Chief Executive Officer and Chief Financial Officer are responsible for ensuring that the Issuer's continuous reporting requirements are met and in compliance with applicable regulatory requirements.

13. Other Auditing Matters

13.1 The Audit Committee may meet with the Auditors independently of the management of the Issuer at any time, acting reasonably.

13.2 The Auditors are authorized and directed to respond to all enquiries from the Audit Committee in a thorough and timely fashion, without reporting these enquiries or actions to the Board of Directors or the management of the Issuer.

14. Annual Review

14.1 The Audit Committee Charter will be reviewed annually by the Board of Directors and the Audit Committee to assess the adequacy of this Charter.

15. Independent Advisers

15.1 The Audit Committee shall have the power to retain legal, accounting or other advisors to assist the Committee.

Composition of the Audit Committee

The Audit Committee consists of three directors. Unless it is a ‘venture issuer’ (an issuer the securities of which are not listed or quoted on any of the Toronto Stock Exchange, a market in the United States of America other than the over-the-counter market, or a market outside of Canada and the U.S.A.) as of the end of its last financial year, NI 52-110 requires each of the members of the Audit Committee to be independent and financially literate. Since the Issuer is a ‘venture issuer’, it is exempt from this requirement. In addition, The Issuer’s governing corporate legislation requires it to have an Audit Committee composed of a minimum of three directors, a majority of whom are not officers or employees.

The composition of the Issuer’s audit committee is as follows:

Name	Independent	Financially Literate
William Fleming	Yes	Yes
Marc Geen	Yes	Yes
Matthew McGill	Yes	Yes

A member of the audit committee is independent if the member has no direct or indirect material relationship with Issuer. A material relationship means a relationship which could, in the view of Issuer’s board of directors, reasonably interfere with the exercise of a member’s independent judgment.

A member of the audit committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Issuer’s financial statements.

Relevant Education and Experience

The education and experience of each member of the Audit Committee relevant to the performance of his responsibilities as an Audit Committee member and any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Issuer to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Issuer financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting, are as follows:

William Fleming. Mr. Fleming has an extensive business background with national and international companies. He has been VP E-Commerce for GlobeNet Communications and is presently serving as a member, director and co-founder of Goose Bay Capital Corporation. Mr. Fleming has served with senior executive teams dealing with equity and debt financings and has also assumed the role of CFO for different issuers.

Matthew McGill. Mr. McGill is a realtor specializing commercial and residential properties in the Fraser Valley. Mr. McGill is also an integral part of restaurant/hospitality ventures with several chains of restaurants in the lower mainland. He also serves as a Director on a number of non-profit associations.

Marc Geen. Mr. Geen is currently CEO of Speakeasy Cannabis Club Ltd. Prior to co-founding Speakeasy Cannabis Club Ltd, Marc spent 14 years as Head of Operations for Kettle Mountain Ginseng Ltd, one of North Americas largest ginseng producers.

Each of Mr. Fleming and Mr. Geen have experience in dealing with financial statements, accounting issues, internal controls and other matters relating to public companies, and in the case of Mr. Fleming, experience serving on the audit committee of a public company. Mr. Geen and Mr. McGill have not served on an audit committee of a public company previously but have extensive experience dealing with and reviewing financial statements and accounting issues and will be assisted by the other members of the audit committee, as well as the Issuer's auditor.

Audit Committee Oversight

The Audit Committee has not made any recommendations to the Board to nominate or compensate any external auditor.

Reliance of Certain Exemptions

The Issuer's auditors have not provided any material non-audited services.

Pre-Approval Policies on Certain Exemptions

The Audit Committee is authorized by the Board to review the performance of the Issuer's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Issuer. The Audit Committee is authorized to approve in writing any non-audit services or additional work which the Chairman of the Audit Committee deems is necessary, and the Chairman will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Audit Committee's consideration, and if thought fit, approval in writing.

External Auditor Service Fees

The fees billed by the Issuer's external auditors in each of the last two financial years for audit and non-audit related services provided to the Issuer or its subsidiaries (if any) are as follows:

Nature of Services	Fees Paid to Auditor in Year Ended November 30, 2018	Fees Paid to Auditor in Year Ended November 30, 2017
Audit Fees ⁽¹⁾	\$24,000	\$15,000
Audit Related Fees ⁽²⁾	\$4,500	\$Nil
Tax Fees ⁽³⁾	\$550	\$2,000
All other Fees ⁽⁴⁾	\$Nil	\$4,000
Total	\$29,050	\$21,000

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Issuer's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" includes all other non-audit services".

Reliance on Exemptions in NI 52-110 regarding Audit Committee Composition and Reporting Obligations

Since the Issuer is a venture issuer, it is exempt from the requirements of Part 3 *Composition of the Audit Committee* and Part 5 *Reporting Obligations* of NI 52-110.

Corporate Governance

General

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 - Corporate Governance Guidelines provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Issuer. In addition, National Instrument 58-101 - Disclosure of Corporate Governance Practices ("NI 58-101") prescribes certain disclosure by the Issuer of its corporate governance practices. This disclosure is presented below.

Board of Directors

The Board has responsibility for the stewardship of the Issuer including responsibility for strategic planning, identification of the principal risks of the Issuer's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Issuer's internal control and management information systems.

The Board sets long term goals and objectives for the Issuer and formulates the plans and strategies necessary to achieve those objectives and to supervise senior management in their implementation. The Board delegates the responsibility for managing the day-to-day affairs of the Issuer to senior management but retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Issuer and its business. The Board is responsible for protecting Shareholders interests and ensuring that the incentives of the Shareholders and of management are aligned.

As part of its ongoing review of business operations, the Board reviews, as frequently as required, the principal risks inherent in the Issuer's business including financial risks, through periodic reports from management of such risks, and assesses the systems established to manage those risks. Directly and through the Audit Committee, the Board also assesses the integrity of internal control over financial reporting and management information systems.

In addition to those matters that must, by law, be approved by the Board, the Board is required to approve any material dispositions, acquisitions and investments outside the ordinary course of business, long-term strategy, and organizational development plans. Management of the Issuer is authorized to act without board approval, on all ordinary course matters relating to the Issuer's business.

The Board also monitors the Issuer's compliance with timely disclosure obligations and reviews material disclosure documents prior to distribution.

The Board is responsible for selecting and appointing senior management and for monitoring their performance. The Board facilitates its exercise of independent supervision over the Issuer's management through frequent meetings of the Board.

The Board is comprised of four (4) directors, of whom each of Marc Geen, William Fleming and Matthew McGill are independent for the purposes of NI 58-101. Paul K. Smith is not independent since he serves as the President and Chief Executive Officer of the Issuer.

Directorships

Certain of the directors and proposed directors are also directors of other reporting issuers, as follows:

Name of Director	Other Issuer
Marc Geen	Speakeasy Cannabis Club Ltd.

Orientation and Continuing Education

New Board members receive an orientation package which includes reports on operations and results, and public disclosure filings by the Issuer. Board meetings are sometimes held at the Issuer's offices and, from time to time, are combined with presentations by the Issuer's management to give the directors additional insight into the Issuer's business. In addition, management of the Issuer makes itself available for discussion with all Board members.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Issuer's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Issuer.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience. The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Issuer, this policy will be reviewed.

Compensation Governance

The Issuer does not have a separate Compensation Committee, so the entire Board is responsible for, among other things, evaluating the performance of the Issuer's executive officers, determining or making recommendations to the Board with respect to the compensation of the Issuer's executive officers, making recommendations to the Board with respect to director compensation, incentive compensation plans and equity-based plans, making recommendations to the Board with respect to the compensation policy for the employees of the Issuer or its subsidiaries and ensuring that the Issuer is in compliance with all legal requirements with respect to compensation disclosure. In performing its duties, the Board has the authority to engage such advisors, including executive compensation consultants, as it considers necessary.

Other Board Committees

The Board has no other committees, other than the Audit Committee.

Assessments

Due to the minimal size of the Issuer's Board of directors, no formal policy has been established to monitor the effectiveness of the directors, the Board and its committees. The Board regularly assesses its own effectiveness and the effectiveness and contribution of each Board committee member and director

Executive Compensation

In this section “Named Executive Officer” (an “NEO”) means the CEO or an officer acting in a similar capacity, the CFO and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year, and whose total compensation was more than \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Issuer at the end of the most recently completed financial year.

Paul K. Smith is the sole NEO of the Issuer for the purposes of the following disclosure.

Director and Named Executive Officer Compensation

The following table (presented in accordance with National Instrument Form 51-102F6V, is a summary compensation (excluding compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, to the directors and NEOs for each of the Issuer' two most recently completed financial years.

Table of compensation excluding compensation securities							
Name and position	Year (ended November 30)⁽²⁾	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Paul K. Smith, CEO, CFO and Director	2018	24,000	Nil	Nil	Nil	Nil	24,000
	2017	6,000	Nil	Nil	Nil	Nil	6,000
William Fleming Director	2018	24,000	Nil	Nil	Nil	Nil	24,000
	2017	6,000	Nil	Nil	Nil	Nil	6,000
Andy MacDougall, Director⁽¹⁾	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	6,000	Nil	Nil	Nil	Nil	6,000
Kiley Sampson Director⁽¹⁾	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	6,000	Nil	Nil	Nil	Nil	6,000

(1) Msrs. Sampson and MacDougall resigned as directors on June 19, 2018.

(2) Subsequent to the year ended November 30, 2018, Marc Geen and Matthew McGill were appointed as directors of the Issuer on January 17, 2019.

External Management Companies.

None of the NEOs or directors of the Issuer have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Issuer to provide executive management services to the Issuer, directly or indirectly.

Stock Options and Other Compensation Securities

No compensation securities were granted or issued to any NEO or director by the Issuer or its subsidiaries in the years ended November 30, 2017 or November 30, 2018, for services provided or to be provided, directly or indirectly to the Issuer or any of its subsidiaries.

No compensation securities were held by the NEOs and directors as at the Issuer's financial years ended November 30, 2017 or November 30, 2018.

No compensation securities were exercised by any directors or NEOs during the financial years ended November, 2017 and November 30, 2018.

No compensation securities held by NEOs or directors were re-priced, cancelled and replaced, had their term extended, or otherwise materially modified during the financial years ended November 30, 2017 or November 30, 2018.

There are no restrictions or conditions currently in place for converting, exercising or exchanging the compensation securities.

Stock option plans and other incentive plans

The only incentive plan maintained by the Issuer is the Stock Option Plan, the material terms of which are described above at “*Stock Option Plan*”.

The Stock Option Plan was last approved by the Shareholders at the Issuer’s annual general meeting held on June 12, 2012 and does not require annual approval or ratification. The Issuer expects its next annual general meeting to be held in the second quarter of 2019.

Employment, consulting and management agreements

Except as described below, the Issuer has not entered into any agreements or arrangements under which compensation is provided to any NEOs or directors or any persons providing services typically provided by a director or NEO.

Except as described below, the Issuer does not have any contracts, agreements, plans or arrangements that provides for payments to a director or NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Issuer or a change in an NEO’s responsibilities.

Pursuant to an employment agreement entered into between the Issuer and Paul K. Smith, the President and CEO, in the event that there is a change in effective control or management of the Issuer, or the Issuer sells substantially all of its assets, Mr. Smith has the right to terminate his agreement, and in such event the Issuer must pay within the next thirty (30) days, the amount of money accrued due and owing, plus an amount equal to the greater of the unexpired balance of the term of the contract, and the amount which is equivalent to two years’ base salary, as the case may be. In connection with the Transactions, Mr. Smith has agreed to waive the foregoing provision. It is anticipated that on the Effective Date, the Issuer and Mr. Smith will agree to the assignment of this agreement to Newco.

Oversight and Description of Director and Named Executive Officer Compensation

The Board has not appointed a compensation committee and the responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing the Issuer’s base compensation structure and equity-based compensation program, recommending compensation of the Issuer’s officers and employees, and evaluating the performance of officers generally and in light of any annual goals and objectives, if applicable, is performed by the Board as a whole.

The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Issuer’s senior management. The Issuer does not have pre-existing performance criteria or objectives for the Board or NEOs. All significant elements of compensation awarded to, earned by, paid or payable to NEOs are determined by the Issuer on a subjective basis. The Board reviews the compensation of senior management on a semi-annual basis taking into account compensation paid by other issuers of similar size and resources.

The Issuer’s executive compensation program has three principal components: base salary, incentive bonus plan and stock options.

Base salaries for all employees of the Issuer are established for each position through comparative salary surveys of similar type and size companies. Both individual and corporate performances are also taken into account, but other than setting out the duties and responsibilities of the applicable office or position by way of a job description, the Issuer does not set specific annual performance goals or similar conditions.

Incentive bonuses, in the form of cash payments, are designed to add a variable component of compensation based on corporate and individual performances for executive officers and employees. No bonuses were paid to executive officers and employees during the most recently completed financial year.

The Stock Option Plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact and/or contribution to the longer-term operating performance of the Issuer. In determining the number of Options to be granted to the executive officers, the Board takes into account the number of Options, if any, previously granted to each executive officer and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the applicable stock exchange, and closely align the interests of the executive officers with the interests of the Issuer's shareholders.

The Issuer has no other forms of compensation, although payments may be made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Issuer at competitive industry rates for work of a similar nature by reputable arm's length services providers. The Issuer does not provide pension or other benefits to the executive officers.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Issuer's financial resources and prospects.

Given the evolving nature of the Issuer's business, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

There were no actions, decisions or policies made since November 30, 2018 that would affect a reader's understanding of NEO compensation.

Pension Disclosure

The Issuer does not have any pension or retirement plan which is applicable to the NEOs or directors. The Issuer has not provided compensation, monetary or otherwise, to any person who now or previously has acted as an NEO of the Issuer, in connection with or related to the retirement, termination or resignation of such person, and the Issuer has provided no compensation to any such person as a result of a change of control of the Issuer.

Securities Authorized for Issuance under Equity Compensation Plans

The Stock Option Plan is the Issuer's only equity compensation plan. The following table sets forth information with respect to the options outstanding under the Stock Option Plan as at the financial year ended November 30, 2018.

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding Securities Reflected in Column (a))
Equity compensation plans approved by securityholders	Nil	N/A	802,030

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding Securities Reflected in Column (a))
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	Nil		802,030

Management Contracts

There are no management functions of the Issuer, which are to any substantial degree performed by a person or company other than the directors or senior officers of the Issuer.

Legal Proceedings

There are no legal proceedings to which the Issuer is a party, or of which any of its property is the subject matter, and no such proceedings are known to the Issuer to be contemplated.

Auditor, Transfer Agent and Registrar

The auditor of the Issuer is Manning Elliott LLP, Chartered Accountants, Suite 1700-1030 West Georgia Street, Vancouver British Columbia, V6E 2Y3.

The registrar and transfer agent of the Common Shares is Computershare Investor Services Inc., 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

Material Contracts

The following are the material contracts of the Issuer that are outstanding as of the date of this Circular:

- (a) Target Acquisition Agreement dated June 8, 2018 between the Issuer, the Target and the Target Shareholders. See *“Information Concerning the Change of Business Transactions”* for further particulars.
- (b) Phenome Agreement dated April 8, 2019 between the Issuer and Phenome. See *“Information Concerning the Change of Business Transactions”* for further particulars;
- (c) Arrangement Agreement dated June 5, 2018, 2018 between the Issuer and Newco. See *“Information Concerning the Arrangement”*.

All of the contracts specified above are filed on SEDAR at www.sedar.com and may be inspected without charge at the Issuer’s registered and records office at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4 during normal business hours until the Closing Date and for a period of 30 days thereafter.

SCHEDULE B**INFORMATION CONCERNING THE TARGET**

The following information has been provided by the Target and reflects the current business, financial and share capital position of the Target. See “Information Concerning the Resulting Issuer” for pro forma business, financial and share capital information following the Completion of the Transactions. All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Circular to which this Schedule “B” is attached.

Corporate Structure

The Target was incorporated under the BCBCA on March 21, 2018. The Target maintains a head office at Suite 300-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9 and a registered office at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4. The Target has one wholly-owned subsidiary, being the Target Subsidiary, which was incorporated under the BCBCA on December 1, 2013

Following completion of the Target Acquisition, the Target will become a wholly owned subsidiary of the Resulting Issuer and the Target Subsidiary will continue to be a wholly owned subsidiary of the Target.

General Development of the Business***Three Year History***

The Target is a privately held company organized for the sole purposes of acquiring and holding the Target Subsidiary Shares. The Target has conducted no substantive business other than acquiring the Target Subsidiary, which holds the License Application and the assets and real property interest relating to the Facility.

The Target Subsidiary has been progressing the License Application and the build-out of the Facility from which the Target Subsidiary will, upon receipt of the Cannabis License, if granted, produce and sell cannabis.

Following its incorporation, the Target completed a non-brokered private placement of 10,000,000 Target Shares at a price of \$0.05 per Target Share to generate aggregate funds of \$500,000 for the purposes of pursuing the acquisition of the Target Subsidiary.

The Target Subsidiary had entered into a term sheet with a third party dated February 13, 2018 pursuant to which the third party was to acquire the Target Subsidiary, which right the third party assigned to the Target in consideration of the reimbursement of payments made by such third party pursuant to the term sheet, credited as against the purchase price for the Target Subsidiary Shares.

On April 20, 2018, the Target, the Target Subsidiary and the Target Subsidiary Vendor entered into the Target Subsidiary Share Purchase Agreement, as amended, pursuant to which the Target acquired the Target Subsidiary Shares for aggregate consideration of \$2,015,000 of which \$1,000,000 was payable in cash over time (all of which has been paid) and \$1,015,000 is to be paid through the Target causing the issuance of Resulting Issuer Shares upon the completion of the Target Acquisition, or such other transaction or series of transactions which results in the acquisition of the Target, Target Subsidiary or business of the Target Subsidiary by a reporting issuer in Canada. The number of shares issuable to the Target Subsidiary Vendor is to be calculated based on the market value of the issuable shares where ‘market value’ shall be the lesser of (i) the 10-day volume weighted average closing price of the shares on the day prior to their issuance or (ii) the price of any concurrent financing to be completed by the reporting issuer in association with the transaction. In the case of the Target Acquisition, the parties have agreed that the market value of the Resulting Issuer Shares payable shall not be greater than \$0.30 per Resulting Issuer. Provided that the Issuer completes the Financing as proposed and at no lower offering price, the Target Subsidiary Vendor will be issued 3,383,333 Resulting Issuer Shares on the Closing Date. In the event that the ‘market value’ of the shares issuable to the Target Subsidiary Vendor is less than \$0.25 per share, the Target Subsidiary Vendor has,

in its sole discretion, the right to accept the issuance of shares at the lower market value or to execute upon the share pledge described below.

The Target Subsidiary Shares were transferred to the Target on April 20, 2018, but the Target Subsidiary Vendor maintains a security interest in the Target Subsidiary Shares via a share pledge pending the issuance of the Resulting Issuer Shares due, which must be issued on or before November 30, 2019, failing which the Target Subsidiary Vendor has the right to pursue its remedies pursuant to the share pledge over the Target Subsidiary Shares.

On April 21, 2015, the Target Subsidiary Vendor and the Target Subsidiary had entered into a securities purchase agreement with Scythian Biosciences Inc. (“**Scythian**”) (now called SOL Global Investments Corp.), a CSE listed entity, pursuant to which Scythian acquired the Target Subsidiary Shares for aggregate consideration \$1,150,000 consisting of \$250,000 in cash and the issuance of 180,000 common shares with an aggregate deemed value of \$900,000. On November 29, 2017, Scythian disposed of the Target Subsidiary Shares to the Target Subsidiary Vendor for aggregate consideration of \$389,000 of which \$100,000 was paid in cash, \$100,000 was issued as a promissory note (since repaid in full) and through the return to treasury of 108,000 common shares of Scythian held by the Target Subsidiary Vendor

Other than the acquisition of the Target Subsidiary as described above, no significant acquisitions or significant dispositions have been completed by the Target or the Target Subsidiary since incorporation or are contemplated, with the exception of the Target Acquisition.

Business of the Target

As stated above, the Target is a private entity incorporated pursuant to the BCBCA with no active operations other than its holding of the Target Subsidiary Shares. The Target Subsidiary holds the License Application and the assets and real property interest relating to the Facility.

The Target does not expect any material changes to the Target Subsidiary’s business to occur in the current financial year, but does anticipate that upon the receipt of the Cannabis License, the Target Subsidiary’s proposed business plan as a licensed holder under the Cannabis Act will commence.

Since the incorporation of the Target Subsidiary, the Target Subsidiary Vendor was involved in the preparing and filing of the License Application and the development of the Facility. The License Application, which was submitted in 2013, is in the final portions of the detailed review stage and the Target Subsidiary has executed the necessary measures to transition the License Application under the CTLS System.

The Facility currently consists of 12,000 sq. ft of growing space and has all required municipal approvals in place. The Target Subsidiary has commenced an expansion to the Facility which will, upon completion, which is expected to occur in Q3 2019, increase the size of the Facility to 22,000 sq. ft. The Facility is located in Kelowna, and is leased to the Target Subsidiary pursuant to the Lease. The Lease has a five year term ended March 31, 2022, and an annual minimum rent cost of \$110,154.00. The Target Subsidiary holds the option to extend the term of the Lease for a further two terms for a total of 10 years, provided that the basic rent payable will be negotiated at the time the Target Subsidiary exercises its option to extend the Lease. The development of the Facility has been funded to date by the Target Subsidiary Vendor and Scythian.

The issuance of the Cannabis License will be dependent in part upon the successful completion of Health Canada inspection of the Facility. The Target Subsidiary will submit its security and video evidence package to Health Canada imminently and anticipates the issuance of the Cannabis License, anticipated to occur in Q4 2019.

Overview of the Cannabis Industry and Cannabis License Process

Cannabis

The terms cannabis and marijuana are used interchangeably in Canada. The two main types of cannabis/marijuana are the sativa and indica plants, with hybrid strains being created when the genetics of each are crossed. Within each

type of cannabis, there are hundreds of different phytochemical compounds, including many different cannabinoids (the most common being delta-9-tetrahydrocannabinol (“**THC**”)) which is the psychoactive ingredient, and cannabidiol (“**CBD**”) which is responsible for many of the non-psychoactive effects of medical marijuana.

Cannabis can be used for either recreational or medicinal purposes and typically comes in the form of dried plant; powder form, resin or oil. Using cannabis for medical use was legalized in Canada in 2001. Using cannabis for recreational use was legalized in Canada in 2018.

History of Statutory Regime in Canada

The MMAR and MMPR

The MMAR were implemented by Health Canada in 2001 thereby legalizing the use of medical marijuana in Canada. Under the MMAR, a patient could grow cannabis themselves or have it grown for them by a designated person in compliance with the provisions of the MMAR.

Health Canada replaced the MMAR with the MMPR in 2014. The MMPR was a set of rules and regulations for growing, buying and selling medical marijuana in Canada. Under the MMPR, physicians were allowed to prescribe medical cannabis to their patients and the patients were required to purchase their medical marijuana from a licensed producer under the MMPR. Under the MMPR, producing marijuana in a home or private dwelling was made illegal.

On February 24, 2016, a Federal Court of Canada decision rendered in *Allard v. Canada*, 2016 FCC 26, found that requiring individuals to obtain marijuana strictly from licensed producers violated an individual’s right to liberty and security under section 7 of the Canadian Charter of Rights and Freedoms. The Court reasoned that the restrictions enforced under the MMPR denied reasonable access for those individuals that required marijuana for medical purposes. The Court ultimately repealed the MMPR, which repeal was suspended for six months to allow the Government to amend the MMPR or issue new regulations. On August 24, 2016, the ACMPR came into force, thereby replacing the MMPR as the regulations governing medical marijuana in Canada.

The ACMPR are very similar to the former MMPR, but restored the ability for a patient to grow their own cannabis at home or to designate a third-party grower, similar to the former MMAR provisions.

The ACMPR

From August 24, 2016 until October 17, 2018, cannabis in Canada was regulated by the CDSA, the ACMPR and the Narcotic Control Regulations, as well as other applicable laws and regulations. During this period, Health Canada was the primary regulator of the medical cannabis industry as a whole.

Until the Cannabis Act came into effect, cannabis was a Schedule II drug under the CDSA and unless otherwise regulated for production and distribution for medical purposes, was subject to offences under the CDSA. The ACMPR regulated the use, production and distribution of medical marijuana in Canada. Its purpose was to treat cannabis like any other narcotic used for medical purposes by creating conditions for a commercial industry that was responsible for its production and distribution. Under the ACMPR, licensed producers and sellers were permitted to sell fresh or dried marijuana or cannabis oil for medical purposes.

The Target Subsidiary submitted its License Application under the MMAR in 2013. Like any other applicant seeking to obtain an ACMPR License at the time, it was subject to Health Canada’s stringent licensing requirements. The table below provides a general overview of the application process for becoming a licensed producer of cannabis for medical purposes under the ACMPR, as described by Health Canada:

Stage	Summary Overview
Stage 1 (Target Subsidiary has completed this stage)	<p>Intake and Initial Screening</p> <p>When an application is received by Health Canada, it undergoes an assessment for completeness. Incomplete applications are returned to the applicant or Health Canada will contact the applicant for further information. If an application appears to be complete, it will be assigned an application number. The application number means that the application has completed the assessment.</p>
Stage 2 (Target Subsidiary has completed this stage)	<p>Detailed Review and Initiation of Security Clearance Process</p> <p>At this stage, the application is thoroughly reviewed to (i) complete the assessment of the application to ensure it meets the requirements of the ACMPR Regulations, (ii) establish that the issuance of the license is not likely to create risks to public health, safety or security, including the risk of cannabis being diverted to an illicit market or use, and (iii) establish that there are no other grounds for refusing the application. The application is reviewed to ensure the level of detail included in the application is sufficient to assess the requirements of the ACMPR and validate the information provided. Consideration is also given to the proposed security measures including those required by Subdivision C of the ACMPR and the description of the storage area for cannabis as required by the Security Directive; the credentials of the proposed quality assurance person to meet the good production requirements outlined in Subdivision D of the ACMPR and the details listed in the quality assurance report relating to premises, equipment and sanitation program. Physical security plans will be reviewed and assessed in detail at this stage. The applicant is responsible for ensuring that they are in compliance with all applicable provincial/territorial and municipal laws, including zoning restrictions, fire and electrical safety, and environmental legislation (e.g. waste management). During this stage, security clearance forms for key personnel (i.e., the proposed senior person in charge, responsible person in charge, alternate responsible person in charge, each officer and director of the corporation) are sent for processing.</p>
Stage 3	<p>Issuance of Cultivation License</p> <p>Once Health Canada confirms that the requirements of the ACMPR have been met, and the application successfully completes the Detailed Review and Security Clearance stage, a license to produce will be issued.</p>
Stage 4	<p>Introductory Inspection (as cultivation begins)</p> <p>As part of the terms and conditions on their license, a Licensed Producer is required to notify Health Canada as cultivation begins. Once notified, Health Canada will schedule an initial inspection to verify that the Licensed Producer is meeting the requirements of the ACMPR including, but not limited to, the physical security requirements for the site, record-keeping practices and Good Production Practices and to confirm that the activities being conducted by the Licensed Producer correspond to those indicated on their license. Before being authorized for the activity of sale, the Licensed Producer must undergo a Pre-Sale Inspection by Health Canada to verify that they are in full compliance with all requirements of the ACMPR, with a focus on good production practices.</p>
Stage 5	<p>Pre-Sales Inspection (prior to issuance of sales license)</p> <p>If a Licensed Producer wishes to add the activity of sale to their existing license, an amendment application must be submitted to the Office of Medical Cannabis. Health Canada will then</p>

	schedule an inspection to verify that the Licensed Producer is meeting the requirements of the ACMPR including, but not limited to, Good Production Practices, packaging, labelling, shipping, and record keeping prior to allowing the sale or provision of product.
Stage 6	<p>Issuance of Sales License</p> <p>To complete the assessment of the requirements of the ACMPR and establish that adding the activity of sale of cannabis products is not likely to create a risk to public health, safety or security, and to confirm that there are no other grounds for refusing the amendment application, Health Canada reviews: (i) results of the pre-sale inspection; (ii) information submitted in the amendment application to add the activity of sale to the license; and (iii) any other relevant information. When the review is completed, an amended license, including the activity of sale, is issued to the Licensed Producer. The Licensed Producer may now begin supplying cannabis products to registered clients, other Licensed Producers and/or other parties named in subsection 22(2) of the ACMPR, depending on the activities licensed. Separate licenses may be issued for dried marijuana, plants and/or cannabis oil.</p>

Current Statutory Regime in Canada

On April 13, 2017, the Government introduced the Cannabis Act in the House of Commons, with the intention that it establish a framework for the legalization of cannabis in Canada. The Cannabis Act received Royal Assent and was enacted on June 21, 2018, and came into force effective October 17, 2018.

Under the Cannabis Act, adults who are 18 years or older are able to legally:

- possess in a public place up to 30 grams of legal dried cannabis or equivalent in non-dried form;
- distribute up to 30 grams of legal cannabis to other adults;
- purchase dried or fresh cannabis and cannabis oil from a provincially licensed retailer; (In those provinces that have not yet or choose not to put in place a regulated retail framework, individuals are able to purchase cannabis online from a federally licensed producer.);
- grow up to 4 cannabis plants per residence for personal use from licensed seed or seedlings (regardless of the number of adults that reside at the residence); and
- make cannabis products, such as food and drinks, at home provided that organic solvents are not used.

The federal, provincial and territorial governments share responsibility for overseeing this new system. The Government's responsibility is to set strict requirements for producers who grow and manufacture cannabis and to set industry-wide rules and standards relating to: the types of cannabis products that can be sold, packaging and labeling requirements for products, standard serving sizes and potency, prohibiting the use of certain ingredients, good production practices, tracking of cannabis from seed to sale to prevent diversion to the illicit market and restrictions on promotional activities. The provinces and territories license and oversee the distribution and sale of cannabis, subject to federal conditions. They may also increase the minimum age in their province or territory (but not lower it), restrict where cannabis can be consumed and regulate a range of other matters.

In connection with the new framework for regulating cannabis in Canada, the Government has introduced new penalties under the *Criminal Code* (Canada), including penalties for the illegal sale of cannabis, possession of cannabis over the prescribed limit, production of cannabis beyond personal cultivation limits, taking cannabis across the Canadian border, giving or selling cannabis to a youth and involving a youth to commit a cannabis-related offence.

The governments of all of the provinces and territories of Canada have announced regulatory regimes for the distribution and sale of legal cannabis within their jurisdictions. Most of the Canadian jurisdictions have announced a minimum age of 19 years old, except for Quebec and Alberta, where the minimum age is 18. Ontario, Quebec, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and the Northwest Territories have chosen the government-regulated model for distribution; whereas, Saskatchewan and Newfoundland & Labrador have opted for a private sector approach. Alberta and British Columbia have announced plans to pursue a hybrid approval of public and private sale and distribution.

Regulations to support the coming into force of the Cannabis Act were published in the Canada Gazette, Part II on July 11, 2018. They include the following new regulations under the Cannabis Act:

- *Cannabis Regulations*
- *Industrial Hemp Regulations*

These regulations came into force at the same time as the Cannabis Act, on October 17, 2018.

When the Cannabis Act and its regulations came into force on October 17, 2018, cannabis ceased to be regulated under the CDSA and is now regulated under the Cannabis Act instead. At the same time, the Government repealed two regulations under the CDSA: (i) ACMPR and (ii) the Industrial Hemp Regulations. Certain regulations under the Food and Drugs Act were also amended, including the Cannabis Exemption (Food and Drugs Act) Regulations and Natural Health Products Regulations.

As set out in the Cannabis Regulations:

- licenses are required for: cultivating and processing cannabis; sale of cannabis for medical purposes; and analytical testing of and research with cannabis
- permits are required to import or export cannabis for: scientific or medical purposes; or industrial hemp
- license holders are subject to strict physical and personnel security requirements
- plain packaging is required for cannabis products: the Cannabis Regulations set out strict requirements for logos, colours and branding; cannabis products must also be labelled with mandatory health warnings, standardized cannabis symbol and specific information about the product
- access to cannabis for medical purposes will continue to be provided for patients who need it. The Cannabis Regulations have substantively incorporated the rules for access to cannabis for medical purposes as previously set out in the ACMPR. Certain changes have also been made to create consistency with rules for non-medical use of cannabis, to improve patient access and to reduce the risk of abuse of the system
- manufacturers of prescription drugs containing cannabis, while primarily subject to the Food and Drugs Act and its Regulations, are now also subject to certain regulatory requirements set out in the Cannabis Regulations.

The Government has indicated that it will monitor and evaluate patients' reasonable access to cannabis for medical purposes during the implementation of the new law, and then evaluate the medical access framework within five years of implementation of the new law.

The impact of the above regulatory changes on the Target's business is unknown.

Current Status of The Target Subsidiary's License Application

The ACMPR was repealed when the Cannabis Act and the Cannabis Regulations came into effect on October 17, 2018. Consequently, while the Target Subsidiary's License Application held the company's spot in the application queue, the Target Subsidiary was required to submit an updated application under the CTLS System. The Target

Subsidiary is in the process of transitioning its application from the ACMPR process to the CTLS System. As of the date of this Circular, the Target Subsidiary has received and addressed Health Canada's initial comments to its License Application and is in the process of submitting its security and evidence video package.

Under the new regime, when an applicant applies for a license there are five sub-categories to choose from: (i) Cannabis (cultivation, processing, sales); (ii) Industrial Hemp; (iii) Research; and (iv) Analytical Testing. The Target Subsidiary has applied for a license under the first category: Cannabis (cultivation, processing, sales). Once received, the Cannabis License that the Target Subsidiary has applied for will permit it to grow, produce and sell its products for either medical or recreational use. Within the sub-categories of licensing, there are additional sub-classes within certain of the categories differentiating between small- and large-scale operations.

Health Canada has published a general overview of the application process for becoming a Licensed Producer of cannabis under the Cannabis Act as follows:

Stage	Summary Overview
Stage 1	<p>Submitting the Application in CTLS</p> <p>All new license applications must be submitted in CTLS.</p>
Stage 2	<p>Application Screening</p> <p>During screening the application and attached documents are assessed for completeness, legibility and ability to be further assessed. There is a 30-day service standard for completion of screening of the application by Health Canada.</p>
Stage 3	<p>Review and Security Clearance</p> <p>Once an application has passed the screening stage and security applications are being processed, the application undergoes a detailed review to verify that all requirements are met. Health Canada works with the RCMP on security clearance applications.</p>
Stage 4	<p>Pre-Licensing and Approval Process</p> <p>Once Health Canada completes the detailed review of the submitted application, Health Canada provides the applicant with a confirmation of readiness email. This email will prompt the applicant for information to demonstrate that there is a functioning facility/building at the site address. The applicant will be required to provide a site evidence package with documentation including, but not limited to, detailed video walkthroughs of both the interior and exterior of the site, and site and building plans including descriptions and photographs that clearly detail facility completion.</p> <p>Following the review of this information, an on-site pre-license inspection by Health Canada inspectors may be deemed necessary prior to further licensing decisions. If an inspection is required, the inspection team will contact the applicant to schedule the pre-license inspection. In the case where an on-site pre-license inspection is not required, the license issuance will be based on the thoroughness of information found in the site evidence package</p>

Stage 5	<p data-bbox="448 197 669 226">Issuance of License</p> <p data-bbox="448 260 1432 499">Once all information has been reviewed, including the results and observations from a pre-license inspection, if necessary, and all security clearances have been granted, an initial license for authorized activities is issued. A hard copy of the license as well as an accompanying issuance letter detailing any conditions around the issued license is mailed to the identified mailing address. In addition, all security-cleared key personnel are sent letters regarding the status of their security clearances for that site, under that application. Following issuance of the license, Health Canada holds a teleconference with the new license holder to discuss the license, including any conditions.</p>
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Health Canada has not published information on timeframe expectations for processing applications under the Cannabis Act; therefore, there can be no assurances that the License Application will be processed in a timely manner. (Refer to “*Risk Factors*” below.)

On May 8, 2019, Health Canada issued a statement concerning changes to the cannabis licensing process effective as of that date. From May 8, 2019 forward, all new application for licenses to cultivate cannabis, process cannabis or sell cannabis for medical purposes must have a fully built site meeting all the requirements of the Cannabis Regulations at the time of application. In the case of existing applications on that date, Health Canada will complete a high-level review of applications currently in queue. If the application passes this review, Health Canada will provide a status update letter to the applicant, indicating that it has no concerns with what is proposed in the application. Once the applicant has a completed site that meets the regulatory requirements, Health Canada will review the application in detail, in priority based on the original application date. As of the date of this Circular, the Target Subsidiary had not yet received its status update from Health Canada.

Narrative Description of the Business

General

The Target is not engaged in active operations and its sole material assets is its ownership of the Target Subsidiary Shares. The Target Subsidiary holds the License Application, but does not yet hold a Cannabis License. As a result, the Target Subsidiary remains in the development stage with no current material operating income cash flow or revenues. The License Application is in the final portions of the detailed review stage and the Target Subsidiary has executed the necessary measures to transition the License Application under the CTLS System.

Principal Products

As at the date of this Circular, the Target Subsidiary has submitted the License Application to Health Canada but does not have a Cannabis License. Consequently, the Target currently has no principal products and services.

Assuming that the Target Subsidiary receives the Cannabis License, the Target anticipates that the Target Subsidiary will cultivate and produce high-quality strains of cannabis. The Target Subsidiary will increase its product line offering for additional products to be manufactured per Health Canada regulations as permitted under the Cannabis Act. After receiving a Cannabis License and producing its first batches of cannabis, the Target anticipates that the Target Subsidiary will then sell and distribute the cannabis to customers as permitted under the Cannabis Act. The Target Subsidiary anticipates initially operating as a cannabis producer and developing sales of premium flower for the consumer as well as sales of young plants for home-based and micro producers while operating within the permitted limits of the Cannabis Act.

Assuming the completion of the Change of Business Transactions, the Resulting Issuer will, through the Phenome License have access to over 250 cultivators, as well as growing, breeding and cloning intellectual property and includes access to the Norstar Nutrients line of beneficials.

Production and Sales

The Target Subsidiary will not be able to cultivate, produce or sell cannabis until it has received the Cannabis License approving such cultivation, production and sale.

Pursuant to the terms of the Lease, the Target Subsidiary entered into an exclusive five-year lease (with option to renew for two consecutive five-year terms) on the Facility. Assuming that the Target Subsidiary is granted a Cannabis License, it anticipates a yield of 1,400 kilograms of cannabis per year from the Facility.

The Target currently has access, via the Lease, to the Facility located in Kelowna, British Columbia, which is currently a 12,000 sq. ft. facility in the process of being expanded to 22,000 sq. ft.

Competitive Conditions and Position

Assuming that the Target Subsidiary receives the Cannabis License, the Target Subsidiary will be competing with other licensed cannabis producers and vendors in Canada.

The current market of producers of cannabis for medical and recreational purposes is controlled by several large-scale Licensed Producers in Canada such as Canopy Growth, Tweed, Tilray and Aurora. As of the date of this Circular, there are approximately 185 cultivators, processors and sellers that hold a license issued by Health Canada under the Cannabis Regulations (as posted on Health Canada's website: www.canada.ca/en/health-canada/services/drugs-medication/cannabis/industry-licenseesapplicants/licensed-cultivators-processors-sellers.html). The Target Subsidiary is not aware of the exact number of applications currently submitted to Health Canada. The Target anticipates that competition from new participants into the market will increase in the short-to-mid-term, as existing applications in queue with Health Canada are processed and approved. Consolidation in this industry has already started, and management of the Target believes that it will likely continue and increase as more producers and vendors are licensed by Health Canada under the new Cannabis Act. There is thus a likelihood that the Target will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and production and marketing experience than the Target.

Market and Trends

The market is divided into two segments, users who consume for medical reasons and those who consume for recreational reasons. According to a recent Health Canada reports, in December 2017, there were just over 269,000 medical cannabis registered clients across the country, contributing to sales in the last quarter (Q3 2017/2018) of 6,000 kg. In May 2017, Health Canada reported that, on average, the number of clients enrolled increased by 10% per month; while sales of dried cannabis grew by 6% per month, and sales of cannabis oil increased by 16% per month. It should also be noted that Ontario and Alberta account for most of the clients, or 225,000 of the totals. Indeed, according to research conducted by the Brighton Group and reported in an article by Visual Capitalist, the worldwide cannabis market is expected to explode from \$7.7 billion to \$ 31.4 billion between 2017 and 2021. As for the Canadian market it should contribute \$ 8.9 billion in 2021, with \$5.07 billion from the recreational segment and \$3.82 billion from the medical segment. Similarly, a study by Dundee Capital Partners predicts that recreational cannabis sales could reach on its own \$8.9 billion by 2023.

The social acceptability of recreational cannabis use has changed significantly in recent years and is leading to a second segmentation of the cannabis market. According to a Deloitte study, approximately 40% of the adult Canadian population support legalization. This percentage even reaches 64% including undecided respondents. Canada was the first country member of the G7 to legalize cannabis for recreational purposes.

Marketing Strategies

As the Target Subsidiary is not yet licensed to cultivate or sell, it does not have a current marketing strategy. The Target intends to work to ensure that its corporate website, product brochures, informational handouts and other marketing tools have a consistent, professional and quality image. The Target will need to create awareness of its brand name with potential clients.

Advertising in the industry is heavily regulated by Health Canada and general prohibitions against the advertising of cannabis are contained in the Cannabis Regulations, the Food and Drugs Act and the Narcotic Control Regulations in Canada. As a result of these prohibitions, the information provided by Cannabis License holders to the public must be limited to basic information for prospective clients such as the brand name, proper or common name of the strain, the price per gram, and the company's contact information.

Employees

As of the date of this Circular, the Target and the Target Subsidiary had nil employees and four consultants, all located in Canada and focused on quality assurance. It is anticipated that upon receipt of the Cannabis License, the Target will hire additional employees.

Specialized Skill and Knowledge

All aspects of the Target's business require specialized skills and knowledge. Such skills and knowledge include the areas of cultivation and growing of cannabis, and specifically the unique indoor agricultural skills required for the cultivation of cannabis in accordance with the Cannabis Act requirements. The Target Subsidiary's employees are not covered by any collective bargaining agreement or represented by a trade union. The Target will be dependent on Alex Field, as the proposed 'senior person in charge' under the terms of the License Application and the sole director and officer of the Target and Target Subsidiary. The Target has entered into a consulting agreement with Mr. Field, but Mr. Field may elect at any time to terminate his services. The Target does not hold key man insurance.

Components

The Target sources its raw materials, being seed supply, locally and does not foresee any issues with availability of such raw materials. As the Target further identifies the strains of cannabis it wishes to cultivate and sell, it may seek to enter into seed supply agreements to ensure the consistency of its product and to provide undisturbed supply. The Resulting Issuer has entered into the Phenome Agreement which will further secure its ability to ensure consistency and undisturbed supply following the completion of the Change of Business Transactions.

Proprietary Protections

The Target and the Target Subsidiary will analyze their unregistered intellectual property to determine whether there are further opportunities for protection. The Resulting Issuer anticipates it will seek trademarks and related protections for its brand names and that its commercial success will depend, in part, on its intellectual property rights. Its success will also depend in part on its ability to develop products, obtain patents, protect its trade secrets and operate without infringing third-party exclusive rights or without others infringing its exclusive rights or those granted to it under a license including the Phenome License.

The Resulting Issuer may not be able to develop patentable proprietary technology and/or products. Even if obtained, it cannot be completely certain that future patents, if any, will provide a definitive and competitive advantage or afford protection against competitors with similar technology. In addition, the Resulting issuer cannot provide any assurance that such patents will not be challenged or circumvented by others using alternative methods or whether existing third-party patents will prevent the Resulting Issuer from marketing its products.

The Resulting Issuer could incur significant costs in defending itself in patent infringement proceedings initiated against it. Claims that the Resulting Issuer's products infringe on intellectual property rights of others could be costly to defend or settle, could cause reputational injury and would divert the attention of the Resulting Issuer's management and key personnel, which in turn could have a material adverse effect on its business, results of operations, financial condition and cash flows.

A failure by the Resulting Issuer to protect its intellectual property may have a material adverse effect on its ability to develop and commercialize products. The Resulting Issuer will be able to protect its intellectual property rights

from unauthorized use by third parties only to the extent that its intellectual property rights are covered and protected by valid and enforceable patents or are effectively maintained as trade secrets.

Cycles

The business of medical and recreational cannabis is neither cyclical nor seasonal. Product demand is not a factor of season or markets. As a result, the Target does not expect its business to be cyclical or seasonal.

Economic Dependence

The Target's business is not substantially dependent on any specific contract, but will be entirely dependent on the Cannabis License. A loss of the Cannabis License or an inability to renew the Cannabis License once granted would materially impact the Target's business and financial condition.

Changes to Contracts

It is not expected that the Target's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts, other than the Target Acquisition Agreement.

Environmental Protection

The Target does not expect that there will be any significant financial or operational effects as a result of environmental protection requirements on its capital expenditures, profit or loss, or the competitive position of the Target in the current fiscal year or in future years.

Foreign Operations

The Target does not anticipate having any operations outside of Canada at this time, due to differences in the foreign legal frameworks and regulations governing medicinal and recreational cannabis use.

Lending

The Target has not adopted any specific policies or restrictions regarding investments or lending.

Bankruptcy and Similar Procedures

There are no bankruptcies, receivership or similar proceedings against the Target or the Target Subsidiary, nor are the Target or the Target Subsidiary aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceedings by the Target or the Target Subsidiary.

Reorganization

The Target has not completed any reorganizations other than the acquisition of the Target Subsidiary since its incorporation.

Social and Environmental Policies

The Target does not expect to adopt any specific social or environmental policies that are fundamental to its operations (such as policies regarding its relationship with the environment, with the communities in the vicinity of its facilities or human rights policies). However, the Target's management, with the assistance of its contractors and advisors, will ensure its ongoing compliance with local laws in the jurisdictions in which it does business

Selected Consolidated Financial Information

Annual Information

The following table sets out certain selected consolidated financial information of the Target for the period from incorporation until August 31, 2018 and for the six months ended May 31, 2019. Please refer to Schedule “G” for the Target’s audited financial statements for the period from incorporation on March 21, 2018 to August 31, 2018 and the Target’s unaudited financial statements for the nine months ended May 31, 2019.

	Nine months ended 05/31/19 (unaudited)	Period from incorporation and ended 08/31/18 (audited)
Total revenues	Nil	Nil
Cost of sales	Nil	Nil
Gross profit	Nil	Nil
Total expenses	345,212	320,500
Net income (loss) before income taxes	(345,212)	(2,240,500)
Net income (loss) per share	(\$0.03)	(\$3.38)
Total assets	963,827	643,044
Total liabilities	3,061,287	2,440,259
Working capital (deficit)	(2,761,649)	(2,309,423)
Shareholder Equity (Deficiency)	(2,097,460)	(1,797,215)
Dividends	Nil	Nil

Quarterly Data

Quarterly data is not available for the Target other than in relation to the nine months ended May 31, 2019.

Management’s Discussion and Analysis

As the Target’s sole activity since its incorporation has been the acquisition of the Target Subsidiary, MD&A of the Target has not been provided as the Target currently has no active business. The Target’s audited financial statements for the period from incorporation to August 31, 2018 and the unaudited interim financial statements of the Target for the nine months ended May 31, 2019 are attached hereto as Schedule “G”

Description of Securities

The authorized capital of the Target is an unlimited number of common shares. As of the date of this Circular, there are 10,000,000 Target Shares outstanding.

There are no special rights or restrictions of any nature attached to the Target Shares. The holders of Target Shares are entitled to receive notice of and to attend and vote at all meetings of shareholders of the Target and each Target Share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Target. The holders of the Target Shares, are entitled to receive dividends if, as and when declared by the directors and, subject to the rights of holders of any shares ranking in priority to or on a parity with the Target Shares, to participate ratably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Target.

Stock Option Plan

The Target does not have a stock option plan.

Dividends

The Target has not declared or paid any dividends on the common shares since its incorporation and will not declare or pay any dividends prior to the completion of the Transactions.

Consolidated Capitalization

The following table sets forth the consolidated capitalization of the Target as at the date of this Circular:

Type of Security	Authorized	Outstanding as at date of this Circular	Outstanding as at May 31, 2019	Outstanding as at August 31, 2018
Common Shares	Unlimited	10,000,000	10,000,000	10,000,000

Prior Sales

Since incorporation, the Target has issued the following securities:

Date	Number of Common Shares	Issue Price per Common Share	Aggregate Issuer Price	Consideration Received
March 21, 2018	1 ⁽¹⁾	\$1.00	\$1.00	Cash
May 15, 2018	10,000,000	\$0.05	\$500,000	Cash

(1) Incorporator's shares which was repurchased and cancelled.

Market for Securities

The Target is not listed or quoted on any stock exchange.

Principal Shareholders

To the knowledge of the directors and executive officers of the Target, the following persons beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding common shares of the Target, as of the date hereof:

Name of Shareholder	Number of common shares	Percentage of issued and outstanding shares
1143984 B.C. Ltd.	1,000,000	10.0%
Gregg Bromley	1,500,000	15.0%
Donna Bromley	1,000,000	10.0%
Lexore Capital Corp.	1,000,000	10.0%
Marc Geen	1,000,000	10.0%
Amy Wheatley	1,500,000	15.0%

Name of Shareholder	Number of common shares	Percentage of issued and outstanding shares
2028 Holdings Inc.	1,000,000	10.0%

Executive Compensation

The Target's executive compensation disclosure (presented in accordance with Form 51-102F6 – *Statement of Executive Compensation* (“**Form 51-102F6V**”) pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations*) sets forth all annual and long term compensation for services, in all capacities, to the Target and its predecessors since their incorporation.

The sole Named Executive Officers of the Target is Patrick Elliott, former President.

Director and Named Executive Officer Compensation

The Target has not paid any compensation to NEOs or directors since incorporation. The Target has not granted any bonuses to date and has not paid any other benefits to its NEOs or directors.

Following the completion of the nine months ended May 31, 2019, the Target appointed Alex Field as its sole director and President, following the resignation of Patrick Elliott. The Target had previously entered into a consulting agreement dated September 11, 2018 with Mr. Field. Pursuant to the consulting agreement, Mr. Field provides services to the Target in furtherance of the License Application and serves as the “responsible person in charge” thereunder. The Target pays to Mr. Field monthly compensation of 5,000 per month and has agreed to pay to Mr. Field a bonus of 100,000 Target Shares, or 100,000 Resulting Issuer Shares, as the case may be, upon receipt by the Target Subsidiary of the Cannabis License.

External Management Companies.

None of the NEOs or directors of the Target have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Target to provide executive management services to the Target, directly or indirectly.

Stock Options and Other Compensation Securities

No compensation securities were granted or issued to any NEO or director by the Target or its subsidiaries since incorporation, for services provided or to be provided, directly or indirectly to the Target or any of its subsidiaries.

No compensation securities were held by the NEOs and directors as at the Target's financial year ended August 31, 2018 or as at the nine months ended May 31, 2019.

No compensation securities were exercised by any directors or NEOs during the financial year ended August 31, 2018 or the nine months ended May 31, 2019.

No compensation securities held by NEOs or directors were re-priced, cancelled and replaced, had their term extended, or otherwise materially modified during the financial year ended August 31, 2018 or as at the nine months ended May 31, 2019.

There are no restrictions or conditions currently in place for converting, exercising or exchanging the compensation securities.

Stock option plans and other incentive plans

The Target maintains no incentive plans or stock option plans.

Employment, consulting and management agreements

Except as described below, the Target has not entered into any agreements or arrangements under which compensation is provided to any NEOs or directors or any persons providing services typically provided by a director or NEO.

The Target does not have any contracts, agreements, plans or arrangements that provides for payments to a director or NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Issuer or a change in an NEO's responsibilities.

As described above, the Target had, prior to the appointment of Alex Field as its sole director and President, entered into a consulting agreement dated September 11, 2018 with Mr. Field. Pursuant to the consulting agreement, Mr. Field provides services to the Target in furtherance of the License Application and serves as the "responsible person in charge" thereunder. The Target pays to Mr. Field monthly compensation of \$5,000 per month and has agreed to pay to Mr. Field a bonus of 100,000 Target Shares, or 100,000 Resulting Issuer Shares, as the case may be, upon receipt by the Target Subsidiary of the Cannabis License.

Pursuant to a services agreement entered into between the Target and QnR Associates dated June 20, 2018, the Target has engaged QnR Associates to provide professional consulting services in the area of quality management in relation to the License Application and has agreed to pay a retainer of \$36,000 for a 12 month engagement thereunder, of which \$12,000 was paid as a deposit..

Oversight and Description of Director and Named Executive Officer Compensation

The Target's board of directors has not appointed a compensation committee and the responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing the Target's base compensation structure and equity-based compensation program, recommending compensation of the Target's officers and employees, and evaluating the performance of officers generally and in light of any annual goals and objectives, if applicable, is performed by the board of directors of the Target as a whole.

Since incorporation, the board of directors of the Target has determined it is not appropriate to pay compensation to its NEOs and directors, provided however that the Target will continue to provide Alex Field with compensation pursuant to his consulting agreement, which was entered into prior to Mr. Field's appointment sole director and President.

NEOs and directors are reimbursed for expenses they incur in relation to the Target's business and operations. The Target does not provide pension or other benefits to the executive officers.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Target's financial resources and prospects.

Given the evolving nature of the Target's business and the progress regarding the License Application, the Target's board of directors anticipates it will need to review and significantly redesign the overall compensation plan for senior management upon the granting of the Cannabis License.

There were no actions, decisions or policies made since May 31, 2019 that would affect a reader's understanding of NEO compensation.

Pension Disclosure

The Target does not have any pension or retirement plan which is applicable to the NEOs or directors. The Issuer has not provided compensation, monetary or otherwise, to any person who now or previously has acted as an NEO of the Issuer, in connection with or related to the retirement, termination or resignation of such person, and the Issuer has provided no compensation to any such person as a result of a change of control of the Issuer.

Securities Authorized for Issuance under Equity Compensation Plans

The Target maintains no equity compensation plans and no securities are authorized for issuance under any equity compensation plan.

Management Contracts

There are no management functions of the Target, which are to any substantial degree performed by a person or company other than the directors or senior officers of the Target.

Non-Arm's Length Party Transactions

Other than the subscriptions for shares received from prior directors on the same terms as other subscribers, the Target has not entered into any non-arm's length party transactions since its formation.

Legal Proceedings

There have been no legal proceedings material to the Target or the Target Subsidiary to which the Target or Target Subsidiary is a party or of which any of its property is the subject matter and no such proceedings are known to the Target to be contemplated.

Auditor, Transfer Agent and Registrar

The Target's auditor is Manning Elliott LLP, Chartered Professional Accountants, Suite 1700-1030 West Georgia Street, Vancouver British Columbia, V6E 2Y3. The Target does not have a registrar or transfer agent.

Material Contracts

Except for contracts entered into in the ordinary course of business, the only contract entered into by the Target or the Target Subsidiary in the two years immediately prior to the date hereof that can reasonably be regarded as presently material to Target is the Target Acquisition Agreement, which is available on SEDAR at www.sedar.com.

SCHEDULE “C”

INFORMATION CONCERNING THE RESULTING ISSUER

The following information is presented on a post-Transactions basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer, after giving effect to the Transactions and the Financing. This section only includes information respecting the Resulting Issuer after the Transactions and Financing that is materially different from information provided earlier in this Circular under "Information Concerning the Issuer" and "Information Concerning the Change of Business Transactions". All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Circular to which this Schedule “D” is attached.

Corporate Structure

The Transaction will result in no changes to the corporate structure of the Issuer. The Issuer will have two wholly owned subsidiaries, being the Target and the Target Subsidiary, all of which are incorporated in British Columbia. The Resulting Issuer will hold all of the issued and outstanding Target Shares and the Target will in turn hold all of the issued and outstanding Target Subsidiary Shares. Upon completion of the Transaction, the Resulting Issuer’s name will be changed to “Pac Roots Cannabis Corp.”

The Resulting Issuer’s head office will be moved to 300-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9. The registered and records office of the Resulting Issuer will continue to be located at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4.

Narrative Description of the Business of the Resulting Issuer

Forward-Looking Information

Statements in the following sections concerning the exploration plans, objectives and milestones of the Resulting Issuer are "forward-looking information" and 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 is expressed or implied by such forward-looking statements. Please refer to "*Forward-Looking Statements*" in this Circular.

Business of the Resulting Issuer

The Resulting Issuer will, upon completion of the Transactions, carry out the business of the Target becoming a life sciences agricultural issuer seeking to be engaged in the cannabis industry. Please see Schedule “B” - "*Information Concerning the Target – Narrative Description of the Business*" above.

The Target currently holds the License Application but does not yet hold a Cannabis License under the Cannabis Act. As a result, the Target is in the development stage with no current material operating income cash flow or revenues. The License Application is in the final portions of the detailed review stage and the Target Subsidiary has executed the necessary measures to transition the License Application under the CTLS System. The Target Subsidiary will submit its security and video evidence package to Health Canada imminently and anticipates the issuance of the Cannabis License, anticipated to occur in Q4 2019.

Stated Business Objectives

The primary business objective of the Resulting Issuer over the next 12 months are:

Milestones	Target Date	Cost
Expansion of the Facility from 12,000 sq. ft to 22,000 sq. ft	Q3 2019	\$1,200,000
Submission of security and video evidence package to Health Canada and on-site pre-license inspection, if required.	Q3 2019	\$20,000
Completion of Phenome License		\$250,000 (cash component)
Issuance of the Cannabis License	Q4 2019	No additional costs anticipated
Leasing of additional outdoor facility and development of nursery operation	Q4 2020	\$500,000

The significant events that must occur for the business objectives set forth above to be accomplished are:

- (a) Completion of the Facility expansion;
- (b) Successfully complete the security clearance process to obtain the Cannabis License; and
- (c) Identify location for additional facility.

On a longer-term basis, the Resulting Issuer anticipates further growth through the acquisition of other businesses or through the acquisition of assets or the construction of new greenhouses. The Resulting Issuer anticipates actively seeking out and evaluating expansion opportunities on an ongoing basis. The Resulting Issuer expects to finance any growth strategies through equity, debt and cash flow from operations.

The future expansion of the Resulting Issuer will be based on the success of its short-term objectives, including the development of its registered client network.

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

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 consider carefully the risk factors set out below. In addition, investors should carefully review and consider all other information contained in this Circular (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.

The following are certain risk factors relating to the business of the Resulting Issuer assuming completion of the Transaction, which factors investors should carefully consider when making an investment decision concerning the Issuer or the Resulting Issuer. These risks and uncertainties are not the only ones facing the Resulting Issuer. Additional risks and uncertainties not currently known to the Issuer or the Target, or that the Issuer or the Target

currently deem immaterial, may also impair the operations of the Resulting Issuer. If any such risks actually occur, the financial condition, liquidity and results of operations of the Resulting Issuer could be materially adversely affected and the ability of the Resulting Issuer to implement its growth plans could be adversely affected.

Risks Related to the Target's Business and the Cannabis Industry

Cannabis is not an Approved Drug or Medicine

Cannabis is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of cannabis, but the courts have required reasonable access to a legal source of cannabis when authorized by a healthcare practitioner. As a result, should the courts approach toward cannabis change or should legislation be implemented to restrict its use, this would have a material adverse impact on the business, financial condition and operating results of the Resulting Issuer.

The Target is Not a Licensed Producer under the Cannabis Act

The Target Subsidiary applied to Health Canada to become a Licensed Producer under the Cannabis Act that would enable it to cultivate and sell cannabis to patients across Canada. Health Canada has received many applications and only a small fraction have been approved to date. Furthermore, the timing and success of the Target at the various steps in the licensing process is beyond its control and the sole discretion thereof lies with Health Canada. The Target's ability to grow, store and sell cannabis in Canada is dependent on receiving a Cannabis License from Health Canada and there can be no assurance that the Target will obtain such Licenses. Although the Issuer believes that the Target will meet the requirements of the Cannabis Act, there can be no guarantee that Health Canada will grant the Cannabis License. Should Health Canada not grant the Cannabis License, the business, financial condition and operating results of the Resulting Issuer would be materially adversely affected. To the extent the Cannabis License is not obtained, the Issuer and the Target may be curtailed or prohibited from its proposed production of cannabis or from proceeding with the development of its operations as currently proposed.

Even if the Target is successful in obtaining the Cannabis License, it will be subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of the Cannabis License or any failure to maintain the Cannabis License would have a material adverse impact on the business, financial condition and operating results of the Target.

Furthermore, the Cannabis License will have an expiry date. Upon expiration of the Licenses, the Resulting Issuer would be required to submit an application for renewal to Health Canada containing the information prescribed under the Cannabis Act and renewal cannot be assured.

Timeframes and Cost to Obtain a License to Cultivate and Sell Under the ACMPR

The ACMPR was repealed and the Cannabis Act and Cannabis Regulations were implemented in Canada effective October 17, 2018. As a result, the Target's Subsidiary's previous ACMPR License Application was terminated (although it retained the Target Subsidiary's place in the queue of prior applications submitted to Health Canada), and a new application was required to be re-submitted under the Cannabis Act. Health Canada has not published details on expected timeframes for moving through the application process other than a May 8, 2019 statement from Health Canada that all new applications must have a fully built site that meets all requirements of the Cannabis Regulations at the time of application in order to receive a Cannabis License. With respect to existing applications, Health Canada is conducting high level reviews and will provide status updates indicating if there are concerns with the application. Timeframes and costs required for the Target Subsidiary or any applicant to apply for a Cannabis License under the Cannabis Act, to build the infrastructure required and to complete the application process required in order to receive a Cannabis License to cultivate, produce and sell cannabis in Canada remain an unknown to the Resulting Issuer. The current backlog of applications from other applicants with Health Canada and the anticipated timeframe for processing and approval of any application for a Cannabis License to cultivate, produce and sell, cannabis cannot be reliably determined at this time. If the Resulting Issuer is unable to secure a Cannabis License this would have a material adverse impact on the business, financial condition and operating results of the Resulting Issuer.

Regulatory Risks

The Resulting Issuer will operate in a new industry which is highly regulated and is in a market that is very competitive and evolving rapidly. The proposed activities of the Resulting Issuer through the Target Subsidiary will be subject to regulation by the Government, particularly Health Canada's Office of Controlled Substances. The Resulting Issuer's business objectives require that it comply with current regulatory requirements and obtaining requisite regulatory approvals for the production and sale of cannabis products. The Resulting Issuer cannot predict the time required to obtain all necessary regulatory approvals. Any delays in obtaining, or failure to obtain regulatory approvals or a Cannabis License to cultivate, produce and sell cannabis, would significantly delay the development of the Resulting Issuer's business and products and could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Furthermore, the Target's business plans are currently structured and are being carried out in accordance with current applicable laws. There is no assurance that new laws 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 obtain a Cannabis License or, after such Cannabis License is obtained, to produce or sell cannabis. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of cannabis, or more stringent implementation thereof could have a substantial adverse impact on the Resulting Issuer.

Change in Laws, Regulations and Guidelines

The Resulting Issuer's operations are subject to various laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of cannabis but also including laws and regulations relating to drug, controlled substances, health and safety, the conduct of operations and the protection of the environment. While to the knowledge of management, other than routine corrections that may be required by Health Canada from time to time, The Resulting Issuer is currently in compliance with all such laws. Changes to such laws, regulations and guidelines due to matters beyond the control of The Resulting Issuer may cause adverse effects to its operations.

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.

Government approvals and permits at all levels of government in Canada 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 proceeding with the development of its operations as currently proposed.

Amendments to current laws, regulations and permits governing the Cannabis License application process, the cultivation, production and sale of cannabis, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer.

Recent changes to the laws regulating usage, cultivation, production and sale of recreational cannabis in Canada, resulting in the legalization of cannabis in Canada were implemented when the Cannabis Act came into effective October 17, 2018. The results of such legalization and the impact such may have on the Resulting Issuer are unknown. There can be no assurance that such implementation will not materially adversely affect the Resulting Issuer's business, financial conditions and results of operations.

Limited Operating History

The Target Subsidiary entered the cannabis industry in 2013 at the time of the submission of the License Application. The Target was only recently incorporated earlier last year. The Resulting Issuer is therefore subject to

many of the risks common to early-stage enterprises, including 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.

The Target's business and prospects must be considered in light of the risks, expenses and difficulties often encountered by early stage cannabis companies, particularly when no Cannabis License has been obtained yet. Risks to consider include the unpredictability of the Target Subsidiary's ability to obtain a Cannabis License to cultivate, produce or sell, the Resulting Issuer's ability to anticipate and adapt to the constantly evolving array of business opportunities that may be presented to it in the cannabis sector and its ability to identify, attract, train and retain qualified personnel to assist it with its growth and diversity.

History of Net Losses

The Target has incurred operating losses since incorporation. The Resulting Issuer may not be able to achieve or maintain profitability and may continue to incur significant losses into the future. In addition, the Resulting Issuer expects to continue to increase operating expenses as it implements initiatives to grow its business. If the Resulting Issuer's revenues do not increase to offset these expected increases in costs and operating expenses, the Resulting Issuer will not be profitable.

The Resulting Issuer cannot assure that it can avoid net losses in the future or that there will not be any earning or revenue declines in the future. The Resulting Issuer expects that its operating expenses will increase as it grows its business. If the Resulting Issuer does not receive revenues, or revenues received do not offset these expected increases in costs and operating expenses, then the Resulting Issuer will not be profitable.

To create and thereafter increase revenues, the Target Subsidiary must receive a Cannabis License to cultivate, produce and sell cannabis, it must then cultivate and produce marketable cannabis, and it must locate, retain, and regularly add new customers to sell its cannabis products to. There are no assurances that any of these events will occur and if any of them do not, the Resulting Issuer's operating results will be adversely affected.

Negative Operating Cash Flow

The Target has not generated operating revenue and historically has had negative cash flow from operating activities. It is anticipated that the Resulting Issuer will continue to have negative cash flows in the foreseeable future. Continued losses may have the following consequences:

- increasing the Resulting Issuer's vulnerability to general adverse economic and industry conditions;
- limiting the Resulting Issuer's ability to obtain additional financing to fund future working capital, capital expenditures, operating costs and other general corporate requirements; and
- limited the Resulting Issuer's flexibility in planning for, or reacting to, changes in its business and the industry.

Reliance on a Single Facility

The Resulting Issuer's activities and resources are focused in its facility in Kelowna, British Columbia and are expected to continue to be focused on this Facility for the foreseeable future. Adverse changes or developments affecting the existing Facility could have a material and adverse effect on the Resulting Issuer's ability, if and when it acquires the Cannabis License from Health Canada, to produce cannabis, its business, financial condition and prospects.

Factors Related to the Facility

As of the date of this Circular, the Facility has not yet been completed and as a result the issuance of a Cannabis License will be delayed until the Facility is completed and Health Canada has completed all inspections and reviews

of the Facility, on-site or otherwise. Any adverse changes or developments affecting the Facility and commencement of production could have a material and adverse effect on the Resulting Issuer's business, financial condition and prospects. There is a risk that these changes or developments could adversely affect the Facility by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

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

It is also possible that the costs of commencing production may be significantly greater than anticipated by the Resulting Issuer's management, and may be greater than funds available to the Resulting Issuer, in which circumstance the Resulting Issuer may curtail, or extend the timeframes for completing its business plans. This could have an adverse effect on the financial results of the Resulting Issuer.

Expansion of Facility

Expansion of the Facility is subject to Health Canada regulatory approvals. While management does not anticipate significant issues receiving any necessary approvals in the future, the delay or denial of such approvals may have a material adverse impact on the business and may result in the Resulting Issuer not meeting anticipated or future demand when it arises.

Reliance on Management

The success of the Resulting Issuer is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management, and in particular in relation to the License Application, Alex Field, the sole director and officer of the Target and the Target Subsidiary. The Resulting Issuer's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Resulting Issuer may incur significant costs to attract and retain them. In addition, the loss of any of senior management or key employees could materially adversely affect the Resulting Issuer's ability to execute its business plan and strategy, and it may not be able to find adequate replacements on a timely basis, or at all.

Restrictions on Sales Activities

The cannabis industry is in its early development stage and restrictions on sales and marketing activities imposed by Health Canada, various medical associations, other governmental or quasi-governmental bodies or voluntary industry associations may adversely affect the Resulting Issuer's ability to conduct sales and marketing activities and could have a material adverse effect on the Resulting Issuer's business, operating results or financial condition.

Competition

As of the date of this Circular, there are approximately 185 cultivators, processors and sellers that hold a license issued by Health Canada under the Cannabis Regulations (as posted on Health Canada's website: www.canada.ca/en/health-canada/services/drugs-medication/cannabis/industry-licenseesapplicants/licensed-cultivators-processors-sellers.html). If the Target Subsidiary is successful in securing a Cannabis License, the Resulting Issuer will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Resulting Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Resulting Issuer.

Because of the early stage of the industry in which the Resulting Issuer operates, the Resulting Issuer expects to face additional competition from new entrants. If the number of users of cannabis in Canada increases, the demand for products will increase and the Resulting Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Resulting Issuer will require a continued high level of investment in research and development, marketing, sales and customer support.

The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and customer support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

Client Acquisition and Retention

The Resulting Issuer's success will depend on its ability to attract and retain customers. There are many factors which could impact the Resulting Issuer's ability to attract and retain customers, including but not limited to the Resulting Issuer's ability to continually produce desirable and effective product, the successful implementation of the Resulting Issuer's patient-acquisition plan and the continued growth in the aggregate number of patients selecting cannabis as a treatment option and other companies producing and supplying similar products. The Resulting Issuer's failure to acquire and retain customers would have a material adverse effect on the business, financial condition and operating results of the Resulting Issuer.

Transportation Risks

Due to the perishable nature of the Resulting Issuer's proposed products, the Resulting Issuer will depend on fast and efficient third-party transportation services to distribute its product. Any prolonged disruption of third-party transportation services could have an adverse effect on the financial condition and results of operations of the Resulting Issuer. Rising costs associated with the third-party transportation services which will be used by the Resulting Issuer to ship its proposed products may also adversely impact the business of the Resulting Issuer and its ability to operate profitably.

Risks Inherent in an Agricultural Business

Upon receipt of the Cannabis License, the Resulting Issuer's business will involve the growing of cannabis, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Resulting Issuer proposes to grow its proposed products indoors under climate-controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on the volume, quality and consistency of its products.

Energy Costs

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

Commodity Price Risk

Cannabis is a developing market, likely subject to volatile and possibly declining prices year over year, as a result of increased competition. Because cannabis is a newly commercialized and regulated industry, historical price data is either not available or not predictive of future price levels. There may be downward pressure on the average price for cannabis and the Resulting Issuer has arranged its proposed business accordingly; however, there can be no assurance that price volatility will be favorable to the Resulting Issuer.

Pricing will depend on general factors including, but not limited to, the number of licenses granted by Health Canada and the supply such licensees are able to generate. An adverse change in the cannabis prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Resulting Issuer and its securities.

Security Breaches; Theft of Products; Data Loss; Credit Card Fraud; Identity Theft

The protection of customer, employee, suppliers and other business data will be important to the Resulting Issuer. Federal and provincial laws and regulations govern the collection, retention, sharing and security of data that the Resulting Issuer receives and will receive from and about its employees, customers and suppliers. The regulatory environment surrounding information security and privacy has been increasingly demanding in recent years, and may see the imposition of new and additional requirements in the jurisdictions in which the Resulting Issuer does and will do business. Compliance with these requirements may result in cost increases due to necessary systems changes and the development of new processes to meet these requirements. In addition, it is expected that customers will have a high expectation that the Resulting Issuer will adequately protect their personal information. If the Resulting Issuer or its service providers fail to comply with applicable privacy laws and regulations or experience a significant breach of customer, employee, supplier or other company data, its reputation could be damaged and result in an increase in service charges, suspension of service, lost sales, fines or lawsuits.

The Resulting Issuer may use credit payment systems to facilitate sales. The use of such systems may make it more susceptible to a risk of loss in connection with privacy issues, particularly with respect to an external security breach of customer information that third parties control. It is expected that a portion of the Resulting Issuer's sales will require the collection of certain customer data, such as credit card information. In order for the Resulting Issuer's sales channel to function, the Resulting Issuer and other parties involved in processing customer transactions must be able to transmit confidential information, including credit card information, securely over public networks. In the event of a security breach, theft, leakage, accidental release or other illegal activity with respect to employee, customer, supplier or other company data, the Resulting Issuer could become subject to various claims, including those arising out of thefts and fraudulent transactions, and may also result in the suspension of credit card services. This could cause customers to lose confidence in the Resulting Issuer's security measures, harm its reputation as well as divert management attention and expose it to potentially unreserved claims and litigation. Any loss in connection with these types of claims could be substantial. In addition, if the Resulting Issuer's electronic payment systems are damaged or cease to function properly, the Resulting Issuer may have to make significant investments to fix or replace them, and consequently it may suffer interruptions in its operations in the interim. In addition, the Resulting Issuer expects that it will be reliant on these systems, not only to protect the security of the information stored, but also to appropriately track and record data. Therefore, any failures or inadequacies in these systems could expose the Resulting Issuer to significant unreserved losses, which could materially and adversely affect its earnings and the market price of securities. The Resulting Issuer's brand reputation would likely be damaged as well.

Given the nature of the Resulting Issuer's expected business activities and the expected concentration of cannabis products in inventory in the Facility, despite meeting or exceeding Health Canada's security requirements, there will be a risk of shrinkage as well as theft. A security breach at the Facility could expose the Resulting Issuer to additional liability and to potentially costly litigation, and could result in increased costs in relation to resolving such shrinkage or theft and preventing same in future

Unfavorable Publicity or Consumer Perception

Management believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis 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 cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable 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 cannabis in general, or the Resulting Issuer's proposed products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Product Liability

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

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Resulting Issuer's proposed products are recalled due to an alleged product defect or for any other reason, the Resulting Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Resulting Issuer may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Resulting Issuer intends to have detailed procedures in place for testing proposed finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Resulting Issuer's proposed products were subject to recall, the image of that product and the Resulting Issuer could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for products produced by the Resulting Issuer and could have a material adverse effect on the results of operations and financial condition of the Resulting Issuer. Additionally, product recalls may lead to increased scrutiny of the operations of the Resulting

Issuer by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Operating Risk and Insurance Coverage

The Resulting Issuer has insurance to protect its assets, operations and employees. While the Resulting Issuer believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Resulting Issuer is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Resulting Issuer's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Resulting Issuer were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Resulting Issuer were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

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.

General Operational Risks

Additional Financing

There is no guarantee that the Resulting Issuer will be able to achieve its business objectives. The continued development of the Resulting Issuer may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Resulting Issuer going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Resulting Issuer. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. In addition, from time to time, the Resulting Issuer may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Resulting Issuer's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Resulting Issuer may require additional financing to fund its operations to the point where it is generating consistent positive cash flows. Continued negative cash flow may restrict the Resulting Issuer's ability to pursue its business objectives.

Key Person Insurance

The Target does not maintain key person insurance on any of its officers, and in result the Target would bear the full loss and expense of hiring and replacing any officer in the event the loss of any such persons by their resignation, retirement, incapacity, or death, as well as any loss of business opportunity or other costs suffered by the Target from such loss of any officer.

Holding Company Status

The Resulting Issuer will, upon completion of the Transactions be a holding company and essentially all of its operating assets are the capital stock of the Target. As a result, investors in the Resulting Issuer are subject to the risks attributable to its subsidiaries. As a holding company, the Resulting Issuer will conduct substantially all of its

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

Global Economic, Political and Social Conditions

The Target is subject to global economic, political and social conditions that may cause patients to delay or reduce medical treatments due to economic downturns, unemployment, volatility in the costs of energy and other consumer goods, geopolitical uncertainties and other macroeconomic factors affecting spending behavior. The Target faces risks that may arise from financial difficulties experienced by suppliers or consumers, including:

- (a) The risk that key suppliers of cannabis may face financial difficulties or may become insolvent, which could lead to disruption of the supply cannabis products; and
- (b) The inability of consumers, including suppliers to obtain credit financing to finance purchases of products and raw materials used to grow or build those products.

Should any of these risks occur, then they could have a material adverse effect on the Target and its prospects.

Conflicts of Interest

The Resulting Issuer may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In addition, the Resulting Issuer's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Resulting Issuer. In some cases, the Resulting Issuer's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Resulting Issuer's business and affairs and that could adversely affect the Resulting Issuer's operations. These business interests could require significant time and attention of the Resulting Issuer's executive officers and directors.

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

Substantial Number of Authorized but Unissued Shares

The Issuer has an unlimited number of Common Shares which may be issued by the Board without further action or approval of the Shareholders. While the Board is required to fulfil its fiduciary obligations in connection with the issuance of such Common Shares, Common Shares may be issued in transactions with which not all shareholders agree, and the issuance of such Common Shares will cause dilution to the ownership interests of shareholders.

Dividends

The Resulting Issuer does not anticipate paying any dividends on its Common Shares in the foreseeable future.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Target in creating revenues, cash flows or earnings. An active public market for the Common Shares might not develop or be sustained upon completion of the Change of Business Transactions. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited.

Dilution

Following completion of the Change of Business Transactions, the Resulting Issuer may issue additional equity securities to finance its activities, including acquisitions. If the Resulting Issuer were to issue common shares, existing holders of such shares may experience dilution in the Resulting Issuer. Moreover, when the Resulting Issuer's intention to issue additional equity securities becomes publicly known, the Resulting Issuer's share price may be materially adversely affected

Description of the Securities

Upon the Closing of the Transactions and Financing, the authorized share capital of the Resulting Issuer will be the same as the authorized share capital of the Issuer, though the Common Shares are being exchanged for New Common Shares, and the Resulting Issuer Shares will have the same attributes as the Common Shares. See Schedule A - "Information Concerning the Issuer – Description of Securities".

Pro Forma Consolidated Capitalization

The following table sets forth the capitalization of the Resulting Issuer after giving effect to the Change of Business Transactions and Financing:

Designation of Security⁽¹⁾⁽⁸⁾	Amount Authorized	Amount Outstanding after Giving Effect to the Change of Business Transactions	Amount Outstanding After Giving Effect to the Change of Business Transactions and Financing
Common Shares⁽²⁾⁽³⁾	Unlimited	58,166,295	68,166,295
Options	10% of issued and outstanding shares at time of grant ⁽⁴⁾	Nil	Nil
Share Purchase Warrants⁽⁵⁾	N/A	5,152,343	10,152,343

Notes:

- (1) Pursuant to the pro forma balance sheet included as Schedule "H" of this Circular, the Resulting Issuer will have a deficit of (\$4,690,677) as at May 31, 2019.
- (2) Assumes no exercise of Warrants or other outstanding securities of the Issuer.

- (3) Of these shares, 14,200,000 will be subject to the Escrow Agreement and all 40,000,000 Payment Shares, some of which will already be held subject to the Escrow Agreement, will be subject to the Pooling Arrangement. See "Escrowed Securities" below.
- (4) 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 Issuer – Stock Option Plan".
- (5) Comprised of Warrants, including Placement Warrants, bearing exercise prices ranging from \$0.50 to \$1.50 per Common Share and expiry dates ranging from July 17, 2019 to one year from the date of issuance in the Financing.

Fully diluted Share Capital

- **Options:** The Issuer currently has no stock options outstanding.
- **Warrants:** The Issuer currently has 5,152,343 Warrants having an exercise prices ranging from \$0.50 to \$1.50 per Common Share and expiry dates ranging from July 17, 2019 to July 17, 2020

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

Description of Security⁽⁴⁾	Number of Securities	Percentage of Total
Shares issued and outstanding	12,282,962	14.28%
Payment Shares to be issued pursuant to the Target Acquisition ⁽¹⁾	40,000,000	46.50%
Finders Shares to be issued to the Finder ⁽¹⁾	200,000	0.23%
Shares to be issued to the Target Subsidiary Vendor pursuant to the Target Subsidiary Share Purchase Agreement	3,383,333	3.93%
Shares issuable to Phenome pursuant to the Phenome Agreement ⁽¹⁾	10,000,000	11.63%
Shares to be issued pursuant to the Financing ⁽²⁾	10,000,000	11.63%
Shares reserved for issuance upon the exercise of the Warrants	5,152,343	5.99%
Shares reserved for issuance upon the exercise of the Placement Warrants to be issued on or before the Listing Date ⁽²⁾	5,000,000	5.81%
Total	86,018,638	100%

Notes:

See "Information Concerning the Change of Business Transactions" for more information.

- (1) See Schedule A - "Information Concerning the Issuer – the Financing" for more information.

Selected Pro Forma Financial Information

A pro forma consolidated statement of financial position for the Resulting Issuer giving effect to the Change of Business Transactions and Financing as at May 31, 2019 is attached to this Circular as Schedule "H".

The following table sets forth certain pro forma financial information for the Resulting Issuer, on a consolidated basis, after giving effect to the Change of Business Transactions, Financing and certain other adjustments and subject to the assumptions described in the notes to the unaudited consolidated pro forma financial statements of the Resulting Issuer. The unaudited pro forma consolidated balance sheets have been prepared based on the assumption that, among other things, the Change of Business Transactions and Financing occurred on May 31, 2019.

	Resulting Issuer Pro Forma May 31, 2019 (unaudited) (\$)
Current Assets	2,330,980
Total Assets	6,292,001
Current Liabilities	(1,143,224)
Total Liabilities	(1,143,224)
Shareholders' Equity	5,148,777

Available Funds and Principal Purposes

Available Funds

Upon completion of the Change of Business Transactions, the Resulting Issuer anticipates it will have an estimated \$2,386,200 in funds available, comprised of:

Description	Amount
(a) approximate working capital of the Issuer as at May 31, 2019	\$146,900
(b) approximate working capital of the Target as at May 31, 2019	\$199,300
(c) anticipated proceeds of the Financing	\$3,000,000
(d) less remainder of the Working Capital Amount due to Newco pursuant to the Arrangement Agreement	(\$550,000)
(e) less estimated remaining transaction costs of the Issuer and the Target associated with the Target Acquisition (including legal fees, audit fees, fees of the CSE and other expenses)	(\$200,000)
(f) less potential finder's fees payable in cash in respect of the Financing of 7% of the proceeds placed	(\$210,000)
TOTAL	\$2,386,200

Principal Purpose of Funds

It is the Resulting Issuer's intention to use these funds for a period of twelve months after the Completion of the Transactions as follows:

Principal Purpose	Budgeted Expenditure
Estimated general and administrative costs over the 12 months following the Listing Date ⁽¹⁾	\$400,000
Capital expenditures on the Facility ⁽²⁾	\$1,200,000
Completion of security and video evidence package for Health Canada	\$20,000
Payments due to Phenome pursuant to the Phenome Agreement over the 12 months following the Listing Date	\$250,000
Unallocated working capital ⁽³⁾	\$516,200
Total	\$2,386,200

Notes:

- (1) General and administrative costs for the next 12 months are expected to be comprised of: legal fees of \$25,000, audit and accounting fees of \$30,000, stock exchange fees, filing fees and transfer agent costs of \$12,500, office rents and supplies of \$36,000, marketing and shareholder communication costs of \$50,000, executive management fees and consulting costs of \$234,835 (See Schedule "C" *"Information Concerning the Resulting Issuer -Executive Compensation"*), and miscellaneous administrative costs of \$11,675.
- (2) Capital expenditures on the Facility for the next 12 months are expected to be comprised of \$350,000 for building supplies, \$250,000 for labour costs, \$75,000 for engineering and plan design, \$200,000 for Q/A and security costs, \$150,000 for electrical costs and \$175,000 for mechanical costs.
- (3) Unallocated funds will be added to the working capital of Newco and invested in short-term interesting bearing obligations.

The Resulting Issuer intends to spend the funds available to it upon completion of the Transactions 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 Issuer and the Target have had negative operating cash flow and incurred losses. The Issuer's negative operating cash flow and losses are expected to continue for the foreseeable future. The Issuer cannot predict when it will reach positive operating cash flow, if ever. Due to the expected continuation of negative operating cash flow, the Issuer anticipates its initial funds will be used to fund future negative operating cash flow.

Dividends

There will be no restrictions in the Resulting Issuer's articles or elsewhere which would prevent the Resulting Issuer from paying dividends following the completion of the Transactions. All of the Resulting Issuer's Shares are entitled to an equal share in any dividends declared and paid. However, it is not contemplated that any dividends will be paid on the Resulting Issuer's shares in the immediate or foreseeable future. It is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. The directors of the Resulting Issuer will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time.

Principal Security Holders

To the knowledge of the directors and senior officers of the Issuer, upon completion of the Transactions and Financing, no persons are anticipated to beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the voting securities (being Resulting Issuer Shares) of the Resulting Issuer:

Directors and Officers

The Issuer's current directors are Paul K, Smith (President, Chief Executive Officer and Interim Chief Financial Officer), William Fleming, Marc Geen and Matthew McGill. Following completion of the Change of Business Transactions, Paul K. Smith will resign as a director and as President, Chief Executive Officer and Interim Chief Financial Officer of the Resulting Issuer, and Patrick Elliott will be appointed as a director and as President and Chief Executive Officer. The Issuer is continuing to seek to identify a candidate to hold the positions of Chief Financial Officer and Corporate Secretary of the Resulting Issuer, prior to the Closing Date and will announce such candidate and their qualifications via press release.

The term of office of each of the present directors expires at the Issuer'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 province and 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 Resulting Issuer Shares beneficially owned by each, directly or indirectly, or over which control or direction is exercised, following completion of the Transactions and the Financing.

Name, Municipality of Residence, Proposed Offices	Principal Occupation During Last Five Years	Prior Director of the Issuer and Term of Such Position	Number of Common Shares upon completion of the Transactions and Financing ⁽¹⁾⁽²⁾	Percentage of Class Held or Controlled on completion of the Transactions and Financing ⁽³⁾
Patrick Elliott, Tsawwassen, President, Chief Executive Officer and Director	President and CEO of Phenome from 2018 to Present, President and CEO of Lexore Capital Corp., a private resource and cannabis investment company from 2013 to Present; VP Finance and Director of Ecovatec Solutions Inc, a private egg yolk processing company from 2015 to 2018	Proposed	4,000,000 ⁽⁵⁾	5.87%
Marc Geen, Rock Creek, B.C., President, CEO and Director ⁽⁴⁾	CEO and Director of Speakeasy Cannabis Club Ltd., from Operations manager of M&J Orchards Ltd. (a cherry orchard company) from March 2018 to Present; June 2007 to June 30, 2015, Founder and principal of the Target from February 2017 to Present; Self-employed for operations of Myers Creek Orchard from June 2015 to Present	Director of the Issuer since January 2019	4,000,000	5.87%
William Fleming, Halifax, Nova Scotia, Director ⁽⁴⁾	President of Mernova Medicinal Inc., a private cannabis cultivation company from 2014 to Present	Director of the Issuer since May 2015	268,100	0.39%
Matthew McGill, Langley, B.C., Director ⁽⁴⁾	Licensed realtor with McGill Realty from 2011 to Present	Director of the Issuer since January 2019	4,200,000 ⁽⁶⁾	6.16%

Notes:

- (1) Based on the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the date of this Circular, assuming the completion of the Transactions and Financing and related transactions.
- (2) Assumes none of the proposed directors and officers of the Resulting Issuer elect to participate as a subscriber in the Financing and that none of the currently outstanding Warrants are exercised.
- (3) Assumes that the Financing is fully subscribed.
- (4) Member of the audit committee
- (5) All of which Common Shares will be held indirectly through Lexore Capital Corp., a private company of which Mr. Elliott is the beneficial owner.
- (6) Of which 4,000,000 Common Shares will be held indirectly through 1143984 B.C. Ltd., a private company of which Mr. McGill is the beneficial owner and 200,000 Common Shares will be held directly.

At the Completion of the Transaction, the directors and officers of the Resulting Issuer as a group will directly own 12,468,100 Resulting Issuer Shares, representing 18.29% of the issued and outstanding Resulting Issuer Shares (on an undiluted basis).

The Resulting Issuer's audit committee will be made up of Matthew McGill, Marc Geen and William Fleming, who will act as chair. All of the members of the audit committee will be considered to be independent and are financially literate.

There will be no other committees of the Board at this time.

The directors and officers will devote their time and expertise as required by the Resulting Issuer, however, it is not anticipated that any director or officer will devote 100% of their time to the activities of the Resulting Issuer. See also "*Management*" below.

Management

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

None of the Resulting Issuer's proposed management personnel have entered into non-disclosure or non-competition agreements with the Issuer, but the Resulting Issuer will consider whether to enter into such agreements following the Closing Date.

Patrick Elliott, President, Chief Executive Officer and Director, (Age: 38)

Mr. Elliott is an economic geologist with a BSc. in Geology from the University of Western Ontario, a MSc. in Mineral Economics and an MBA from Curtin University of Technology in Perth, Australia. He is currently the President/CEO of Phenome One Corp, a leading cannabis genetics company & Lexore Capital Corp., a resource and cannabis investment company, both private entities. Mr. Elliott specializes in economic resource project evaluation, financial modelling, CAPEX estimation, and mining finance.

Mr. Elliott will be the beneficial owner of 4,000,000 Resulting Issuer Shares.

Marc Geen, Director (Age: 47)

Mr. Geen is currently the Chief Executive Officer and a director of Speakeasy Cannabis Club Ltd., also a cannabis license applicant in Rock Creek, B.C, focused on the expansion and creation of an indoor, outdoor greenhouse program on a 290-acre agricultural parcel. Mr. Geen has been active in the medical marijuana industry for more than 10 years, consulting, complying with and participating in the MMAR, MMPR and ACMPR programs. Marc spent 14 years as head of operations of one of North America's largest ginseng producers, Kettle Mountain Ginseng Ltd. The experience gleaned from a long career in large scale commercial farming and being a proud 4th generation BC farmer, Mr. Geen has been able to apply many cost effective, good farming practices to outdoor, indoor and greenhouse cultivation of cannabis. Thereafter he became operations manager at M&J Orchards in Kelowna, assuming full control of all aspects of this agricultural business. In 2010 he launched Myers Creek Orchards in Rock

Creek BC. Mr. Geen has also co-created a full line of cannabis extract products designed under ACMPR regulations. Mr. Geen is a graduate from Okanagan University College, Kelowna, BC.

Mr. Geen will be the beneficial owner of 4,000,000 Resulting Issuer Shares.

William Fleming, Director, (Age: 52)

Mr. Fleming has founded and served as CEO for a number of entrepreneurial companies and has served with senior executive teams dealing with equity and debt financings. Mr. Fleming has developed corporate strategies for a wide range of companies, from family-owned businesses to multi-national companies. Bill currently serves as President of Mernova Medicinal Inc., which recently sold to Switzerland based Creso Pharma Limited. Mr. Fleming was the CEO and Director of Abattis Bioceuticals Corp. He most recently served as the CFO and Director of NWest Energy Corp. (now Ceylon Graphite Corp.). Mr. Fleming has experience in raising equity for small cap companies and has experience in mineral exploration, renewable energy and the cannabis industry.

Mr. Fleming will be the beneficial owner of 268,100 Resulting Issuer Shares.

Matthew McGill, Director, (Age: 38)

Mr. McGill has a strong background in both commercial and residential real estate and has played a major role in many development projects. Mr. McGill and McGill Realty have established a tremendous commercial and residential outfit servicing the Fraser Valley and the lower mainland. Mr. McGill is skilled at crafting strategic financing options for corporations and he has a substantial network of retail and institutional clients. Mr. McGill is also an integral part of restaurant/hospitality ventures with several chains of restaurants in the lower mainland. He also serves as a Director on a number of non-profit associations. Mr. McGill is an entrepreneur and financial strategist who brings a wealth of knowledge and experience to the Resulting Issuer.

Mr. McGill will be the beneficial owner of 4,200,000 Resulting Issuer Shares.

Alex Field, President and Director of the Target and the Target Subsidiary, (Age: 26)

Mr. Field is a seasoned horticulturist who has worked in the medical cannabis industry for over five years. He is the Head of Operations at Go Green BC Medicinal Marijuana Ltd, and has been able to efficiently manage production in a large-scale commercial facility. Mr. Field is responsible for all aspects of plant cultivation from seedling to finished product. With his extensive knowledge in plant and horticultural science, he has been able to cultivate and process at a very high standard. Mr. Field attended the University of British Columbia's Okanagan campus and pursued a study in Biochemistry, with a medical concentration. He graduated with his B.Sc. in Biochemistry in 2014.

Mr. Field will be the beneficial owner of nil Resulting Issuer Shares.

Promoter Consideration

No person will be or has been within the two years preceding the date of this Circular a promoter of the Resulting Issuer, other than its directors and officers.

Corporate Cease Trade Orders or Bankruptcies

Except as described below, as at the date of this Circular and within the ten years before the date of this Circular, no director, officer or proposed director or officer, promoter or any shareholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is or has been a director, officer or promoter of any company (including the Resulting Issuer) 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 relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Marc Geen is the CEO and a director of Speakeasy Cannabis Club Ltd. (“Speakeasy”), a CSE listed issuer, and held those positions when Speakeasy was subject to:

- (a) an order of the British Columbia Securities Commission dated December 3, 2018 that all trading by Mr. Geen cease in connection with a failure to file annual audited financial statements and MD&A for the year ended July 31, 2018 and certifications of the foregoing, which order was revoked on February 5, 2019; and
- (b) an order of the British Columbia Securities Commission dated November 26, 2018 that the exemption under section 2.24 of National Instrument 45-106 did not apply to Speakeasy for a distribution to a consultant, which order was revoked as against Speakeasy on January 15, 2019.

Mr. Fleming is and was a director of the Issuer when it was subject to the following orders ceasing all trading in the Issuer’s securities:

- (a) an order of the British Columbia Securities Commission dated April 13, 2015 in connection with a failure to file a comparative financial statement for its financial year ended November 30, 2014 and MD&A for the period ended November 30, 2014, which order was revoked on June 17, 2015;
- (b) an order of the Executive Director of the British Columbia Securities Commission dated November 4, 2015 in connection with a failure to file an interim financial report for the financial period ended August 31, 2015 and MD&A for the period ended August 31, 2015, which order was revoked on December 4, 2015; and
- (c) an order of the British Columbia Securities Commission dated April 7, 2016 and an order of the Ontario Securities Commission dated April 11, 2016 in connection with a failure to file audited annual financial statements and MD&A for the financial year ended November 30, 2015 and certification of the foregoing filings, which orders were revoked on June 28, 2017.

In connection with the above, the Common Shares were suspended from trading by the CSE on April 12, 2016 and reinstated on August 10, 2017. Trading in the Common Shares has been halted since June 8, 2018 in connection with the Change of Business Transactions which constitute a ‘fundamental change’ pursuant to the policies of the CSE.

Penalties or Sanctions

Except as described below, no current or 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 Transaction.

On January 13, 2011, Mr. William Fleming entered into a settlement agreement with the Nova Scotia Securities Commission in connection with a failure to register as an insider and to file insider reports in respect of shares of The Helical Corporation Inc. that he purchased while he was an insider between December 12, 2005 until January 2, 2007. Pursuant to the settlement, Mr. Fleming was ordered to pay an administrative penalty of \$2,500 to the Nova Scotia Securities Commission and \$500 in costs connected with the investigation and conduct of the proceedings.

Personal Bankruptcies

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 Circular, 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 Issuer:

Name of Director, Officer or Promoter	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	Period
Marc Geen	Speakeasy Cannabis Club Ltd.	CSE	CEO and Director	March 2018 to Present
			President	March 2018 to July 2018
William Fleming	St. Georges Eco Mining Corp.	CSE	Director	May 2015 to February 2016
	Abattis Bioceuticals Corp.	CSE	Director	June 2014 to April 2016
			CEO	February 2015 to April 2016
	Ceylon Graphite Corp.	TSXV	CFO	October 2014 to January 2017
Director			October 2013 to January 2017	

Executive Compensation and Management Contracts

Upon completion of the Change of Business Transactions and Financing, it is anticipated that the Resulting Issuer will establish a compensation committee which will recommend how directors will be compensated for their services as directors. The compensation committee is expected to recommend the granting of stock options in such amounts and upon such terms as may be recommended by the compensation committee and approved by the Resulting Issuer's directors from time to time.

The compensation committee will also consider and make recommendations with respect to the compensation of the executive officers of the Resulting Issuer. It is anticipated that all executive officers of the Resulting Issuer will receive cash compensation and stock option grants in line with market practice for public issuers in the same industry and market and of the same size as the Resulting Issuer.

Director and Named Executive Officer Compensation

In the interim and until such time as a compensation committee is determined, set out below is a summary of the anticipated compensation for each of the Resulting Issuer's Named Executive Officers and Directors for the 12-month period after giving effect to the Change of Business Transactions, to the extent known:

*Summary Compensation Table
For the 12 months following the completion of the Change of Business Transactions*

Table of compensation excluding compensation securities							
Name and position	Period	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Patrick Elliott, President, CEO and Director	12 months following Change of Business Transactions	\$90,000	\$50,000	Nil	Nil	Nil	\$140,000
Marc Geen, Director	12 months following Change of Business Transactions	Nil	Nil	\$2,400	Nil	Nil	\$2,400
Matthew McGill, Director	12 months following Change of Business Transactions	\$87,365	Nil	\$2,400	Nil	Nil	\$90,035
William Fleming, Director	12 months following Change of Business Transactions	Nil	Nil	\$2,400	Nil	Nil	\$2,400
Alex Field, Director of Target Subsidiary	12 months following Change of Business Transactions	\$60,000	Nil	Nil	Nil	Nil	\$60,000

External Management Companies.

It is not currently anticipated that any NEOs or directors of the Resulting Issuer will be retained or employed by an external management company.

Stock Options and Other Compensation Securities

As of the date of this Circular, no compensations securities are currently outstanding. The Resulting Issuer has not yet determined to grant or issue any compensation securities to NEOs or directors upon the completion of the Change of Business Transactions, provided however that the Target has entered into the consulting agreement with Alex Field dated September 11, 2018, which contemplates the issuance of 100,000 Resulting Issuer Shares to Mr. Field upon the granting of the Cannabis License.

There are no restrictions or conditions currently in place for converting, exercising or exchanging compensation securities issued by the Resulting Issuer, if any.

Stock option plans and other incentive plans

The Resulting Issuer will continue to utilize the Stock Option Plan, the material terms of which are described above at “*Options to Purchase Securities*” below.

Employment, consulting and management agreements

The Resulting Issuer does not initially expect to enter into any agreements or arrangements under which compensation is provided to any NEOs or directors or any persons providing services typically provided by a director or NEO, with the exception however that the Issuer anticipates entering into arrangements with Mr. Elliott and Mr. McGill for the payment of consulting compensation or salary in their roles as directors, and, as applicable officers, as outlined in the table at “*Director and Named Executive Officer Compensation*” above and the Target has entered into the consulting agreement with Mr. Field dated September 11, 2018 as described at “*Information Concerning the Target – Executive Compensation*”, which agreement will continue to remain in place following the completion of the Change of Business Transactions.

Oversight and Description of Director and Named Executive Officer Compensation

Upon completion of the Change of Business Transactions, it is anticipated that the Resulting Issuer will establish a compensation committee which will recommend how directors will be compensated for their services as directors. The compensation committee is expected to recommend the granting of stock options in such amounts and upon such terms as may be recommended by the compensation committee and approved by the Board from time to time.

The compensation committee will also consider and make recommendations with respect to the compensation of the executive officers of the Resulting Issuer. It is anticipated that all executive officers of the Resulting Issuer will receive cash compensation and stock option grants in line with market practice for public issuers in the same industry and market and of the same size as the Resulting Issuer.

Pension Disclosure

The Resulting Issuer does not expect to have any pension or retirement plan which is applicable to the NEOs or directors.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth information with respect to the Resulting Issuer outstanding under the Stock Option Plan as at the Closing Date.

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding Securities Reflected in Column (a))
Equity compensation plans approved by securityholders	Nil	N/A	6,816,630
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	Nil		6,816,630

Management Contracts

The Resulting Issuer does not anticipate any management functions of the Resulting Issuer will be performed by a person or company other than the directors or senior officers of the Resulting Issuer.

Indebtedness of Directors and Officers

No director, officer, promoter, or proposed member of management or appointment as a director of the Resulting Issuer, nor any of their Associates or Affiliates, is or has been indebted to the Issuer since the commencement of the Issuer's last completed financial year, nor is any such person expected to be indebted to the Resulting Issuer on the completion of the Transaction.

Investor Relations Arrangements

At this time, the Resulting Issuer does not expect to enter into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Resulting Issuer or its securities or to engage in activities for the purpose of stabilizing the market.

Options to Purchase Securities

As of the date of this Circular, the Issuer has no stock options outstanding.

The Board may, in accordance with its Stock Option Plan, from time to time, in its discretion, and in accordance with the rules and regulations of the CSE, grant to directors, officers, employees or consultants of the Issuer non-transferable- Options to purchase Common Shares for a period of up to ten years from the date of the grant.

The purpose of the Stock Option Plan is to assist the Issuer in attracting, retaining and motivating directors, officers, employees and consultants of the Issuer and of its affiliates and to motivate them to advance the interests of the Issuer by affording them with the opportunity to acquire an equity interest in the Issuer through Options granted under the Stock Option Plan to purchase Common Shares.

The Stock Option Plan is administered by the Board, which will have full and final authority with respect to the granting of all Options thereunder.

The Stock Option Plan provides that the number of Common Shares which may be made the subject of options cannot exceed 10% of the issued and outstanding Common Shares on a non-diluted basis at any time. The stock options granted under the Stock Option Plan together with all of the Issuer's other previously established plans or grants, shall

not result at any time in: (a) the number of Common Shares reserved for issuance pursuant to stock options granted to Insiders exceeding 10% of the issued and outstanding Common Shares; (b) the grant to any one Optionee within a 12-month period, of a number of stock options exceeding 5% of the issued and outstanding Common Shares unless the Issuer obtains the requisite disinterested shareholder approval; (c) the grant to all persons engaged by the Issuer to provide investor relations activities, within any twelve-month period, of stock options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Issuer's issued and outstanding Common Shares; or (d) the grant to any one consultant, in any twelve-month period, of stock options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Issuer's issued and outstanding Common Shares.

The Board determines the price per Common Share and the number of Common Shares that may be allotted to each eligible person and all other terms and conditions of the options, subject to the rules of the CSE, provided however that price per share set by the Board must be at least equal to the Market Price. In addition to any resale restrictions under securities laws, any stock option granted under the Stock Option Plan and any Common Shares issued upon the due exercise of any such stock option so granted will be subject to a four-month hold period commencing from the date of grant of the stock option, in accordance with the policies of the CSE. "Market Price" means the greater of the closing price of the Common Shares on the CSE on (i) the last trading day prior to the date of grant or (ii) the date of grant. In the event that such Common Shares did not trade on such trading day, the Market Price shall be the average of the bid and asked prices in respect of such Common Shares at the close of trading on such date.

The term of an option shall be not more than 10 years from the date the option is granted. If an option holder ceases to be a director, officer, employee or consultant of the Issuer or its subsidiaries for any reason other than 10 death, the holder may, but only within ninety (90) days after the holder's ceasing to be a director, officer, employee or consultant (or 30 days in the case of a holder engaged in investor relations activities) or prior to the expiry of the exercise period, whichever is earlier, exercise any stock option held by the option holder, but only to the extent that the holder was entitled to exercise the stock option at the date of such cessation. In the event of the death of an option holder, the stock option previously granted to him shall be exercisable within one (1) year following the date of the death of the holder or prior to the expiry of the stock option period, whichever is earlier, and then only: (a) by the person or persons to whom the option holder's rights under the stock option shall pass by the holder's will or the laws of descent and distribution, or by the option holder's legal personal representative; and (b) to the extent that the option holder was entitled to exercise the stock option at the date of the holder's death.

In the event of (a) any disposition of all or substantially all of the assets of the Issuer, or the dissolution, merger, amalgamation or consolidation of the Issuer with or into any other corporation or of such corporation into the Issuer, or (b) any change in control of the Issuer, the Stock Option Plan gives the Issuer the power to make such arrangements as it shall deem appropriate for the exercise of outstanding Options or continuance of outstanding Options, including to amend any stock option agreement to permit the exercise of any or all of the remaining Options prior to the completion of any such transaction.

Subject to any required approvals under applicable securities legislation or stock exchange rules, the Issuer may amend or modify the Plan or the terms of any option as the board of directors deems necessary or advisable provided that no such amendment shall adversely affect any accrued and vested rights of an optionee or alter or impair any option previously granted to that optionee, without the consent of the optionee (provided such a change would materially prejudice the optionee's rights under the Stock Option Plan).

Escrowed Securities

As of the date of this Circular, the Issuer has no securities currently held in escrow. No securities are otherwise subject to any contractual restrictions on transfer.

In connection with the proposed requalification for listing of the Common Shares on the CSE following the completion of the Acquisition, all securities held by "Related Persons" are required to be subject to an escrow agreement pursuant to NP 46-201 (the "Escrow Agreement").

For the purposes of this section, "**Related Persons**" means, with respect to the Issuer:

- (a) the partners, directors and senior officers of the Issuer or any of its material operating subsidiaries;
- (b) promoters of the Issuer during the two years preceding this Listing Statement;
- (c) those who own or control more than 10% of the Issuer's voting securities; and
- (d) Associates and Affiliates of any of the above.

Under NP 46-201, securities held by Related Persons are required to be held in escrow in accordance with the national escrow regime applicable to initial public distributions.

A total of 14,200,000 Common Shares representing 20.83% of the issued and outstanding Common Shares on the Closing Date will be deposited into escrow pursuant to the Escrow Agreement (the "**Escrowed Securities**").

The Issuer is currently classified as an "emerging issuer" under NP 46-201. An "emerging issuer" is one that does not meet the "established issuer" criteria (which includes issuers listed on the Toronto Stock Exchange in its non-exempt category and issuers that meeting Tier 1 listing requirements of the Exchange). Based on the Issuer being "emerging issuer", the Escrowed Securities will be subject to a three-year escrow.

If the Issuer achieves "established issuer" status during the term of the Escrow Agreement, it will 'graduate' resulting in a catch-up release and an accelerated release of any securities remaining in escrow under the 18-month schedule applicable to established issuers as if the Issuer had originally been classified as an established issuer.

Pursuant to the Escrow Agreement to be entered into by the Issuer, the Transfer Agent (as escrow agent) and the Related Persons of the Issuer, the Related Persons will agree to deposit into escrow the Escrowed Securities with the Transfer Agent. Under the Escrow Agreement, 10% of the Escrowed Securities will be released from escrow on the listing of the Common Shares (the "**Initial Release**") and an additional 15% will be released on the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

Pursuant to the terms of the Escrow Agreement, the Escrowed Securities may not be transferred or otherwise deal with during the term of the Escrow agreement unless the transfers or dealings within escrow are:

- (1) transfers to continuing or, upon their appointment, incoming directors and senior officers of the Issuer or of a material operating subsidiary, with approval of the Issuer's Board;
- (2) transfers to a person or company that before the proposed transfer holds more than 10% of the Issuer's outstanding Common Shares;
- (3) transfers to an RRSP or similar trustee plan provided that the only beneficiaries are the transferor or the transferor's spouse, children or parents;
- (4) transfers upon bankruptcy to the trustee in bankruptcy or another person or company entitled to escrow securities on bankruptcy; and
- (5) pledges to a financial institution as collateral for a *bona fide* loan, provided that upon a realization the securities remain subject to escrow.

Tenders of Escrowed Securities to a take-over bid or business combination are permitted provided that, if the tenderer is a Related Person of the successor corporation upon completion of the take-over bid or business combination, securities received in exchange for tendered Escrow Securities are substitute in escrow on the basis of the successor corporation's escrow classification.

Contractual Escrow

All of the Target Shareholders have agreed to participate in the Pooling Arrangement such that all of the Payment Shares shall be pooled and released based on the passage of time such that 5% of the Payment Shares will be released on the Listing Date and every three months thereafter in the initial two years following the Listing Date and 10% every three months thereafter. An aggregate of 14,000,000 Payment Shares will also be subject to the Escrow Agreement as described above.

Hold Periods

Certain securities of the Resulting Issuer will also be subject to a statutory four month hold period commencing on the Closing Date (being the distribution date of such securities). These securities include 10,000,000 Resulting Issuer Shares and 5,000,000 Placement Warrants issued under the Financing, 200,000 Finder's Shares issuable pursuant to the Finder's Fee Agreement and 2,500,000 Resulting Issuer Shares issued to Phenome on the Listing Date pursuant to the Phenome Agreement.

Auditor, Transfer Agent and Registrar

At the Closing, the auditor of the Resulting Issuer will continue to be Manning Elliott LLP, Chartered Professional Accountants, Suite 1700-1030 West Georgia Street, Vancouver British Columbia, V6E 2Y3. The registrar and transfer agent of the Resulting Issuer Shares will continue to be Computershare Investor Services Inc., 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

SCHEDULE “D”

INFORMATION CONCERNING NEWCO

NOTICE TO READER: Upon completion of the Arrangement, Newco will become an independent and reporting corporation. The information contained in this section has been prepared by the management of the Issuer and contains information with respect to the business and affairs of Newco. All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Circular to which this Schedule “E” is attached.

Corporate Structure

Newco was incorporated on June 8, 2018 pursuant to the BCBCA as 1167343 B.C. Ltd. Newco is a wholly owned subsidiary of the Issuer.

Pursuant to the Plan of Arrangement, on the re-organization of share capital to be completed by the Issuer pursuant to the Plan of Arrangement:

- (2) each Shareholder will be deemed to exchange its Common Shares for one (1) New Common Share and one (1) Newco Share; and
- (3) the Issuer will transfer to Newco, its interest in the Property, its obligations under the Royalty and \$300,000 in cash.

Currently, Newco has no subsidiaries. Upon completion of the Arrangement, Newco will continue to have no subsidiaries.

Newco will have a head office located at 1853 Sunken Lake Road, RR#2, Wolfville, Nova Scotia, B4P 2R2 and a registered office at Suite 2080-777 Hornby Street, Vancouver, BC, V6Z 1S4. Following the Arrangement, Newco will become a reporting issuer in the Provinces of British Columbia, Alberta and Ontario. The Newco Shares will not be listed on any stock exchange following completion of the Arrangement. Holders of Newco Shares are advised to consult their legal advisors with respect to trading in Newco Shares. Following completion of the Arrangement, Newco intends to pursue a listing application on either the TSXV or the CSE. There can be no assurances that Newco will be successful in obtaining such status or be listed on any stock exchange.

Narrative Description of the Business

Stated Business Objectives

Following the completion of the Arrangement, Newco will engage in the business of mineral exploration and development in Nova Scotia and Newfoundland and Labrador and specifically in the exploration and advancement of the Highfield Property. Please see “*Information Concerning Newco – Material Mineral Projects*” for a description of the Highfield Property. Newco may be required to facilitate separate fund-raising, exploration and development strategies to achieve its business objectives and it expects to commence these strategies as soon as practicable following the Effective Date.

Milestones

For the business objectives to occur as described under “*Stated Business Objectives*” above, the first milestone will be the approval and completion of the Plan of Arrangement and the listing of the Newco Shares on one of the Exchanges. The Arrangement is expected to be completed by August 7, 2019 and it is anticipated that Newco will pursue a listing on one of the Exchanges thereafter. Following the completion of the Arrangement, Newco will pursue the completion of the exploration programs on the Highfield Property as described at “*Material Mineral Projects – Recommendations*” having regard for seasonal conditions and may pursue a further financing.

Operations

Newco will be an exploration stage company with no producing properties and consequently has no current operating income cash flow or revenues. There is no assurance that a commercially viable mineral deposit exists on any of Newco's properties. The Highfield Property and the Mineral Properties are currently in the exploration stage. Newco's objectives will include the further exploration of the Highfield Property and the Mineral Properties.

Principal Products

Newco will be in the exploration stage and does not mine, produce or sell any mineral products at this time, nor do any of its current properties have any known or identified mineral resources or mineral reserves. Newco does not propose any method of production at this time

Newco will be in the exploration stage and will not produce, develop or sell any mineral product at this time.

Markets and Marketing

Newco will not produce, develop or sell any products at this time. There is a worldwide gold and base metals market into which Newco could sell and, as a result, Newco would not be dependent on a particular purchaser with regard to the sale of the metals which it produces, if and when it reaches production. As Newco is not yet producing, it does not require a marketing plan or strategy.

Specialized Skills and Knowledge

Various aspects of Newco's business will require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, logistical planning and implementation of exploration programs and accounting. The Issuer has relied on and Newco may continue to rely upon consultants and others for exploration and development expertise.

Competitive Conditions

As a mineral exploration company, Newco may compete with other entities in the mineral exploration business in various aspects of the business including: (a) seeking out and acquiring mineral exploration properties; (b) obtaining the physical and human capital resources necessary to identify and evaluate mineral properties and to conduct exploration and development activities on such properties; and (c) raising sufficient capital to fund its operations. Additionally, competition for exploration resources at all levels is currently very significant, particularly affecting the availability of manpower, drill rigs and helicopters.

The mining industry is very competitive, and Newco competes with other companies, the majority of which have greater financial resources and technical facilities. Competition could adversely affect Newco's ability to acquire suitable properties or prospects in the future or to raise the capital necessary to continue with operations.

Components

All of the raw materials Newco requires to carry on its business are available through normal supply or business contracting channels in Atlantic Canada. Newco has secured personnel to conduct its currently contemplated programs. Over the past several years, increased mineral exploration activity on a global scale has made some services difficult to procure, particularly skilled and experienced contract drilling personnel. It is possible that delays or increased costs may be experienced in order to proceed with drilling activities during the current period. Such delays could significantly affect Newco if, for example, commodity prices fall significantly, thereby reducing the opportunity Newco may have had to develop a particular project had such tests been completed in a timely manner before the fall of such prices. Such delays can slow down work programs, thus increasing field expenses or other costs (such as property payments which may have to be made before all information to assess the desirability of making such payment is known, or causing Newco to not make such a payment and terminate its interest in a property rather than make a significant property payment before all information is available).

Intangible Property

The Issuer currently does not and Newco does not expect to rely on the use of any intangible property, including brand names, copyrights, franchises, licenses, patents, software and trademarks.

Cycles

Newco's mineral exploration activities may be subject to seasonality due to adverse weather conditions including, without limitation, inclement weather, snow covering the ground, frozen ground and restricted access due to snow, ice or other weather-related factors.

The mining business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. Fluctuations in supply and demand in various regions throughout the world are common.

As Newco will not carry on production activities, Newco's ability to fund ongoing exploration will be affected by the availability of financing which is, in turn, affected by the strength of the economy and other general economic factors.

Economic Dependence

Newco's business will not be substantially dependent on any contract such as a property option agreement or a contract to sell the major part of its products or services or to purchase the major part of its requirements for goods, services or raw materials, or on any franchise or license or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends.

Changes to Contracts

Newco does not expect to be affected in the current financial year by any renegotiation or termination of material or other contracts.

Environmental Protections

All aspects of Newco's field operations will be subject to environmental regulations and generally will require approval by appropriate regulatory authorities prior to commencement. Any failure to comply could result in fines and penalties. With all projects at the exploration stage, the financial and operational impact of environmental protection requirements is minimal. Should any projects advance to the production stage, then more time and money would be involved in satisfying environmental protection requirements.

Employees

Newco does not currently have any employees or consultants, but will following the Arrangement engage consultants and employees, as needed to carry on its exploration activities.

Newco expects to utilize consultants and contractors to carry on most of its activities and, in particular, to supervise certain work programs on its mineral properties. As Newco expands its activities, it is probable that it will hire additional employees.

Foreign Operations

Newco is not currently operating in any foreign jurisdictions.

Lending

Newco does not currently hold any investments or owe any material long term liabilities. Newco has not adopted any specific policies or restrictions regarding investments or lending, but will ensure any investment or debt activities incurred are in the best interests of Newco and its securityholders. In the immediate future in order to maintain and develop its mineral properties, Newco will need to raise additional capital which may be completed through a combination of debt and equity.

Bankruptcy and Similar Procedures

There are no bankruptcies, receivership or similar proceedings against Newco, nor is Newco aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceedings by Newco since its incorporation.

Reorganization

Newco has not completed any reorganizations or material restructuring transactions since incorporation, other than the Arrangement.

Social or Environmental Policies

Newco has not adopted any specific social or environmental policies that are fundamental to its operations (such as policies regarding its relationship with the environment, with the communities in the vicinity of its mineral exploration projects or human rights policies). However, Newco's management, with the assistance of its contractors and advisors, will ensure its ongoing compliance with local environmental laws in the jurisdictions in which it does business.

Trends

There are significant uncertainties regarding the prices of gold and other minerals and the availability of equity financing for the purposes of mineral exploration and development. For instance, the prices of precious metals have fluctuated widely in recent years and wide fluctuations may continue. Apart from the risk factors noted under the heading "*Risk Factors*", management is not currently aware of any other trends, commitments, events or uncertainties that would have a material adverse effect on the Issuer's business or financial condition.

General Development of the Business

Upon completion of the Arrangement, Newco will be engaged in the investigation, acquisition, exploration and development of mineral properties and the advancement of the Highfield Property and the Mineral Properties.

Three Year History

Newco was incorporated as a wholly owned subsidiary of the Issuer for the purposes of completing the Arrangement.

The Issuer has been a mineral exploration company involved in the identification, acquisition and exploration of mineral properties located in Atlantic Canada. At present, the Issuer's mineral properties are not at a commercial development or production stage.

The Issuer currently owns an option to acquire a 100% interest in the Caledonia Brook property, a gold property located near Grand Falls in Central Newfoundland. In order to exercise the option, the Issuer is required to issue an aggregate of 450,000 Common Shares, make \$35,000 in cash payments and incur accumulated exploration expenditures of \$175,000 over a three-year period. The Issuer is required to issue an additional 350,000 Common Shares if prior to the third anniversary of the closing of the option agreement, the assay results from exploration work on the property demonstrate at least one rock of sample contains one or more than one ounce of gold per tonne. The

property is subject to a 1.5% net smelter returns royalty, of which 1.0% may be purchased at any time for \$1,500,000. As at the date of this Circular, the option agreement in relation to the Caledonia Brook property is in default as the Issuer has yet to issue Common Shares and incur exploration expenditures due on or before October 30, 2018. The Caledonia Brook property is subject to a 1.5% net smelter royalty, of which the Issuer has the right to acquire 1.0% for \$1,500,000 at any time. The Issuer anticipates that New Dawn Resources Inc. will consent to the assignment of the option agreement to Newco and allow the option agreement to remain in effect pending the Effective Date.

The Issuer also holds a 100% interest in the Little River property, located in Newfoundland and Labrador. The property is subject to a 2% net smelter royalty, of which the Issuer has the right to acquire 1% at any time for \$1,500,000.

Finally, the Issuer held a 100% interest in the Glover Island property, a gold exploration property located in Newfoundland and Labrador consisting of a mineral lease and a mining license. The Glover Island property was subject to a 1.0% net smelter returns property which reduces to a 0.5% net smelter royalty after the holder has received \$1,000,000 in payments and which is effective only following full payment under the 'South Coast' royalty, which is a 3.0% net smelter returns royalty payable from either production on the Glover Island property or certain other mineral interests including the Pine Cove Property (as held and operated by Anaconda Mining Inc.) to an aggregate of \$3,000,000. On February 26, 2018 the Minister of Natural Resources revoked the Issuer's Mining Lease 190-A that included a 100% interest in the Glover Island property. The Glover Island gold exploration property consists of one mineral license and one mining lease (190-A) covering a total of 2,550 hectares situated on Glover Island in the province of Newfoundland and Labrador.

On August 8, 2018, Newco entered into the Highfield Agreements with each of Creo Resources Ltd., and Gifthorse Resources Inc. for the acquisition of a 100% in aggregate interest in the Highfield Property subject to the Highfield Royalties. As consideration therefore, Newco is to issue an aggregate of 3,500,000 Newco Shares and grant the Highfield Royalties. The Newco Shares will be issued on the Effective Date. Newco also entered into the Highfield Finder's Agreement pursuant to which Newco will issue to Robert Kelly an aggregate of 210,000 Newco Shares.

In 2018, the Issuer, on behalf of Newco, completed a two-hole diamond drilling program on the Highfield Property.

Significant Acquisitions and Dispositions

No acquisitions or significant dispositions have been completed or are contemplated by Newco, with the exception of the Arrangement.

Material Mineral Projects

Newco's material mineral property will be the Highfield Property located in Nova Scotia. Newco will hold the Mineral Properties, but has no plans for any material exploration programs on the Mineral Properties other than as may be required in order to maintain them in good standing, if so, determined by Newco

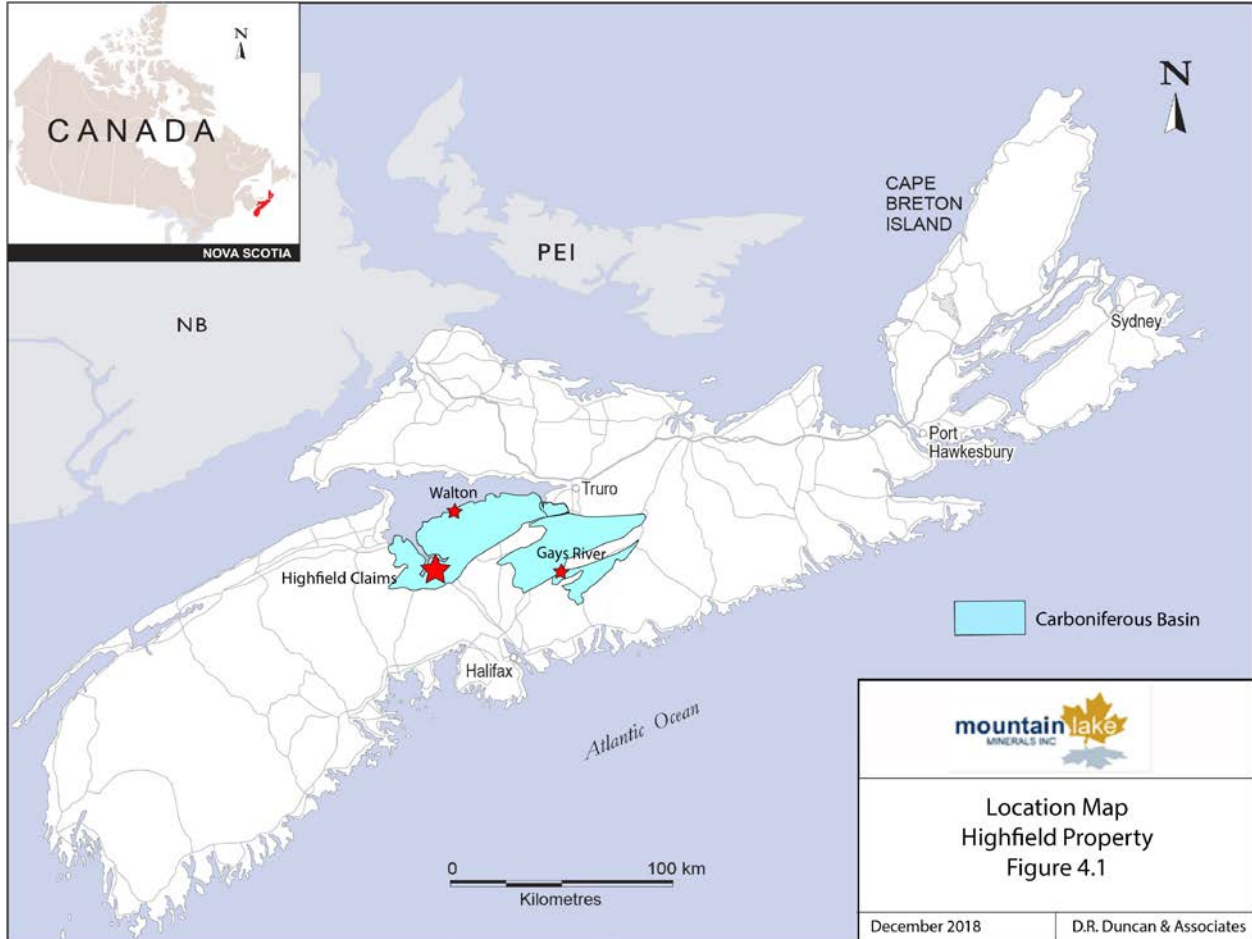
A technical report on the Property has been prepared by David R. Duncan, P. Geo of D.R. Duncan & Associates Ltd. with an effective date of December 15, 2018. The Highfield Report is available on SEDAR at www.sedar.com under the Issuer's profile. The Highfield Report will be filed on Newco's profile on SEDAR at www.sedar.com following completion of the Arrangement.

The following are excerpts and/or a summary of certain portions of the Highfield Report and are qualified by and should be read together with the Highfield Report in full for a complete set of references and authorities for the statements made in this Circular. The Highfield Report contains tables and data that is not included in this summary. Readers are encouraged to review the Highfield Report in full before making a determination in relation to the Arrangement Resolution or an investment in the Newco Shares. **A complete copy of the Highfield Report is available for review, in color, on SEDAR located at the following website: www.sedar.com. Alternatively, the Highfield Report may be inspected during normal business hours at the Issuer's head office located at Suite 1853 Sunken Lake Road, RR#2, Wolfville, Nova Scotia, B4P 2R2 (Telephone: 647-729-0311).**

Property Description and Location

The Highfield Property is located on the Avon Peninsula in the northeastern quadrant of NTS Map Sheet 21H/01A “Wolfville” covering the area north of Windsor, Hants County, Nova Scotia. The property is bounded on the south by the Fundy Gypsum Non-Mineral Registration No. 002 and located about 6km north of the town of Windsor, or 70 kms NNW of Halifax, Nova Scotia (see Figures 4.1 and 4.2 of the Highfield Report).

Figure 4.1 Location of the Project site



Exploration Holdings

The mineral exploration claims that comprise the Highfield Property, as defined in the Highfield Report, are registered to Gifthorse Resources Inc. which holds a 100% interest in the twenty-four (24) claims held under Mineral Exploration License 06922 covering a total area of 388.5 hectares. A summary of the claims is given in Table 4.1.

Table 4.1 List of Claims

License #	Map	Tract #	Claim #	Number
6922	21H/01A	27	E, M, N	3
6922	21H/01A	28	J, P, Q	3
6922	21H/01A	30	G, L, K, N, O, P	6
6922	21H/01A	43	A,B,C, D	4
6922	21H/01A	44	A,B,C, D	4
6922	21H/01A	45	A,B,C, D	4
			Total	24

Conditions of Exploration Title

Mineral exploration titles in Nova Scotia are defined and managed under the terms and conditions of the Mineral Resources Act 1990 and the associated Mineral Regulations as amended to date. An “exploration license” gives the licensee the exclusive right to explore for minerals in, on or under the area of land described in the license.

A license can contain a maximum of 80 claims, all of which must be contiguous. In Nova Scotia, the base maps must be used as the basis for establishing claim reference maps to determine the boundaries of claims, licenses, leases and non-mineral registrations.

The area represented by each base map must be subdivided into four (4) claim reference maps, as shown in Figure 1 in Section 8 of the Highfield Report, by median lines corresponding to the median longitude and latitude lines of the base map, and the four (4) claim reference maps produced must be lettered A for the southeast quarter, B for the southwest quarter, C for the northwest quarter and D for the northeast quarter. Each claim reference map must be identified by the numbering of the base map of origin and the appropriate quarter section letter. Claim reference maps maintained by the Registrar are conclusive as to the matters shown on them and are the sole official depiction of the relative location and extent of mineral rights and non-mineral registrations.

Each claim reference map must be subdivided into 108 tracts by twelve (12) equal divisions on latitude and nine (9) equal divisions on longitude with the following specifications:

- (a) the east and west boundaries of each tract must be true meridians of longitude;
- (b) the north and south boundaries of each tract must be straight lines parallel to the chord of one-half of the part of the parallel of latitude that represents the south boundary of each claim reference map; and
- (c) the angle of intersection of each chord on either side of the median meridian of longitude for each claim reference map must be 90°.

Each tract must contain 259 ha, more or less. The 108 tracts on a claim reference map must be numbered as shown in Figure 2 in Section 8. Each tract on a claim reference map must be subdivided into sixteen (16) claims, by four (4) equal divisions on latitude and 4 equal divisions on longitude. The sixteen (16) claims in each tract of a claim reference map must be lettered as shown in Figure 3 in Section 8 of the Highfield Report.

An application for a map staked license in Nova Scotia is made through the online registry system NovaROC. Each claim staked in a license requires payment of a CDN \$10 fee.

A license may be renewed at any time after the first day of the license within a period of twelve (12) months and before the anniversary of the license.

If an exploration license is renewed more than thirty (30) days before the anniversary of the license,

- (a) there is no refund of all or any portion of the paid application fees;
- (b) work credits that have been allocated must not be redistributed until the next renewal of the license; and
- (c) if additional assessment work is submitted before the next renewal, the assessment work must, subject to Section 39, be added to existing work credits (i) at 100% of acceptable cost, if filed in the license year during which the work was performed, or (ii) at 50% of acceptable cost, if filed at a later date.

The minimum value of acceptable assessment work that must be submitted for the renewal of an exploration license is:

Year of License	Dollars per Year per Claim
1 st to 10 th	\$200
11 th to 15 th	\$400
16 th and after	\$800

Underlying Agreements/Acquisitions

The Issuer has advised the author, as of the effective date of the Highfield Report, that it holds a 100% interest in the Highfield Property. The author is not otherwise aware of any back-in rights, payments, agreements or other encumbrances that apply to the project. At the effective date of the Highfield Report, the author had no reason to question the ownership and mineral title asset status assertions provided by the Issuer.

Mountain Lake's wholly owned subsidiary 1167343 B.C. Ltd. ("Newco") purchased the property from two one (1) private companies (the "**Vendors**") in consideration of the issuance of 3,500,000 common shares of Newco and the grant of an aggregate 2.0% net smelter royalty to the Vendors, of which 0.5% may be purchased by Newco at any time for \$50,000. A portion of the Highfield Property is currently subject to an existing 0.75% net smelter royalty of which 0.50% may be purchased at any time for \$250,000.

Newco shall also pay a finder's fee of 6% of the shares issuable, being 210,000 common shares, to a finder in connection with the acquisition of the Highfield Property.

The Issuer entered into an arrangement agreement dated June 7, 2018 (the "Arrangement Agreement") with Newco under which it proposes to complete a spin-off of its mining assets under a plan of arrangement (the "Spin-Off"), which will now include the Highfield Property.

Pursuant to the Arrangement Agreement, Issuer will transfer to Newco its existing mineral property assets in exchange for the issuance of common shares of Newco to be distributed to Mountain Lake's shareholders by way of a plan of arrangement. The Issuer will contribute \$1,000,000 to Newco for working capital. The Spin-Off will require the approval of the Issuer's shareholders, as well as the B.C. Supreme Court, and will be completed following the completion of the Change of Business Transactions.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Highfield Property is located on the Avon Peninsula in the northeastern quadrant of NTS map sheet 21H/01A covering the area north of Windsor, Nova Scotia. The Highfield Property is bounded on the south by the Fundy Gypsum Mining Lease and the Avon River on the north. The claim block is situated six (6) km north of the town of

Windsor and about seventy (70) km NNW of Halifax. The paved highway #215 “Belmont Road” crosses the property from east to west and provides excellent access to the entire property.

The claims are accessible via the Belmont Road No. 215. The shortest route from Halifax would be to take Highway 101 leading to the Annapolis Valley, take Exit 5 off of Highway 101 and proceed east along Highway 14 for 7.5 km to the junction in Brooklyn, NS. Then turn onto to No. 215 northwest for 1.7 km to a fork in the road and take the left fork going west to the Belmont Road. This road enters the eastern end of the property about 1.3 km northwest of the Belmont intersection and leaves the southwestern boundary near Avondale.

Climatic conditions are temperate in the Windsor area. Mean annual total precipitation for the region is 1,280 millimeters. Mean July daily temperature is 15°C.

The regional physiography of the western part of Hants County, surrounding the project area has been influenced by the variable hardness of four rock groups, soft sediments and the changing sea level. The Avon River Valley, with the St. Croix River, Kennetcook River, Cogmagun River and many other smaller streams draining into it, is located mainly on the softer rocks of siltstone, sandstone, gypsum and anhydrite of the Windsor Group and on the unconsolidated clay, silt, sand and combinations thereof with enclosed pebbles and cobbles (glacial and recent deposits).

The Avon Peninsula is defined as being within the perimeter formed by the St. Croix, Avon and Kennetcook Rivers and the Lawrence Road. It consists of tidal marshland, dyke land, small drainage areas and many hills generally thirty (30) to sixty (60) metres high with a maximum height of 75.4 metres. The hill tops are 500 to 1000 metres apart. The area is underlain by the Windsor Group of rocks consisting of gypsum, anhydrite, limestone and siltstone. The surficial material over areas where there is no bedrock outcropping consists of silts, clays, and muds with scattered cobbles and some sandy areas.

There are karst features throughout the area, but they are more abundant in the higher central area.

The Avon Peninsula is rural and has been farmed and logged. The largest local employers were an open pit gypsum mine and rail shipment facility operated by Fundy Gypsum at Miller Creek up to 2010. The Town of Windsor is located approximately ten (10) km by road from the property and is the regional center of population, government, business, education, industry and transportation services. The Robert Stanfield International Airport is located approximately seventy (70) km south east of the property and provides daily domestic and international airline service.

History

Although the gypsum deposits in Nova Scotia were recognized as early as the seventeenth century, there are no historical accounts of mining operations prior to 1779. The gypsum industry on the Avon Peninsula began soon after the arrival of the Planters who commonly used gypsum as fertilizer (Shand, 1979). In the 1830’s, Avondale emerged as a scene of large-scale wooden shipbuilding enterprises resulting in increased mining and transportation/marketing along the eastern seaboard of the United States.

Small scale mining activities on the Avon Peninsula continued to 1956 when Fundy Gypsum Ltd. opened the Miller’s Creek Quarry on the east side of the Ferry Road. Mapping and interpretation of the geology west of the Ferry Road by Dr. R. G. Moore of Acadia University began in 1973 for the Fundy Gypsum Ltd. Core drilling and interpretation of the area took place in 1996, 1998, 2000, 2005 and 2006. A large body of gypsum was defined west of the Ferry Road and Fundy Gypsum planned to extend the Miller Creek Quarry into this new area. Fundy submitted an Environmental Assessment Registration Document for a mine expansion in 2008 but the entire operation was put on care and maintenance in 2009 due to poor gypsum markets.

Government Surveys

The earliest mapping of the Avon Peninsula was carried out by E. R. Faribault and H. Fletcher in 1909. The most modern map compilation was prepared by Moore, et al., 2000 and releases as a Nova Scotia Department of Natural

Resources, 1:50,000 scale Open File Map (OFM ME 2000-3) entitled Geological Map of Wolfville-Windsor Area, NTS sheet 21H/01 and part of 21A/16, Hants and Kings Counties, Nova Scotia.

History of Industry Surveys

Gifthorse Resources Inc. staked General Exploration License # 06922 on June 26, 2006 over the Highfield Property. The license consisted of fifty-two (52) claims covering 946.2 hectares and shares a common boundary along the northern border of Fundy Gypsum's Miller Creek property.

In the summer of 2007, Gifthorse contracted Matrix GeoTechnologies to carry out an Induced Polarization, Resistivity and ground Magnetic surveys on the property. The objectives of the program were to;

1. Document the physical properties of the major lithologic units and alteration patterns for compilation with the exploration database.
2. Generate a conceptual geological model using the Time Domain induced Polarization/Resistivity and Magnetic data, and
3. Increase the exploration program efficiency by better directing the future exploration works and to assist in mapping of general geology, location structural and alteration features that may favor the precious and base metals in the surveyed areas.

In July of 2007, Gifthorse completed three (3) diamond drill holes (NQ size) totaling 964 m on the property. The first two holes were abandoned above the proposed target depths due to drilling complications. The third hole (07GHR-003) was drilled to a final depth of 700 m and bottomed in the Horton Bluff Formation Bluebeach member.

Geological Setting & Mineralization

Regional Geology

The Windsor map area includes most of the major rock units constituting southern mainland Nova Scotia (Boehner et al, 1999). These include the Cambrian to Devonian metasedimentary and metavolcanic rocks of the Meguma Terrane; late Devonian peraluminous granitoid rocks of the South Mountain Batholith; sedimentary rocks of the Carboniferous Windsor Basin; Mesozoic (Late Triassic to Early Jurassic) Fundy Basin sedimentary and volcanic rocks; and locally, rare Early Cretaceous unconsolidated sand and clay (Boehner, et al, 1999).

The area also contains type and reference sections for many rock units including; the lower to middle Paleozoic White Rock, Kentville and New Canaan formations (stratigraphically above the Goldenville and Halifax formations of the Meguma Group); the Carboniferous Horton and Windsor Groups (Bell, 1929, 1958) and the Wolfville, Blomidon, North Mountain and Scots Bay formations of the Mesozoic Fundy Group (Boehner, et al, 1999). See Figures 7.1 and 7.2 of the Highfield Report.

Local Geology

The Highfield Property is underlain by early Carboniferous sediments of the Horton and Windsor Groups. The oldest of these rocks is the Horton Group which consists of approximately 1,200 metres of sandstones, conglomerates and shales deposited in a fluvial environment. These are unconformably overlain by marine sediments of the Windsor Group. These consist of limestone, limestone conglomerate, shale, gypsum, anhydrite and salt (see Figure 7.3 of the Highfield Report).

The Horton Group is divided into two formations; the Horton Bluff Formation and the Cheverie Formation. The Cheverie Formation is present in the Avon Peninsula area and consists of red to brown shales, arkosic grit and grey sandstone.

The basal member of the Windsor Group is the Macumber Formation. This conformably overlies the Cheverie Formation in the Windsor area and consists of one (1) to ten (10) metres of well laminated fissile grey limestone. This marks the first marine transgression over the clastic terrigenous sediments of the Horton Group. The Macumber is overlain disconformably by a limestone conglomerate, massive limestone and limey siltstone called the Pembroke Formation. This unit contains clasts of Macumber limestone in a silty matrix. Overlying the Pembroke Formation is a sequence of anhydrite, gypsum with interbedded shale and local salt of the Vinland Formation. The Tennycape Formation overlies the Vinland Formation and consists of fine to medium grained, predominantly red/brown siltstone.

Deposit Types

Mining activity in the western part of the Windsor Basin has focused on the extensive industrial mineral resources for over the past 200 years. Mineral exploration has focused on base metal sulphide, manganese and iron oxide, and barite deposits found associated with the basal limestone of the Windsor Group. The most significant of these are the Gays River (lead, zinc); Smithfield (lead, zinc); Walton (barite, silver) and Tennycape (manganese).

The Walton barite deposit was a major carbonate-hosted barite and base metal/silver deposit discovered in the 1940's and in production until the late 1970's. Gypsum and anhydrite occur in extensive deposits in the area. Major production occurred for more than fifty (50) years at the Miller Creek and Wentworth quarries operated by Fundy Gypsum Ltd. Petroleum exploration drilling was undertaken in the Cheverie, Falmouth and Kennetcook areas in the early 1900's, focusing on plays in the Horton Group and the lowermost part of the Windsor Group because of potential reservoirs in the Horton and evaporate seals in the Windsor (Boehner, et al. 1999).

Exploration

Other than some references to gypsum showings, there is little to no exploration work carried out on the Highfield Property prior to the 2006 work by Gifthorse Resources under the direction of Riteman.

The focus of the Gifthorse exploration program on the Highfield Property was to search for base metal deposits in the Macumber Formation at the base of the Windsor Group, a geological setting already demonstrated to host established deposits. Riteman (2007, b) performed extensive structural analysis of the settings of the various deposits and concluded the deposits at Gays River and Smithfield occur on the northern flanks of Meguma Group anticlinal highs.

Through the analysis of aeromagnetic data, Riteman concluded that one of the Meguma Group anticlinal structures occurs at depth beneath the Highfield Property on the Avon Peninsula. Riteman also concluded in his analysis of the basin that a north-northeast cross cutting fault system is present at Gays River and Smithfield deposits and a similar fault system cuts through the Highfield Property. Riteman (2007, b) recommended a program of four lines of magnetic and deep penetrating IP to identify drill targets. A chargeability high zone was defined striking east-west, suggesting the possible presence of mineralization.

In the summer of 2007, Gifthorse contracted Matrix GeoTechnologies to carry out an Induced Polarization, Resistivity and ground Magnetic surveys on the property. The objectives of the program were to;

- a) Document the physical properties of the major lithologic units and alteration patterns for compilation with the exploration database;
- b) Generate a conceptual geological model using the Time Domain induced Polarization/ Resistivity and Magnetic data, and
- c) Increase the exploration program efficiency by better directing the future exploration works and to assist in mapping of general geology, location structural and alteration features that may favor the precious and base metals in the surveyed areas.

Drilling

Two reconnaissance drilling programs have been completed on the property. Five (5) holes totalling 1,842m of diamond drill core were completed (see Table 10.1 for locations and details).

Table 10.1 List of Diamond Drill Hole Locations on the Highfield Property

Hole ID	Zone	Nad83E	Nad83N	Elev. (m)	Azimuth	Dip	Length (m)
07-GHR-001	20	412850	4988225	36	360	-90	117
07-GHR-002	20	412900	4988100	59	330	-78	147
07-GHR-003	20	412937	4988460	35	304	-87.3	700
18-GHR-004	20	413002	4988315	52	360	-90	304
18-GHR-005	20	412977	4988323	47	360	-90	574
						Total	1842

In July 2007, Gifthorse completed three (3) diamond drill holes (NQ size) totaling 994 m on the property. The first hole was collared on Line 2+75E at 860N to test the prominent chargeability high anomaly defined by the IP survey. The first hole was abandoned due to drilling complications at a depth of 117 m, well above the proposed target depth. The drill was moved about 75 m to the east and about 150 m to the south of the first hole. This hole was also abandoned at a depth of 147 m due to drilling complications as well.

The company requested the drilling contractor to make some technical changes with the drilling equipment / methodology and the third hole (07GHR-003) was drilled to a final depth of 700 m. The hole cut the expected lithological units from the Wentworth Station Formation at the top and bottomed in Horton Group sediments. The hole passed through the Macumber Formation and bottomed in the Horton Bluff Formation Bluebeach member. See Table 10.2 for the summary log of DDH: 07-GHR-003.

Table 10.2 Summary Log of ddh 07-GHR-003

From (m)	To (m)	Geological Units	Formation
0.0	12.0	Soil and Unconsolidated Glacial Drift	
12.0	116.0	Reddish sandstones, limestone, anhydrite	Wentworth Station
116.0	163.0	Halite, anhydrite	Stewiacke
163.0	300.0	Greyish gypsum, limestones	Miller Creek
300.0	438.0	Massive anhydrite	White Quarry
438.0	445.0	Arenaceous Limestone Rubble	Macumber Formation
448.0	663.0	Arkosic conglomerates, sandstones	Cheverie
663.0	685.0	Fine sandstones, siltstones	Upper Horton Bluff
685.0	700.0	Bluebeach siltstones and mudstones	Horton Bluff
	700.0	END of HOLE	

In September 2018, Mountain Lake completed two (2) diamond drill holes (NQ and HQ size) totaling 878 m on the property. The first hole (18GHR-004) was abandoned above the proposed target depths due to drilling complications. The second hole (18GHR-005) was drilled to a final depth of 574m, passed through the Macumber Formation and bottomed in the Cheverie Formation member. See Table 10.3 for the summary log of ddh 18-GHR-005. See Figure 10.1 of the Highfield Report for a geological cross section of drill holes 07-GHR-003 and 18-GHR-005.

Table 10.3 Summary Log of ddh 18-GHR-005

From (m)	To (m)	Geological Units	Formation
0.0	19.0	Soil and Unconsolidated Glacial Drift	
19.0	131.1	Reddish sandstones, limestone, gypsum	Wentworth Station
131.1	170.5	Halite, anhydrite	Stewiacke
170.5	300.0	Greyish gypsum, limestones	Miller Creek
300.0	539.3	Massive anhydrite, limestones	White Quarry
539.3	541.8	Arenaceous Limestone	Macumber Formation
541.8	574.0	Arkosic conglomerates, sandstones	Cheverie
	574.0	END of HOLE	

Drill core from the 2007 program was logged and moved in part into storage at the NSDEM Core Storage Library in Stellarton, Nova Scotia. A total of eight (8) samples were collected from drill hole 07-GHR-003. The core was cut in half using a diamond saw with one half bagged for analysis and the other half returned to the core tray as the witness sample. The author travelled to the core library to inspect and photograph the witness core from hole 07-GHR-003 on December 4th, 2018.

Drill core from the 2018 program was moved to a secure storage facility in Wolfville, Nova Scotia. As of the effective date of the Highfield Report, the core has not been sampled.

Core recoveries in the both the 2007 and 2018 drilling program were excellent. For hole 18-GHR-005, the company used HQ3 triple tube core barrels and used a supersaturated brine for drilling circulation. The hole was completed to a final depth of 574 m with near 100% recovery.

Sample Preparation, Analysis and Security

The 2007 core was washed, logged, sampled and eight (8) samples from hole 07-GHR-003 were sent to The Minerals Engineering Centre ("MEC") at the Technical University of Nova Scotia located in Halifax for Ag, Ba, Cu, Fe, Pb and Zn analysis (See Table 11.1 for Assay Results).

MEC stated for sample preparation and analyses that the samples are dried, weighed, crushed and pulverized to minus 200 mesh. One (1) gram samples are digested with hydrochloric-nitric-hydrofluoric-perchloric acids (4 Acid Digestion). Elements are determined by Flame Atomic Absorption or ICP OES with detection limit of 1 ppm. Reference standards from CANMET and NRC Canada are used to check the accuracy of the analysis.

Table 11.1 Assay Results from hole 07-GHR-003

Sample Number	From (m)	To (m)	Length (m)	Ag (ppm)	Ba (ppm)	Cu (ppm)	Fe (ppm)	Pb (ppm)	Zn (ppm)	Comment
31572	438.00	438.40	0.40	0.7	37	35	3156	11	23	Top of MaCumber limeston
31573	439.00	439.55	0.55	0.9	185	26	4662	14	10	Bottom of MaCumber limstone
31574	442.42	442.85	0.43	0.4	260	4	8810	17	18	"Grit" under Macumber
31575	442.85	443.50	0.65	0.3	278	19	9861	13	23	Limestone boulder
31576	443.50	444.00	0.50	0.5	272	23	12658	18	27	base of Limeston boulder
31577	444.00	444.30	0.30	0.1	268	27	5737	115	5	Top of Cheverie grits
31578	639.30	639.50	0.20	0.1	293	3	8900	71	8	Coarse Cheverie conglomerate
31579	642.60	643.00	0.40	0.1	141	5	11854	34	5	Fissure in Cheverie
31580	643.00	643.60	0.60	0.1	151	3	9000	20	6	Fissure in Cheverie
31581	644.00	644.30	0.30	<0.1	110	3	8195	15	5	Fissure in Cheverie

Data Verification

The author has examined the 2007 assay certificates, analytical procedures and assay results from the 2007 drilling program. The author has examined the core from holes 07-GHR-003 (in storage at the NSDEM Core Storage Facility in Stellarton NS), 18-GHR-004 and 18-GHR-005. The author has not taken any check samples from the 2018 drill core. The author verified the locations of the 2007 drill hole collars and visited the drill while the 2018 holes were drilled.

Interpretation and Results

Drilling at the Highfield, Mississippi Valley Type (“MVT”) Zn-Pb Property has confirmed a geological environment that can support high-grade and disseminated and vein type mineralization like the Gays River deposit located approximately fifty-nine (59) km kilometres further east. The Macumber Formation which hosts Zn-Pb mineralization at Gays River shows variable thicknesses between three (3) and eight (8) metres in drill holes at Highfield.

Associated stratigraphy at Highfield both above and below the Macumber Formation is consistent to that of the Gays River MVT deposit.

A re-interpretation of existing geological information based on 2018 drilling suggests the Carboniferous basin is down faulted in the area of this drilling. These data also require further evaluation of geophysical data to locate the Macumber Formation onlap with the Meguma basement stratigraphy

Recommendations

The Issuer intends to undertake further exploration at the property in 2019 to identify both the location of Macumber onlap on the basement, and potential sources of mineralization. An additional sixteen (16) to twenty (20) claims should be staked along the northern and eastern borders of Exploration License 06922 to cover additional favorable ground.

The first recommendation is to re-evaluate existing geophysics data in the area and undertake new seismic geophysical survey to target the contact of the Macumber unconformity with the Meguma basement stratigraphy. The cost of this work is estimated at \$55,000.

In addition, a detailed Mobile Metal Ion (“MMI”) geochemical survey over the property to further refine areas of potential Zn-Pb mineralization along the unconformity is recommended. The cost of this work is estimated at \$25,000.

The next drill campaign will be based on the results of coincident geophysics and MMI targets. Two (2) holes totaling 1200m of HQ3 core is recommended. The cost estimate of the drilling work is \$120,000. The proposed budget for the 2019 exploration is \$200,000.

Drill results from the 2018 program, in combination with 2007 drilling offer encouraging information that may lead to potential new MVT mineralization in the area.

Available Funds and Principal Purposes

Available Funds

Following completion of the Arrangement, the available funds of Newco are estimated to be approximately \$643,500, representing the remainder of the Working Capital Amount due pursuant to the Arrangement Agreement of \$550,000 less the working capital of Newco as at May 31, 2019 of \$93,500. Newco will operate primarily in Nova Scotia and Newfoundland and Labrador, and intends to use the available funds, as at the date of this Circular, as set out in the estimates below:

Principal Purpose of Funds

Principal Purpose	Budgeted Expenditures
Estimated general and administrative costs over the 12 months following the Effective Date ⁽¹⁾	\$212,000
Exploration programs on the Highfield Property as recommended in the Highfield Report ⁽²⁾	\$200,000
Expenditures to maintain the Mineral Properties in good standing ⁽³⁾	\$110,000
Unallocated working capital ⁽⁴⁾	\$131,500
Total	\$643,500

Notes:

- (1) General and administrative costs for the next 12 months are expected to be comprised of: legal fees of \$15,000, audit and accounting fees of \$20,000, filing fees and transfer agent costs of \$15,000, executive compensation \$144,000 (See Schedule "D" – "Information Concerning Newco - Executive Compensation"), and miscellaneous administrative costs averaging \$1,500 per month (comprised of capital, equipment, office, investor relations and other miscellaneous costs).
- (2) See Schedule "D" – "Information Concerning Newco - Material Mineral Properties" for a description of the Highfield Property and the work program recommended in the Highfield Report.
- (3) Expenditures include \$25,000 to be expended on the Caledonia Brook property under the option agreement with New Dawn Resources Inc., and \$10,000 to maintain the claims representing the Little River Property.
- (4) Unallocated funds will be added to the working capital of Newco and invested in short-term interest bearing obligations.

Newco intends to spend the net funds available to it as stated in this Circular. However, there may be situations where, due to change of circumstance, outlook, exploration results, property status and or business judgment, a reallocation of funds is necessary in order for Newco to achieve its overall business objectives. Newco will only redirect funds to other properties that may be acquired at a later date on the basis of a recommendation from a professional geologist or engineer. Pending utilization of the available funds, Newco intends to invest the funds in short-term, interest bearing obligations at the determination of its Chief Financial Officer. Unallocated funds will be added to the working capital of Newco.

Since inception, Newco has had negative operating cash flow and incurred losses. Newco's negative operating cash flow and losses are expected to continue for the foreseeable future. Newco cannot predict when it will reach positive operating cash flow, if ever. Due to the expected continuation of negative operating cash flow, Newco anticipates its initial funds will be used to fund future negative operating cash flow.

Dividends

The proposed management and directors of Newco does not anticipate declaring any dividends payable to the holders of any class of shares of Newco in the foreseeable future. Newco will have no restrictions on paying dividends, but if Newco generates earnings in the foreseeable future, it expects that they will be retained to finance growth and expand operations. The directors of Newco will determine if and when dividends should be declared and paid in the future based upon Newco's financial position at the relevant time and the payment of dividends on the Newco Shares in the future is unlikely. All of the shares of Newco will be entitled to an equal share in any dividends declared and paid for the particular class of shares.

Selected Financial Information

The following table sets forth financial information for Newco, which has been derived from the pro forma financial statements for Newco, following completion of the Arrangement, as at, May 31, 2019, which are attached to this Circular as Schedule "L".

Selected Financial Information	As At May 31, 2019
Current Assets	\$1,126,188
Mineral properties	\$12,500
Other Assets	Nil
Total Assets	\$1,138,688
Current Liabilities	Nil
Working Capital (Deficit)	\$1,126,188
Other Liabilities	Nil
Total Liabilities	Nil
Share Capital	\$1,138,688
Deficit	Nil
Total Equity	\$1,138,688

Management's Discussion and Analysis

As Newco has remained a subsidiary of the Issuer since incorporation on June 8, 2018, MD&A is not available. Readers are encouraged to review the Issuer's MD&A for the year ended November 30, 2018 and for the six months ended May 31, 2019, which are available on SEDAR at www.sedar.com, and are incorporated by reference into this Circular. The MD&A should be read in conjunction with the audited financial statements for the Issuer as at November 30, 2018 and 2017 and for the years ended November 30, 2018 and 2017 as well as with the interim financial statements for the Issuer as at May 31, 2019 and for the six months ended May 31, 2019 which are also available on SEDAR at www.sedar.com, and incorporated by reference into this Circular.

Description of the Securities

Newco's authorized capital will consist of an unlimited number of Newco Shares without par value. There are no special rights or restrictions of any nature attached to the Newco Shares. The holders of Newco Shares are entitled to receive notice of and to attend and vote at all meetings of shareholders of Newco and each Newco Share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of Newco. The holders of the Newco Shares are entitled to receive dividends if, as and when declared by the directors and, subject to the rights of holders of any shares ranking in priority to or on a parity with the Newco Shares, to participate rateably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of Newco.

Pro Forma Consolidated Capitalization

The following table sets forth the capitalization of Newco after giving effect to the Arrangement:

Designation of Security	Amount Authorized	Outstanding as at Effective Date⁽¹⁾
Newco Shares	Unlimited	71,876,295

Designation of Security	Amount Authorized	Outstanding as at Effective Date⁽¹⁾
Options	10% of issued and outstanding capital at time of grant ⁽²⁾	Nil
Share purchase warrants	N/A	10,152,343

Notes:

(1) Pursuant to the pro forma financial statements for Newco included as Schedule “L” of the Circular, Newco will have a deficit of nil as at May 31, 2019. Assumes that no currently outstanding Warrants of the Issuer are exercised prior to the Effective Date.

(2) The number of stock options that Newco may grant is limited by the terms of its stock option plan.

Stock Option Plan

Newco intends to adopt a “rolling” stock option plan which provides that the number of Newco Shares reserved for issuance will not exceed 10% of the issued and outstanding Newco Shares at the time of grant. The purpose of the Newco stock option plan is to attract and retain employees, consultants, officers and directors to Newco and to motivate them to advance the interests of Newco by affording them with the opportunity, through share options, to acquire an equity interest in Newco and benefit from its growth.

The Newco stock option plan authorizes the board of directors of Newco to grant, in its absolute discretion, stock options to directors, officers, employees or consultants on such terms, limitations, conditions and restrictions as it deems necessary and advisable.

Under the Newco stock option plan, the number of Newco Shares reserved for issuance to any one individual in a 12-month period may not exceed 5% of the issued and outstanding Newco Shares and the number of Newco Shares reserved for issuance to consultants may not exceed 2% of the issued and outstanding Newco Shares. The Newco stock option plan contains no vesting requirements except as to options granted to persons engaged in investor relations activities, but permits the board of directors of Newco to specify a vesting schedule in its discretion.

Options may be granted for a maximum term of ten years. Options may be exercised the greater of the term of the option and 90 days following cessation of the optionee’s position with Newco, provided that if the cessation of office, directorship, consulting arrangement or employment is by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the earlier expiry date of such option. In the situation of options granted to persons engaged in investor relations activities, the options granted to this individual will expire 30 days following the optionee ceasing to provide such services.

Options are non-assignable and non-transferable (subject to options being exercisable by the optionee’s heirs or administrator. The number of shares reserved for option and the exercise price payable for the Newco Shares subject to such option shall be adjusted appropriately in the event of any consolidation, subdivision, conversion or exchange of the Newco Shares.

Equity Compensation Plan Information after giving effect to the Arrangement

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of shares remaining available for issuance under equity compensation plans after giving effect to the Arrangement⁽¹⁾
Equity compensation plans approved by shareholders	Nil	N/A	Nil

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of shares remaining available for issuance under equity compensation plans after giving effect to the Arrangement⁽¹⁾
Equity compensation plans not approved by shareholders	Nil	N/A	7,187,630
Total	Nil	N/A	7,187,630

Notes:

(1) Based on the stock option plan to be adopted by Newco and calculated on the basis of the number of issued and outstanding shares of Newco upon the completion of the Arrangement. The Newco stock option plan has not yet been approved by the shareholders of Newco.

Options to Purchase Securities

Newco has not granted any options.

Prior Sales

Since incorporation, Newco has issued the following securities:

Date	Type of Transaction	Number and Type of Securities	Price	Proceeds
June 7, 2018	Incorporator issuance	1 Newco Share	\$1.00	\$1.00

Trading Price and Volume

The Newco Shares have not been and will not be listed on any stock exchange on the Effective Date.

Escrowed Securities

No securities of Newco are currently held in escrow or will be held in escrow immediately following completion of the Arrangement. Upon the listing of the Newco Shares on either of the Exchanges, it is anticipated Newco Shares held by directors and officers will be subject to escrow.

Principal Shareholders

To the knowledge of the directors and executive officers of Newco, no persons will beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding Newco Shares, as of the Effective Date.

Directors and Officers

The following table sets forth the name and municipality of residence, proposed position with Newco, principal occupation within the five preceding years and the number and percentage of securities to be held of the proposed directors and officers of Newco. These persons will become directors and/or officers of Newco as of the Effective Date. The term of office of each director will expire at the end of the next annual meeting of shareholders of Newco which is expected to be held in July 2020.

Name, Jurisdiction of Residence, Proposed Offices	Principal Occupation During Last Five Years⁽²⁾	Number of Newco Shares upon completion of the Arrangement⁽²⁾	Percentage of Newco Held or Controlled on completion of the Arrangement
Paul Smith, Kings County, Nova Scotia, President, Chief Executive Officer and Director ⁽¹⁾	President and CEO of the Issuer since May 2012	122,500	0.17%
William Fleming, Halifax, Nova Scotia ⁽¹⁾	President of Mernova Medicinal Inc., a private cannabis cultivation company in Nova Scotia from 2014 to Present	268,100	0.37%
Abbey Abdiye, Burnaby, British Columbia, Chief Financial Officer, Corporate Secretary and Director ⁽¹⁾	President of Abbey Consulting Inc., a private financial and accounting consulting firm from May 2011 to Present	63,000	0.09%

Notes:

- (1) Proposed member of the Audit Committee
- (2) The information as to principal occupation, business or employment and shares beneficially owned or controlled is not within the knowledge of the management of the Issuer and has been furnished by the respective individuals. Each director or officer has held the same or similar principal occupation with the organization indicated or a predecessor thereof for the last five years.

The information as to shares beneficially owned, directly or indirectly, or over which control or direction is exercised, is based upon information furnished to Newco by the respective directors and officers as at the date hereof. After giving effect to the Arrangement, the directors, officers, insiders and promoters of Newco, and their respective Associates and Affiliates, as a group, will hold an aggregate of 453,600 Newco Shares, representing approximately 0.63% of the issued and outstanding Newco Shares.

Newco's audit committee will be made up of Paul Smith, William Fleming and Abbey Abdiye.

Management

The following is a brief description of the key management of Newco.

Except as described below, none of these management personnel have entered into non-disclosure or non-competition agreements with the Issuer, but Newco will consider whether to enter into such agreements following the Effective Date.

Paul Smith, President, Chief Executive Officer and Director, (Age: 67)

Mr. Smith has been the President and CEO of the Issuer since May 20, 2012. Prior to that, he was Geologist and COO of the Issuer from March 2012 to July 2012; Exploration Manager from 2011 to March 2012; VP Operations Acadian Mining Corp. from 2009 to 2011; VP Public Relations and Special Consultant to Acadian Mining Corp. from 2008 to 2009; and Liaison Geologist for Province of Nova Scotia 2006 to 2008. Mr. Smith has a M.Sc. in geology (1976) from Acadia University.

Mr. Smith works full time for the Issuer as an employee in his capacity as President & CEO and his employment contract contains a provision restricting him from engaging in any business activity or enterprise competitive with the Issuer.

Mr. Smith will be the beneficial owner of 122,500 Newco Shares.

William Fleming, Director (Age: 52)

Mr. Fleming has founded and served as CEO for a number of entrepreneurial companies and has served with senior executive teams dealing with equity and debt financings. Mr. Fleming has developed corporate strategies for a wide range of companies, from family-owned businesses to multi-national companies. Bill currently serves as President of Mernova Medicinal Inc., which recently sold to Switzerland based Creso Pharma Limited. Mr. Fleming was the CEO and Director of Abattis Bioceuticals Corp. He most recently served as the CFO and Director of NWest Energy Corp. (now Ceylon Graphite Corp.). Mr. Fleming has experience in raising equity for small cap companies and has experience in mineral exploration, renewable energy and the cannabis industry.

Mr. Fleming will be the beneficial owner of 268,100 Newco Shares.

Abby Abidye, Chief Financial Officer, Corporate Secretary and Director (Age: 44)

Mr. Abdiye brings extensive experience in the financial sector with both public and private companies. He is a Chartered Professional Accountant (CPA), current CFO of Biome Grow Inc., CROP Infrastructure Corp. and other reporting issuers. Prior to obtaining his CPA designation Mr. Abdiye obtained a Bachelor Business Administration Degree from Simon Fraser and a Co – Op Education Certificate.

Mr. Abidye will be the beneficial owner of 63,000 Newco Shares.

Corporate Cease Trade Orders or Bankruptcies

Except as described below, as of the date of this Circular, there has been no director or officer, or any shareholder holding a sufficient number of securities of the Issuer or Newco to affect materially the control of Newco that is, or within the 10 years before the Record Date has been, a director or officer of any other issuer 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 relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Fleming and Mr. Smith is and were directors of the Issuer when it was subject to the following orders ceasing all trading in the Issuer's securities:

- (a) an order of the British Columbia Securities Commission dated April 13, 2015 in connection with a failure to file a comparative financial statement for its financial year ended November 30, 2014 and MD&A for the period ended November 30, 2014, which order was revoked on June 17, 2015;
- (b) an order of the Executive Director of the British Columbia Securities Commission dated November 4, 2015 in connection with a failure to file an interim financial report for the financial period ended August 31, 2015 and MD&A for the period ended August 31, 2015, which order was revoked on December 4, 2015; and
- (c) an order of the British Columbia Securities Commission dated April 7, 2016 and an order of the Ontario Securities Commission dated April 11, 2016 in connection with a failure to file audited annual financial statements and MD&A for the financial year ended November 30, 2015 and certification of the foregoing filings, which orders were revoked on June 28, 2017.

In connection with the above, the Common Shares were suspended from trading by the CSE on April 12, 2016 and reinstated on August 10, 2017. Trading in the Common Shares has been halted since June 8, 2018 in connection with the Change of Business Transactions which constitute a 'fundamental change' pursuant to the policies of the CSE.

Personal Bankruptcies

No current or proposed director, officer, promoter, or any shareholder anticipated to hold sufficient securities of Newco to affect materially the control of Newco, or a personal holding company of any such person, that has, within the ten years prior to the date of this Circular, 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.

Penalties or Sanctions

Except as described below, no current or proposed director, officer, promoter of Newco or shareholder holding a sufficient number of securities of Newco to affect materially the control of Newco has:

- (a) has 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) has 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 Arrangement.

On January 13, 2011, Mr. William Fleming entered into a settlement agreement with the Nova Scotia Securities Commission in connection with a failure to register as an insider and to file insider reports in respect of shares of The Helical Corporation Inc. that he purchased while he was an insider between December 12, 2005 until January 2, 2007. Pursuant to the settlement, Mr. Fleming was ordered to pay an administrative penalty of \$2,500 to the Nova Scotia Securities Commission and \$500 in costs connected with the investigation and conduct of the proceedings.

Conflicts of Interest

There are potential conflicts of interest to which the proposed directors and officers of Newco will be subject in connection with the operations of Newco. In particular, certain of the directors and officers of Newco are involved in managerial or director positions with other mineral exploration companies whose operations may, from time to time, be in direct competition with those of Newco or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of Newco. Conflicts, if any, will be subject to the procedures and remedies available under the BCBCA. The BCBCA provides that if a director has a material interest in a contract or proposed contract or agreement that is material to Newco, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement subject to and in accordance with the BCBCA or policies of the Exchanges. To the knowledge of the proposed management of Newco, as at the date hereof, there are no existing or potential material conflicts of interest between Newco and a director or officer of Newco.

Executive Compensation

Following completion of the Arrangement, it is anticipated that Newco will establish a compensation committee which will recommend how management and the directors are compensated for their services.

Director and Named Executive Officer Compensation

In the interim and until such time as a compensation committee is determined, set out below is a summary of the anticipated compensation for each of Newco's Named Executive Officers and Directors for the 12-month period after giving effect to the Arrangement, to the extent known:

**Summary Compensation Table
For the 12 months following the completion of the Acquisition**

Table of compensation excluding compensation securities							
Name and position	Period	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation(\$)
Paul Smith, President, CEO and Director	12 months following Acquisition	48,000	Nil	Nil	Nil	Nil	48,000
William Fleming, Director	12 months following Acquisition	48,000	Nil	Nil	Nil	Nil	48,000
Abbey Abdiye	12 months following Acquisition	48,000	Nil	Nil	Nil	Nil	48,000

External Management Companies.

It is not currently anticipated that any NEOs or directors of Newco will be retained or employed by an external management company.

Stock Options and Other Compensation Securities

No compensation securities have been or will be granted or issued to NEOs or director by Newco as at the Effective Date, for services provided or to be provided, directly or indirectly to Newco or any of its subsidiaries:

There are no restrictions or conditions currently in place for converting, exercising or exchanging the compensation securities, other than the vesting schedule noted above.

Stock option plans and other incentive plans

Newco will adopt the Newco Stock Option Plan, the material terms of which are described in the Circular at "Particulars of Matters to be Acted Upon at the Meeting – Approval of Newco Stock Option Plan".

Employment, consulting and management agreements

Except as described below, Newco does not initially expect into any agreements or arrangements under which compensation is provided to any NEOs or directors or any persons providing services typically provided by a director or NEO.

Pursuant to an employment agreement entered into between the Issuer and Paul K. Smith, the President and CEO, in the event that there is a change in effective control or management of the Issuer, or the Issuer sells substantially all of its assets, Mr. Smith has the right to terminate his agreement, and in such event the Issuer must pay within the next thirty (30) days, the amount of money accrued due and owing, plus an amount equal to the greater of the unexpired balance of the term of the contract, and the amount which is equivalent to two years' base salary, as the case may be. In connection with the Transactions, Mr. Smith has agreed to waive the foregoing provision. It is

anticipated that on the Effective Date, the Issuer and Mr. Smith will agree to the assignment of this agreement to Newco.

Oversight and Description of Director and Named Executive Officer Compensation

Upon completion of the Arrangement, it is anticipated that Newco will establish a compensation committee which will recommend how directors will be compensated for their services as directors. The compensation committee is expected to recommend the granting of stock options in such amounts and upon such terms as may be recommended by the compensation committee and approved by the Newco Board from time to time.

The compensation committee will also consider and make recommendations with respect to the compensation of the executive officers of Newco. It is anticipated that all executive officers of Newco will receive cash compensation and stock option grants in line with market practice for public issuers in the same industry and market and of the same size as Newco.

Pension Disclosure

Newco does not expect to have any pension or retirement plan which is applicable to the NEOs or directors.

Management Contracts

Newco does not anticipate any management functions of Newco will be performed by a person or company other than the directors or senior officers of Newco.

Indebtedness of Directors and Officers

No director, officer, promoter, or proposed member of management of Newco, nor any of their Associates or Affiliates, is or has been indebted to Newco since incorporation, nor is any such person expected to be indebted to Newco on the completion of the Arrangement.

Audit Committee

NI 52-110 requires Newco's audit committee (in this section the "Audit Committee") to meet certain requirements. It also requires Newco to disclose in this Circular certain information regarding the Audit Committee. That information is disclosed below.

Overview

The Audit Committee of Newco will be principally responsible for

- (a) recommending to the board the external auditor to be nominated for election by Newco's shareholders at each annual general meeting and negotiating the compensation of such external auditor.
- (b) overseeing the work of the external auditor.
- (c) reviewing Newco's annual and interim financial statements, MD&A and press releases regarding earnings before they are reviewed and approved by the board and publicly disseminated by Newco.
- (d) reviewing Newco's financial reporting procedures and internal controls to ensure adequate procedures are in place for Newco's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph.

The Audit Committee's Charter

The board of directors of Newco has adopted a Charter for the Audit Committee which sets out the Audit Committee's mandate, organization, powers and responsibilities. The complete charter is below:

1.0 Purpose of the Committee

1.1 The Audit Committee represents the board of directors in discharging its responsibility relating to the accounting, reporting and financial practices of Newco and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities and legal compliance of Newco and its subsidiaries.

2.0 Members of the Committee

2.1 The Audit Committee shall consist of no less than three Directors a majority of whom shall be "independent" as defined under NI 52-110, while Newco is in the developmental stage of its business. The members of the Audit Committee shall be selected annually by the board of directors and shall serve at the pleasure of the board of directors.

2.2 At least one Member of the Audit Committee must be "financially literate" as defined under NI 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Newco's financial statements.

3.0 Meeting Requirements

3.1 The Audit Committee will, where possible, meet on a regular basis at least once every quarter, and will hold special meetings as it deems necessary or appropriate in its judgment. Meetings may be held in person or telephonically, and shall be at such times and places as the Audit Committee determines. Without meeting, the Audit Committee may act by unanimous written consent of all members which shall constitute a meeting for the purposes of this charter.

3.2 A majority of the members of the Audit Committee shall constitute a quorum.

4.0 Duties and Responsibilities

The Audit Committee's function is one of oversight only and shall not relieve Newco's management of its responsibilities for preparing financial statements which accurately and fairly present Newco's financial results and conditions or the responsibilities of the external auditors relating to the audit or review of financial statements. Specifically, the Audit Committee will:

- (a) have the authority with respect to the appointment, retention or discharge of the independent public accountants as auditors of Newco (the "auditors") who perform the annual audit in accordance with applicable securities laws, and who shall be ultimately accountable to the board of directors through the Audit Committee;
- (b) review with the auditors the scope of the audit and the results of the annual audit examination by the auditors, including any reports of the auditors prepared in connection with the annual audit;
- (c) review information, including written statements from the auditors, concerning any relationships between the auditors and Newco or any other relationships that may adversely affect the independence of the auditors and assess the independence of the auditors;
- (d) review and discuss with management and the auditors Newco's audited financial statements and accompanying MD&A, including a discussion with the auditors of their judgments as to the quality of Newco's accounting principles and report on them to the board of directors;
- (e) review and discuss with management Newco's interim financial statements and interim MD&A and report on them to the board of directors;

- (f) pre-approve all auditing services and non-audit services provided to Newco by the auditors to the extent and in the manner required by applicable law or regulation. In no circumstances shall the auditors provide any non-audit services to Newco that are prohibited by applicable law or regulation;
- (g) evaluate the external auditor's performance for the preceding fiscal year, reviewing their fees and making recommendations to the board of directors;
- (h) periodically review the adequacy of Newco's internal controls and ensure that such internal controls are effective;
- (i) review changes in the accounting policies of Newco and accounting and financial reporting proposals that are provided by the auditors that may have a significant impact on Newco's financial reports, and report on them to the board of directors;
- (j) oversee and annually review Newco's Code of Business Conduct and Ethics;
- (k) approve material contracts where the board of directors determines that it has a conflict;
- (l) establish procedures for the receipt, retention and treatment of complaints received by Newco regarding the audit or other accounting matters;
- (m) where unanimously considered necessary by the Audit Committee, engage independent counsel and/or other advisors at Newco's expense to advise on material issues affecting Newco which the Audit Committee considers are not appropriate for the full board;
- (n) satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulation relating to insider trading, continuous disclosure and financial reporting;
- (o) review and monitor all related party transactions which may be entered into by Newco; and
- (p) periodically review the adequacy of its charter and recommending any changes thereto to the board of directors.

5.0 Miscellaneous

5.1 Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of Newco or members of the Audit Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Audit Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

Composition of the Audit Committee

The Audit Committee consists of three directors. Unless it is a 'venture issuer' (an issuer the securities of which are not listed or quoted on any of the TSX, a market in the United States of America other than the over-the-counter market, or a market outside of Canada and the U.S.A.) as of the end of its last financial year, NI 52-110 requires each of the members of the Audit Committee to be independent and financially literate. Since Newco will be a 'venture issuer' (its securities are not listed or quoted on any exchange or market) it is exempt from this requirement. In addition, Newco's governing corporate legislation requires Newco to have an Audit Committee composed of a minimum of three directors, a majority of whom are not officers or employees of Newco.

The following table sets out the names of the members of the Audit Committee and whether they are 'independent' and 'financially literate'.

Name of Member	Independent ⁽¹⁾	Financially Literate ⁽²⁾
Paul K. Smith	No	Yes

Name of Member	Independent ⁽¹⁾	Financially Literate ⁽²⁾
William Fleming	Yes	Yes
Abbey Abdiye	No	Yes

Notes:

- (1) To be considered to be independent, a member of the Committee must not have any direct or indirect 'material relationship' with Denison. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- (2) To be considered financially literate, a member of the Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Newco's financial statements.

Relevant Education and Experience

The education and experience of each member of the Audit Committee relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

- (a) an understanding of the accounting principles used by Newco to prepare its financial statements;
- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Newco's financial statements, or experience actively supervising one or more persons engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting, are as follows:

Paul K. Smith: Mr. Smith, B.Sc., M.Sc., is a geologist with over 40 years of experience in mineral exploration.

William Fleming: Mr. Fleming has an extensive business background with national and international companies. He has been VP E-Commerce for GlobeNet Communications. Mr. Fleming has served with senior executive teams dealing with equity and debt financings and has also assumed the role of CFO for different issuers.

Abbey Abdiye: Mr. Abdiye is a Chartered Professional Accountant (CPA), current CFO of Biome Grow Inc., CROP Infrastructure Corp. and other reporting issuers. .

Each of the members of the audit committee have experience in dealing with financial statements, accounting issues, internal controls and other matters relating to public companies as well as experience serving on the audit committee of a public company.

Audit Committee Oversight

There has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the board of directors.

Reliance on Exemptions in NI 52-110 regarding De Minimis Non-audit Services or on a Regulatory Order Generally

Newco has not relied on the exemption in section 2.4 (De Minimis Non-audit Services) of NI 52-110 (which exempts all non-audit services provided by Newco's auditor from the requirement to be preapproved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to Newco, are not recognized as

non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit) or an exemption from NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (Exemptions) of NI 52-110. Newco's auditors have not provided any material non-audit services.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees (By Category)

Newco has not incurred any auditor fees since incorporation.

Reliance on Exemptions in NI 52-110 regarding Audit Committee Composition & Reporting Obligations

Since Newco is a venture issuer, it will rely on the exemption contained in section 6.1 of NI 52-110 from the requirements of Part 3 Composition of the Audit Committee (as described in 'Composition of the Audit Committee' above) and Part 5 Reporting Obligations of NI 52-110 (which requires certain prescribed disclosure about the Audit Committee in this Circular).

Corporate Governance

Corporate governance relates to the activities of the board of directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the board of directors and who are charged with the day-to-day management of the Issuer. National Policy 58-201 Corporate Governance Guidelines establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Newco Board is committed to sound corporate governance practices, which are both in the interest of its Shareholders and contribute to effective and efficient decision making.

The board of directors believes that good corporate governance improves corporate performances and benefits all shareholders. The Canadian Securities Administrators (the "CSA") have adopted NP 58-201, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as Newco. In addition, the CSA have implemented NI 58-101, which prescribes certain disclosure by the Issuer of its corporate governance practices. This section sets out Newco's approach to corporate governance and addresses the Newco's compliance with NI 58-101.

Board of Directors

The Newco Board has responsibility for the stewardship of Newco including responsibility for strategic planning, identification of the principal risks of Newco's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of Newco's internal control and management information systems.

The Newco Board sets long term goals and objectives for Newco and formulates the plans and strategies necessary to achieve those objectives and to supervise senior management in their implementation. Newco Board delegates the responsibility for managing the day-to-day affairs of Newco to senior management but retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to Newco and its business. The board of directors of Newco is responsible for protecting shareholders' interests and ensuring that the incentives of the shareholders and of management are aligned.

As part of its ongoing review of business operations, the board of directors of Newco reviews, as frequently as required, the principal risks inherent in Newco's business including financial risks, through periodic reports from management of such risks, and assesses the systems established to manage those risks. Directly and through the

Audit Committee, the board of directors of Newco also assesses the integrity of internal control over financial reporting and management information systems.

In addition to those matters that must, by law, be approved by the board of directors of Newco, the Newco Board is required to approve any material dispositions, acquisitions and investments outside the ordinary course of business, long-term strategy, and organizational development plans. Management of Newco is authorized to act without board approval, on all ordinary course matters relating to Newco's business.

The Newco Board also monitors Newco's compliance with timely disclosure obligations and reviews material disclosure documents prior to distribution. The Newco Board is responsible for selecting the President and appointing senior management and for monitoring their performance.

The Newco Board considers that the following directors are "independent" in that they are independent and free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with the director's ability to act with the best interests of Newco, other than interests and relationships arising from shareholding: William Fleming and Abbey Abdiye. The Newco Board of directors considers that Paul K Smith, the Chief Executive Officer and Abbey Abdiye, Chief Financial Officer and Corporate Secretary of Newco, are not independent because they are members of management.

Directorships

Certain of the directors are presently a director of one or more other reporting issuers (or equivalent) in a Canadian or foreign jurisdiction, as follows:

Name of director	Other reporting issuer
Paul K. Smith	Mountain Lake Minerals Inc.
William Fleming	Mountain Lake Minerals Inc
Abbey Abdiye	N/A

Position Descriptions

The Newco Board has not developed written position descriptions for the chair or the chair of any board committees or for the CEO. Given the size of Newco's infrastructure and the existence of only a small number of officers, the Board does not feel that it is necessary at this time to formalize position descriptions in order to delineate their respective responsibilities

Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on Newco's properties, business and industry and on the responsibilities of directors. The meetings of the Newco Board may also include presentations by Newco's management and employees to give the directors additional insight into Newco's business. In addition, new directors are encouraged to visit and meet with management on a regular basis and to pursue continuing education opportunities where appropriate.

Ethical Business Conduct

To comply with its legal mandate, the board of directors seeks to foster a culture of ethical conduct by striving to ensure Newco carries out its business in line with high business and moral standards and applicable legal and financial requirements. In that regard, the board of directors of Newco:

- (a) promotes honest and ethical conduct, avoid conflict of interest, protect confidential or proprietary information and comply with the applicable government laws and securities rules and regulations;

- (b) encourages management to consult with legal and financial advisors to ensure Newco is meeting those requirements;
- (c) is cognizant of Newco's timely disclosure obligations and reviews material disclosure documents such as financial statements, MD&A and press releases prior to their distribution;
- (d) relies on its Audit Committee to annually review the systems of internal financial control and discuss such matters with Newco's external auditor; and
- (e) actively monitors Newco's compliance with the board's directives and ensures that all material transactions are thoroughly reviewed and authorized by the board before being undertaken by management.

The Newco Board must also comply with the conflict of interest provisions of the BCBCA, as well as the relevant securities regulatory instruments, to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Nomination of Directors

The Newco Board will consider its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the board's duties effectively and to maintain a diversity of views and experience.

The Newco Board does not have a nominating committee, and these functions are currently performed by the board as a whole. However, if there is a change in the number of directors required by Newco, this policy will be reviewed.

Compensation

The Newco Board is, among other things, responsible for determining all forms of compensation to be granted to the Chief Executive Officer of Newco and other senior management and executive officers of Newco, for evaluating the Chief Executive Officer's performance in light of the corporate goals and objectives set for him/her, for reviewing the adequacy and form of the compensation and benefits of the directors in their capacity as directors of Newco to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director.

Other Board Committees

Other than the Audit Committee described in this Schedule "D" under the heading "Audit Committee", the board of directors of Newco has no other committees.

Assessments

The Newco Board will regularly evaluate its effectiveness, its committees and individual directors.

Risk Factors

An investment in Newco Shares should be considered highly speculative, not only due to the nature of Newco's expected business and operations, but also because of the uncertainty related to the proposed business of Newco upon completion of the Arrangement. In addition to the other information in this Circular, an investor should carefully consider each of, and the cumulative effect of the following factors, which assume the completion of the Arrangement. Shareholders of Newco may lose their entire investment. The risks described below are not the only ones facing Newco. Additional risks not currently known to Newco or that Newco currently deems immaterial, may also impair Newco's operations. If any of the following risks actually occur, Newco's business, financial condition and operating results could be adversely affected.

Shareholders should consult with their professional advisors to assess the Arrangement and their resulting investment in Newco. In evaluating Newco and its business and whether to vote in favour of the Arrangement Resolution, Shareholders should carefully consider, in addition to the other information contained in the Circular and this Schedule “D”, the risk factors which follow, as well as the risks associated with the Arrangement (see in the Circular “*Risks Associated with the Transactions*”). These risk factors may not be a definitive list of all risk factors associated with the Arrangement, an investment in Newco or in connection with Newco’s business and operations.

Market Risk

Upon completion of the Arrangement, the Newco Shares will not be listed on any stock exchange. Sometime following the Effective Date, Newco expects to apply for a listing on one of the Exchanges. Any listing will be subject to meeting the listing requirements of such stock exchange. There can be no assurance as to if, or when, the Newco Shares will be listed or traded on any stock exchange. It is not a condition of the Arrangement that any stock exchange shall have approved the listing of the Newco Shares. Until the Newco Shares are listed on a stock exchange, Newco Shareholders may not be able to sell their Newco Shares. Even if a listing is obtained, the holding of Newco Shares will involve a high degree of risk.

Qualification under the Tax Act for a Registered Plan

If the Newco Shares are not listed on a designated stock exchange in Canada before the due date for Newco’s first income tax return or if Newco does not otherwise satisfy the conditions in the ITA to be a “public corporation”, the Newco Shares will not be considered to a qualified investment for a Registered Plan from their date of issue. Where a Registered Plan acquires a Newco Share in circumstances where the Newco Share is not a qualified investment under the ITA for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant under the Registered Plan, including that the Registered Plan may be subject to penalty taxes, the annuitant of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax or, in the case of a registered education savings plan, such plan may have its tax exempt status revoked.

Exploration, Development and Production Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in Newco’s resource base.

Newco’s operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of Newco.

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The remoteness and restrictions on access of properties in which Newco will have an interest will have an adverse effect on profitability as a result of higher infrastructure costs. There

are also physical risks to the exploration personnel working in the terrain in which Newco's properties are located, often in poor climate conditions.

The long-term commercial success of Newco depends on its ability to find, acquire, develop and commercially produce minerals. No assurance can be given that Newco will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, Newco may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.

Environmental Risks

All phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

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. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Newco and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

Title Risks

Title to mineral properties, as well as the location of boundaries on the grounds may be disputed. Moreover, additional amounts may be required to be paid to surface right owners in connection with any mining development. Newco has taken precautions to ensure that legal title to their property interests is properly recorded. There can be no assurance that Newco will be able to secure the grant or the renewal of exploration permits or other tenures on terms satisfactory to it, or that governments in the jurisdictions in which the properties are situated will not revoke or significantly alter such permits or other tenures or that such permits and tenures will not be challenged or impugned. Newco's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. Surveys have not been carried out on any of Newco's mineral properties; therefore, their existence and area could be in doubt. Until competing interests in the mineral lands have been determined, Newco can give no assurance as to the validity of title of Newco to those lands or the size of such mineral lands. If a title defect exists, it is possible that Newco may lose all or part of its interest in the properties to which such defects relate. In addition, Newco may fail, due to error, omission, or technological issues to renew its claims in a timely manner, potentially resulting in the loss of valuable claims to a property.

Substantial Capital Requirements

The proposed management of Newco anticipates that it may make substantial capital expenditures for the acquisition, exploration, development and production of its properties, in the future. As Newco will be in the

exploration stage with no revenue being generated from the exploration activities on its mineral properties, Newco may have limited ability to raise the capital necessary to undertake or complete future exploration work, including drilling programs. There can be no assurance that debt or equity financing will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Newco. Moreover, future activities may require Newco to alter its capitalization significantly. The inability of Newco to access sufficient capital for its operations could have a material adverse effect on its financial condition, results of operations or prospects. In particular, failure to obtain such financing on a timely basis could cause Newco to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations.

Competition

The mining industry is highly competitive. Many of Newco's competitors for the acquisition, exploration, production and development of minerals, and for capital to finance such activities, will include companies that have greater financial and personnel resources available to them than Newco.

Volatility of Mineral Prices

The market price of any mineral is volatile and is affected by numerous factors that are beyond Newco's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional political events and international events as well as a range of other market forces. Sustained downward movements in mineral market prices could render less economic, or uneconomic, some or all of the mineral extraction and/or exploration activities to be undertaken by Newco.

No Mineral Resources

All of the properties in which Newco will hold an interest are considered to be in the early exploration stage only and do not contain any known bodies of commercial mineralization. No assurance can be given that the exploration activities of Newco will result in the discovery and extraction of mineral resources.

Reliance on Key Employees

The success of Newco will be largely dependent upon the performance of its management and key employees. In assessing the risk of an investment in the Newco Shares, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the proposed management of Newco. Newco will not maintain life insurance policies in respect of its key personnel. Newco could be adversely affected if such individuals do not remain with Newco.

Conflicts of Interest

Certain of the directors and officers of Newco will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of Newco may become subject to conflicts of interest. The BCBCA provides that if a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and 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.

Dividends

To date, the Issuer has not paid any dividends on its outstanding shares. Any decision to pay dividends on the shares of Newco will be made by its board of directors on the basis of its earnings, financial requirements and other conditions.

Permits and Licenses

The activities of Newco are subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters, including issues affecting local native populations. Although the Issuer believes that its activities are currently, and Newco's will be, 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 production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of Newco. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of Newco's investments in such projects may decline.

History of Net Losses

The Issuer has received no revenue to date from the exploration activities on its properties, and the Issuer incurred a loss during the most recently completed financial year. Newco has not yet commenced operations and therefore has no history of earnings or return on investment, and there is no assurance that any of the properties that it currently holds, will acquire pursuant to the Arrangement or otherwise will generate earnings, operate profitably or provide a return on investment in the future. The Issuer has not found that development activity is warranted on any of its mineral properties or the Highfield Property. Even if Newco does undertake development activity on the Highfield Property or the Mineral Properties, there is no certainty that Newco will produce revenue, operate profitably or provide a return on investment in the future.

The exploration of Newco's properties depends on its ability to obtain additional required financing. There is no assurance that Newco will be successful in obtaining the required financing, which could cause it to postpone its exploration plans or result in the loss or substantial dilution of its interest in its properties as disclosed in this Circular.

Uninsured Risks

Newco, as a participant in mining and exploration activities, may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. Furthermore, Newco may incur a liability to third parties (in excess of any insurance coverage) arising from negative environmental impacts or any other damage or injury.

Dilution

The number of common shares Newco is authorized to issue is unlimited. Newco may, in its sole discretion, issue additional shares from time to time, and the interests of the shareholders may be diluted thereby.

Other Risks and Hazards

Newco's operations are subject to a number of risks and hazards including:

- environmental hazards;
- discharge of pollutants or hazardous chemicals;
- industrial accidents;
- failure of processing and mining equipment;
- labour disputes;
- supply problems and delays;
- changes in regulatory environment;
- encountering unusual or unexpected geologic formations or other geological or grade problems;
- encountering unanticipated ground or water conditions;

- cave-ins, pit wall failures, flooding, rock bursts and fire;
- periodic interruptions due to inclement or hazardous weather conditions;
- uncertainties relating to the interpretation of drill results;
- inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses;
- results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration or development results will not be consistent with the Issuer's expectations;
- the potential for delays in exploration or the completion of feasibility studies;
- other acts of God or unfavorable operating conditions.

Such risks could result in damage to, or destruction of, mineral properties or processing facilities, personal injury or death, loss of key employees, environmental damage, delays in mining, monetary losses and possible legal liability. Satisfying such liabilities may be very costly and could have a material adverse effect on future cash flow, results of operations and financial condition.

Promoters

Other than its directors and officers, there is no person who is or who has been within the two years immediately preceding the Record Date, a 'promoter' of Newco as defined under applicable Canadian securities laws.

Legal Proceedings and Regulatory Actions

Newco is not a party to any legal proceedings currently material to it or of which any of Newco's property is the subject matter, and no such proceedings are known by Newco to be contemplated. There are no penalties or sanctions imposed against Newco by a court or a regulatory authority and Newco has not entered into any settlement agreements before a court or with a securities regulatory authority.

Interest of Management and Others in Material Transactions

Except as disclosed elsewhere in this Circular, the directors, executive officers and principal shareholders of Newco or any associate or affiliate of the foregoing have had no material interest, direct or indirect, in any transactions in which Newco has participated within the three-year period prior to the Record Date, which has materially affected or will materially affect Newco.

Auditor, Transfer Agent and Registrar

The auditor of Newco will be Manning Elliott LLP, Chartered Professional Accountants, 1700 - 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3. The registrar and transfer agent of the Newco Shares will be Computershare Investor Services Inc., 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

Material Contracts

Except for contracts entered into in the ordinary course of business, the only contract entered into by Newco in the two years immediately prior to the date hereof that can reasonably be regarded as presently material to Newco is the Arrangement Agreement, which agreement is available on SEDAR at www.sedar.com.

Other Material Facts

To management's knowledge, there are no other material facts relating to the Newco Shares being distributed that are not otherwise disclosed in this Circular, or are necessary in order for the Circular to contain full, true and plain disclosure of all material facts relating to Newco and the Newco Shares.

SCHEDULE "E"

CHANGE OF BUSINESS RESOLUTION

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The terms of the share purchase agreement dated June 8, 2018, as amended (the "**Target Agreement**") among Mountain Lake Minerals. (the "**Issuer**"), 1157630 B.C Ltd. (the "**Target**") and the shareholders of the Target (the "**Vendors**") providing for the acquisition (the "**Target Acquisition**") of all of the issued and outstanding shares of the Target by the Issuer from the Vendors and the issuance, in consideration of the Target Acquisition, of an aggregate of 40,000,000 common shares to the Vendors at a deemed price of \$0.30 per share, and all the transactions contemplated therein and the payment of consideration in respect thereof be and are hereby confirmed and approved;
2. The terms of the license agreement dated December 7, 2018 (the "**Phenome Agreement**") among the Issuer and Phenome One Corp ("**Phenome**"). providing for the license to the Issuer of certain cultivars and related assets (the "**Phenome License**") and the issuance, in partial consideration in respect of the Phenome License, of an aggregate of 10,000,000 common shares of the Issuer to the Phenome at a deemed price of \$0.30 per share, and all the transactions contemplated therein and the payment of consideration in respect thereof, be and are hereby confirmed and approved;
3. Subject to the approval of the Canadian Securities Exchange (the "**Exchange**"), the completion of the Target Acquisition and the Phenome License (together, the "**Acquisitions**") on such terms and conditions as the board of directors of the Issuer (the "**Board**") may determine in its sole discretion, and all matters related and transactions ancillary thereto in accordance with the terms of the Target Agreement and the Phenome Agreement (together, the "**Agreements**") be and are hereby authorized and approved;
4. Notwithstanding the approval of these resolutions by the shareholders of the Issuer, or the approval of the Acquisitions by the Exchange, the Board is hereby authorized and empowered without further notice to, or approval of, the shareholders of the Issuer (but subject to the terms of the Agreements), to: (i) amend, modify or supplement the Agreements in accordance with the respective terms and (ii) not proceed with one or more or all of the Acquisitions and related transactions, at any time prior to the closing of the respective Acquisitions; and
5. Any one or more directors or officers of the Issuer be and are hereby authorized, for and on behalf and in the name of the Issuer, to execute and deliver all such agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments, and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Acquisitions, and the completion of the transactions contemplated by the Agreements in accordance with the terms of the Agreements, including:
 - (a) all actions required to be taken by or on behalf of the Issuer or its subsidiaries, including making all necessary filings and obtaining all necessary approvals, consents and acceptances of appropriate regulatory authorities; and
 - (b) the signing of certificates, consents and other documents or declarations required pursuant to the Agreements or otherwise to be entered into by the Issuer or its subsidiaries, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing by such director or officer."

SCHEDULE "F"

ARRANGEMENT RESOLUTION

BE IT RESOLVED, AS A SPECIAL RESOLUTION THAT:

1. The arrangement (as may be modified or amended, the "Arrangement") under section 291 of the *Business Corporations Act* (British Columbia) involving Mountain Lake Minerals Inc. (the "Company"), its shareholders and 1167343 B.C. Ltd. ("Newco"), all as more particularly described and set forth in the Information Circular (the "Circular") of the Issuer dated June 21, 2019, accompanying the notice of this meeting, is hereby authorized, approved and adopted;
2. The plan of arrangement, as it may be or has been amended (the "Plan of Arrangement"), involving the Issuer, its shareholders and Newco, and implementing the Arrangement, the full text of which is set out in Schedule B to the Circular (as the Plan of Arrangement may be, or may have been, modified or amended), is hereby approved and adopted;
3. The arrangement agreement dated June 5, 2018 (the "Arrangement Agreement") among the Issuer and Newco, and all the transactions contemplated therein, the actions of the directors of the Issuer in approving the Arrangement and the actions of the officers of the Issuer in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified and approved;
4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of the Issuer or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of the Issuer are hereby authorized and empowered, without further notice to, or approval of, the shareholders:
 - (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; and
 - (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement;
5. Any one or more directors or officers of the Issuer is hereby authorized, for and on behalf and in the name of the Issuer, to execute and deliver, whether under corporate seal of the Issuer or not, all such agreements, forms, waivers, notices, certificate, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:
 - (a) all actions required to be taken by or on behalf of the Issuer, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
 - (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by the Issuer;
 - (c) such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing by or on behalf of the Issuer.

SCHEDULE "G"

**AUDITED FINANCIAL STATEMENTS OF THE TARGET FOR THE PERIOD FROM
INCORPORATION ON MARCH 21, 2019 AND ENDED AUGUST 31, 2018 AND INTERIM FINANCIAL
STATEMENTS FOR THE TARGET FOR THE NINE MONTHS ENDED MAY 31, 2019**

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1157630 B.C. LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR PERIOD ENDED AUGUST 31, 2018

INDEPENDENT AUDITORS' REPORT

To the Director of
1157630 B.C. Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated financial statements of 1157630 B.C. Ltd. (the "Company"), which comprise the consolidated statement of financial position as at August 31, 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholder's deficiency and cash flows for the period ended August 31, 2018, and the related notes, including a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2018, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 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 of the accompanying consolidated financial statements, which indicates that the Company incurred net losses since inception, and as of August 31, 2018 the Company had an accumulated deficit. 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 these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 responsibility is to obtain reasonable assurance about whether the consolidated financial statements 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, not 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 the 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 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 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 Fernando Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia

July 9, 2019

1157630 B.C. LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	August 31, 2018
ASSETS		
Current Assets		
Cash		\$ 97,249
Prepaid expenses		19,768
		117,017
Loans receivable	6	500,000
Long term deposits		13,819
Intangible asset	5	-
Equipment	7	12,208
TOTAL ASSETS		\$ 643,044
LIABILITIES AND SHAREHOLDER'S DEFICIENCY		
Current liabilities		
Accounts payable and accrued charges		\$ 37,540
Amounts payable	8	995,219
Consideration payable	5	1,420,000
Total Liabilities		2,452,759
Shareholder's deficiency		
Common Shares	9	443,285
Deficit		(2,253,000)
		(1,809,715)
TOTAL LIABILITIES AND SHAREHOLDER'S DEFICIENCY		\$ 643,044

NATURE OF OPERATIONS (Note 1)
COMMITMENTS (Note 14)

Approved and authorized for issue on behalf of the Director on July 7, 2019.

"Alex Filed" Director

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

1157630 B.C. LTD.
CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Note	Period ended August 31, 2018
EXPENSES		
Consulting fees		\$ 271,300
Legal fees		10,952
Office and other		190
Rent		47,935
Utilities		2,623
NET LOSS BEFORE OTHER ITEM		333,000
Write-down of intangible asset	5	1,920,000
NET AND COMPREHENSIVE LOSS		\$ 2,253,000
LOSS PER SHARE - Basic and Diluted		\$ 0.34
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		6,625,767

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

1157630 B.C. LTD.**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S DEFICIENCY**(Expressed in Canadian dollars)

	Common Shares		Deficit	Total
	Number of Shares	Amount		
Incorporation, March 21, 2018				
Issuance of shares	10,000,000	\$ 500,000	\$ -	\$ 500,000
Share subscriptions receivable	-	(50,400)	-	(50,400)
Share issuance costs	-	(6,315)	-	(6,315)
Net loss for the period	-	-	(2,253,000)	(2,253,000)
Balance, August 31, 2018	10,000,000	\$ 443,285	\$ (2,253,000)	\$ (1,809,715)

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

1157630 B.C. LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in Canadian dollars)

	Period ended August 31, 2018
CASH PROVIDED BY (USED IN):	
OPERATING ACTIVITIES	
Net loss for the period	\$ (2,253,000)
Item not affecting cash:	
Write-down of intangible asset	1,920,000
Changes in non-cash working capital	
Prepaid expenses	(33,587)
Accounts payable and accrued liabilities	37,540
Cash used in operating activities	(329,047)
INVESTING ACTIVITIES	
Loans receivable	(500,000)
Cash paid for acquisition of Go Green	(500,000)
Purchase of equipment	(12,208)
Cash used in investing activities	(1,012,208)
FINANCING ACTIVITIES	
Amounts payable	995,219
Issuance of common shares	443,285
Cash provided by financing activities	1,438,504
INCREASE IN CASH AND CASH, END OF PERIOD	\$ 97,249
SUPPLEMENT CASH DISCLOSURES	
Interest paid	\$ -
Income taxes paid	\$ -

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AUGUST 31, 2018**

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

1157630 B.C. LTD. (“the Company”) was incorporated on March 21, 2018 in British Columbia under the Business Corporations Act. The address of the Company’s corporate office and its principal place of business is 1055 Hastings Street W, Unit 300, Vancouver, British Columbia, Canada.

The Company is in the process of applying for a license to produce cannabis. Operations have not commenced as of the date of these consolidated financial statements

As at August 31, 2018, the Company had not yet generated any revenues. The Company has a deficit of \$ 2,253,000 and a working capital deficiency of \$2,335,742 as at August 31, 2018. The deficit has been funded by the issuance of equity and related parties. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors indicate the existence of a material uncertainty which casts significant doubt upon the company’s ability to continue as a going concern.

These consolidated financial statements do not give effect to any adjustments which 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 these consolidated financial statements.

2. BASIS OF PRESENTATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

These consolidated financial statements were authorized for issue in accordance with a resolution from the Director on July 7, 2019.

b) Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and wholly owned subsidiary Go Green B.C. Medicinal Marijuana Ltd (“Go Green”). Go Green was incorporated pursuant to the laws of British Columbia, Canada and its office is located at 19069 Okanagan Centre Road West, Lake Country, British Columbia, Canada. As described in Note 5 the Company acquired Go Green during the period ended August 31, 2018. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operational policies of the entity. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company’s share capital. All intercompany transactions and balances have been eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting judgments and estimate

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Estimated useful lives and impairment considerations

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

Business combination vs asset acquisition

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assess whether it is probably that some or all of the deferred income tax assets and liabilities will be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Discount rate used for consideration payable

The carrying value of the convertible debentures is subject to management's estimates in determining an appropriate discount rate based on similar instruments with no conversion features.

Going concern

Management applies judgment in its evaluation of the Company's ability to continue as a going concern.

b) Impairment of long-lived assets

Long-lived assets, including equipment and intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Intangible assets

Intangible assets consist of in-process license applications acquired by the Company. Intangible assets are carried at cost less accumulated amortization and impairment. Intangible assets with indefinite lives are not amortized but are reviewed annually for impairment. Any impairment of intangible assets is recognized in the statement of comprehensive loss but increases in intangible asset values are not recognized. As described in Note 5, the Company acquired certain intangible assets through its acquisition of Go Green, which will have a definite life based on the term of lease premises where the Company intends to cultivate cannabis.

Estimated useful lives of intangible assets are shorter of the economic life and the period the right is legally enforceable. The assets' useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The Company does not have any intangible assets with an indefinite life.

At each financial position reporting date, the carrying amounts of the Company's long-lived assets, including equipment and intangible assets, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs.

d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of comprehensive loss.

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over time. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to acquired intangibles assets, property and equipment and contingent consideration.

Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred.

Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs.

The Company completed the transaction described in Note 5 and concluded that the transaction did not qualify as a business combination under IFRS 3, "Business Combinations".

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Goodwill

In certain situations, goodwill or a bargain purchase gain may result from a business combination. Goodwill is measured as the excess of the consideration transferred over the net amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is measured at historical cost and is evaluated for impairment annually or more often if events or circumstances indicate there may be an impairment.

Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred.

f) Equipment

Equipment is measured at cost less accumulated amortization and impairment losses. Equipment consists of leasehold improvements and is amortized on a straight line basis over the term of premise lease to which it relates.

Certain of the Company's equipment have not yet been put into use and as a result useful lives have not yet been determined and no amortization has been recorded to date on this property and equipment.

An asset's residual value, useful life and amortization method are reviewed at each financial year-end and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of the equipment and are recognized through the statement of comprehensive loss.

g) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of comprehensive loss except to the extent that it related to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

i) Financial instruments

Financial assets

All financial assets are initially measured at fair value plus, in the case of a financial asset not measured at fair value through profit and loss ("FVTPL"), transaction costs. Financial assets are subsequently measured at: (i) FVTPL; (ii) fair value through other comprehensive income ("FVOCI") or (iii) amortized cost. The classification is based on whether the contractual cash flow characteristics represent "solely payments of principal and interest" as well as the business model under which the financial assets are managed. The Company's cash is measured at FVTPL and its loans receivable are measure at amortized cost.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

Financial liabilities are are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities measured at amortized cost are initially recognized at fair value less directly attributable transaction costs. The Company's accounts payable, amounts payable and consideration payable are measured at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. Common shares issued for non-monetary consideration are measured based on their market value at the date the common shares are issued. The Company has adopted the residual method with respect to the measurement of common shares and warrants issued as equity units.

k) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Basic and diluted loss per share is the same for the periods presented.

l) Provisions

The Company recognizes a provision when all of these conditions are met:

- a. an entity has present obligation (legal or constructive) as a result of a past event;
- b. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. a reliable estimate can be made of the amount of the obligation.

In certain asset acquisitions, the Company provides consideration that is contingent on uncertain future events of which the existence will be confirmed only by the occurrence or non-occurrence of one or more future events. These events are typically in control of management and as a result do not meet the definition of a financial liability until the events have occurred. As a result, a contingent consideration in these situations is not measured until the event occurs.

m) Adoption of new pronouncements

The Company did not adopt any new or amended accounting standards during the period ended August 31, 2018, which had a material impact on the Company's financial statements.

4. RECENT ACCOUNTING PRONOUNCEMENTS

Effective for annual periods beginning on or after September 1, 2019

Standards issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

IFRS 16 Leases and IFRIC 23 – Uncertainty over Income Tax Treatments

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties of a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

IFRIC 23, Uncertainty over Income Tax Treatments, provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation requires: (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

The adoption of these standards and interpretations is not expected to have a material effect on the Company's future results and financial position.

5. ASSET ACQUISITION

On April 20, 2018 the Company entered into a share purchase agreement with 1065703 B.C. Ltd. ("1065703") to acquire 100% of all the issued and outstanding shares of Go Green from 1065703 in exchange for \$2,000,000 paid in cash and the issuance of common shares. The consideration is detailed as follows:

- \$275,000 in cash (paid);
- \$225,000 in cash three months following the closing date (paid);
- \$500,000 in cash on or before the earlier of November 15, 2018 or the issuance of a cultivation license by Health Canada; and
- \$1,000,000 in common shares on the earlier of December 15, 2018 or such time as that the Company completes a going public transaction (the "Delivery Date"). The number of common shares will be determined using the market value of the common shares. The number of common shares will be variable based on the market price on the Delivery Date. Should the market value be \$0.25 or greater then the number of shares to be issued will be equal to \$1,000,000 divided by the market price on the delivery date. Should the market price of the common shares be less than \$0.25, unless otherwise agreed upon in writing by the Company and 1065703, 1065703 may accept the number of common shares equal to \$1,000,000 divided by the market price or cause the Company to provide for a first charge over all the Company's present and after-acquired property along with other certain restrictions.

5. ASSET ACQUISITION (continued)

The details of the purchase have been accounted for as follows:

Cash paid	\$ 500,000
Cash to be paid by November 15, 2018 at fair value	473,000
Fair value of common shares issued	947,000
Total consideration	\$ 1,920,000
<hr/>	
Intangible asset acquired	\$ 1,920,000

The Company has accounted for the purchase as an asset acquisition as it did not meet the criteria under IFRS 3 "Business Combinations" to be classified as a business acquisition. Of the consideration exchanged, \$500,000 was paid during the period ended August 31, 2018 and the remaining balance of \$1,500,000 was set up as a current liability. The Company discounted the liability at a rate of approximately 20% in order provide for its current present value. The liability will be accreted up over the payment terms noted above. The intangible asset consisted of in-process licensing application relating to the Go Green's license application to produce cannabis in Canada ("Intangible Asset").

In accordance with the Company's accounting policy, the Intangible Asset is subject to an annual impairment test and as a result the full value of the intangible asset purchased of \$1,920,000 was impaired and charged to the consolidated statement of comprehensive loss for the period ended August 31, 2018. As of the date of approval of these consolidated financial statements, the approval of the processing and cultivation license had not been granted.

6. LOANS RECEIVABLE

During the period ended August 31, 2018, the Company advanced Mountain Lake Minerals Inc. \$300,000 and 1151024 B.C. Ltd. \$200,000. The amounts are non-interest bearing and non-secured and have no formal terms of repayment. The amounts were advanced in contemplation of certain transactions described in Note 8.

7. EQUIPMENT

During the period ended August 31, 2018, the Company purchased leasehold improvements of \$12,208. Depreciation for the leasehold improvements has not been provided for as they are on-going and not ready for use.

8. AMOUNTS PAYABLE

During the period ended August 31, 2018, the Company entered into a definitive share purchase agreement with the shareholders of Mountain Lake Minerals Inc. ("Mountain Lake"). Mountain Lake will acquire 100% of the Company including its subsidiary, Go Green in exchange for 40,000,000 common shares of Mountain Lake. The transaction will result in the Company shareholders acquiring control of Mountain Lake and as a result will be accounted for as a reverse-take-over.

In contemplation of the close of the transaction, Mountain Lake advanced and paid on behalf of the Company certain expenses related to the Company's operations. As of August 31, 2018, Mountain Lake had made total advances or paid expense of \$995,219. The amounts are non-interest bearing, unsecured and have no formal terms of repayment. As of the date of approval of these consolidated financial statements, the transaction had not closed.

1157630 B.C. LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AUGUST 31, 2018
(Expressed in Canadian dollars)

9. SHARE CAPITAL

a) Authorized: Common shares - unlimited number of voting common shares without par value.

b) Issued and Outstanding as at August 31, 2018: 10,000,000 voting common shares.

For the period ended August 31, 2018, the Company issued 10,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$500,000.

10. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer. During the period ended August 31, 2018, the Company did not incur any transactions with related parties.

11. INCOME TAXES

The following table reconciles the expected income taxes recovery at the Canadian statutory income tax rates to the amounts recognized in the statements of comprehensive loss for the period ended August 31, 2018:

	Period ended August 31, 2018
	\$
Loss (income) before taxes	
Statutory tax rate	27.0%
Expected income tax recovery	608,000
Non-taxable (deductible) items	(518,400)
Change in deferred tax asset not recognized	(89,600)
Total income tax recovery	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax assets (liabilities) at August 31, 2018 are comprised of the following:

	August 31, 2018
Deferred tax assets:	\$
Non-capital loss carry forwards	89,600
Deferred tax asset not recognized	(89,600)
Net deferred tax asset	-

The Company has non capital loss carry-forwards of approximately \$333,000 which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in 2038.

12. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments:

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

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

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash	\$ 97,249	-	-	\$ 97,249

Fair value - The fair value of the Company's financial instruments approximates their carrying value as at August 31, 2018 because of the demand nature or short-term maturity of these instruments.

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

The Company's financial instruments include cash and preferred shares. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. All of the Company's liabilities are due within the next twelve months.

1157630 B.C. LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AUGUST 31, 2018
(Expressed in Canadian dollars)

14. COMMITMENTS

The Company has entered into an agreement to lease commercial office space in Vancouver, British Columbia for a five year period commencing during 2018. In accordance with the terms of the lease agreement, the Company is required to make annual lease payments of \$115,662.

The Company's future minimum lease payments pursuant to the above noted lease agreements are as follows:

Less than one year	\$	115,662
One to five years		284,565
Greater than five years		-
	\$	<u>400,227</u>

Condensed Consolidated Interim Financial
Statements of

1157630 B.C. LTD.

For the periods ended May 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

157630 B.C. LTD.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

	Note	May 31, 2019	August 31, 2018
ASSETS			
Current Assets			
Cash		\$ 199,255	97,249
Amount receivable		32,753	-
Prepaid Expenses		67,630	33,587
		299,638	130,836
Loans receivable	6	300,000	300,000
Investment	5	-	-
Equipment	7	364,187	12,208
TOTAL ASSETS		\$ 963,827	443,044

LIABILITIES AND SHAREHOLDER'S DEFICIENCY

Current liabilities			
Accounts payable and accrued charges		\$ 128,568	37,540
Amounts payable	8	1,432,719	782,719
Consideration payable	5	1,500,000	1,420,000
Total Liabilities		3,061,287	2,240,259
Shareholder's deficiency			
Share capital	9	488,252	443,285
Deficit		(2,585,712)	(2,240,500)
		(2,097,460)	(1,797,215)
TOTAL LIABILITIES AND SHAREHOLDER'S DEFICIENCY		\$ 963,827	443,044

NATURE OF OPERATIONS (Note 1)
COMMITMENTS (Note 14)
SUBSEQUENT EVENTS (Note 15)

Approved and authorized for issue on behalf of the Board on July 7, 2019

"Alex Field" Director

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

1157630 B.C. LTD.

Condensed Consolidated Interim Statements of Comprehensive Loss

For the nine months ended May 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

	Note	Period ended May 31, 2019	Period ended May 31, 2018
EXPENSES			
Accretion of amount payable		\$ 80,000	-
Consulting		9,000	-
Insurance		4,704	-
Management fees		60,000	-
Professional fees		40,870	-
Office and other		24,729	-
Rent		99,652	-
Repairs and maintenance		4,684	-
Travel		11,446	-
Utilities		10,127	-
NET AND COMPREHENSIVE LOSS		\$ 345,212	-
LOSS PER SHARE - Basic and Diluted		\$ 0.03	-
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		10,000,000	-

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

1157630 B.C. LTD.

Condensed Consolidated Interim Statements of Changes in Deficiency

For the nine months ended May 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

	Common Shares		Deficit	Total
	Number of Shares	Amount		
Incorporation, March 21, 2018				
Issuance of shares	10,000,000	\$ 500,000	\$ -	\$ 500,000
Share subscriptions receivable	-	(500,000)	-	(500,000)
Net loss for the period	-	-	-	-
Balance, May 31, 2018	10,000,000	\$ -	\$ -	-

	Common Shares		Deficit	Total
	Number of Shares	Amount		
Incorporation, September 1, 2018	10,000,000	\$ 443,285	\$ (2,240,500)	\$ (1,797,215)
Share subscriptions received	-	44,967	-	44,967
Net loss for the period	-	-	(345,212)	(345,212)
Balance, May 31, 2019	10,000,000	\$ 488,252	\$ (2,585,712)	\$ (2,097,460)

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

1157630 B.C. LTD.

Condensed Consolidated Interim Statements of Cash Flows

For the nine months ended May 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

	Period ended May 31, 2019	Period ended May 31, 2018
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (345,212)	-
Item not affecting cash:		
Accretion of amounts payable	80,000	-
Changes in non-cash working capital		
Prepaid expenses	(34,044)	-
Accounts payable and accrued liabilities	58,274	-
Cash used in operating activities	240,982	-
INVESTING ACTIVITIES		
Loans receivable	-	-
Purchase of equipment	(351,979)	-
Cash used in investing activities	(351,979)	-
FINANCING ACTIVITIES		
Subscription receivable	44,967	-
Amounts payable	650,000	-
Cash provided by financing activities	694,967	-
Change in cash	102,006	-
Cash, beginning of period	97,249	-
Cash, end of period	\$ 199,255	-
SUPPLEMENT CASH DISCLOSURES		
Interest paid	\$ -	-
Income taxes paid	\$ -	-

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

1157630 B.C. LTD.

Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended May 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

1157630 B.C. LTD. ("the Company") was incorporated on March 21, 2018 in British Columbia under the Business Corporations Act. The address of the Company's corporate office and its principal place of business is 1055 Hastings Street W, Unit 300, Vancouver, British Columbia, Canada.

The Company is in the process of applying for a license to produce cannabis. Operations have not commenced as of the date of these consolidated financial statements.

As at May 31, 2019, the Company had not yet generated any revenues. The Company has a deficit of \$2,585,712 and a working capital deficiency of \$2,761,647 as at May 31, 2019. The deficit has been funded by the issuance of equity and related parties. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors indicate the existence of a material uncertainty which casts significant doubt upon the company's ability to continue as a going concern.

These consolidated financial statements do not give effect to any adjustments which 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 these consolidated financial statements.

2. BASIS OF PRESENTATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") applicable to preparation of interim consolidated financial statements, including IAS 34, Interim Financial Reporting.

These consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on July 7, 2019.

b) Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and wholly owned subsidiary Go Green B.C. Medicinal Marijuana Ltd ("Go Green"). Go Green was incorporated pursuant to the laws of British Columbia, Canada and its office is located at 19069 Okanagan Centre Road West, Lake Country, British Columbia, Canada. As described in Note 5 the Company acquired Go Green during the period ended August 31, 2018. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operational policies of the entity. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All

Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended May 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

intercompany transactions and balances have been eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting judgments and estimate

The preparation of these consolidated financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Estimated useful lives and impairment considerations

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

Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended May 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assess whether it is probably that some or all of the deferred income tax assets and liabilities will be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Discount rate used for consideration payable

The carrying value of the convertible debentures is subject to management's estimates in determining an appropriate discount rate based on similar instruments with no conversion features.

Going concern

Management applies judgment in its evaluation of the Company's ability to continue as a going concern.

b) Impairment of long-lived assets

Long-lived assets, including equipment and intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended May 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Intangible assets

Intangible assets consist of in-process license applications acquired by the Company. Intangible assets are carried at cost less accumulated amortization and impairment. Intangible assets with indefinite lives are not amortized but are reviewed annually for impairment. Any impairment of intangible assets is recognized in the statement of comprehensive loss but increases in intangible asset values are not recognized. As described in Note 5, the Company acquired certain intangible assets through its acquisition of Go Green, which will have a definite life based on the term of lease premises where the Company intends to cultivate cannabis.

Estimated useful lives of intangible assets are shorter of the economic life and the period the right is legally enforceable. The assets' useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The Company does not have any intangible assets with an indefinite life.

At each financial position reporting date, the carrying amounts of the Company's long-lived assets, including equipment and intangible assets, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs.

d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of comprehensive loss.

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over time. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to acquired intangibles assets, property and equipment and contingent consideration.

Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred.

Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs.

Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended May 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company completed the transaction described in Note 5 and concluded that the transaction did not qualify as a business combination under IFRS 3, "Business Combinations".

e) Goodwill

In certain situations, goodwill or a bargain purchase gain may result from a business combination. Goodwill is measured as the excess of the consideration transferred over the net amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is measured at historical cost and is evaluated for impairment annually or more often if events or circumstances indicate there may be an impairment.

Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred.

f) Equipment

Equipment is measured at cost less accumulated amortization and impairment losses. Equipment consists of leasehold improvements and is amortized on a straight line basis over the term of premise lease to which it relates.

Certain of the Company's equipment have not yet been put into use and as a result useful lives have not yet been determined and no amortization has been recorded to date on this property and equipment.

An asset's residual value, useful life and amortization method are reviewed at each financial year-end and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of the equipment and are recognized through the statement of comprehensive loss.

g) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended May 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of comprehensive loss except to the extent that it related to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

i) Financial instruments NEEDS TO BE UPDATED

i) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. Common shares issued for non-monetary consideration are measured based on their market value at the date the common shares are issued. The Company has adopted the residual method with respect to the measurement of common shares and warrants issued as equity units.

j) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Basic and diluted loss per share is the same for the periods presented.

k) Provisions

The Company recognizes a provision when all of these conditions are met:

Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended May 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

- a. an entity has present obligation (legal or constructive) as a result of a past event;
- b. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. a reliable estimate can be made of the amount of the obligation.

In certain asset acquisitions, the Company provides consideration that is contingent on uncertain future events of which the existence will be confirmed only by the occurrence or non-occurrence of one or more future events. These events are typically in control of management and as a result do not meet the definition of a financial liability until the events have occurred. As a result, a contingent consideration in these situations is not measured until the event occurs.

l) Adoption of new pronouncements

The Company did not adopt any new or amended accounting standards during the year ended November 30, 2018, which had a material impact on the Company's financial statements.

4. RECENT ACCOUNTING PRONOUNCEMENTS

Effective for annual periods beginning on or after September 1, 2019

Standards issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

New standard IFRS 16 Leases

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties of a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

The Company does not expect the adoption of this standard to have significant impact on the consolidated financial statements.

5. ASSET ACQUISITION

On April 20, 2018 the Company entered into a share purchase agreement with 1065703 B.C. Ltd. ("1065703") to acquire 100% of all the issued and outstanding shares of Go Green from 1065703 in exchange for \$2,000,000 paid in cash and the issuance of common shares. The consideration is detailed as follows:

- \$275,000 in cash (paid);
- \$225,000 in cash three months following the closing date (paid);

Notes to the Condensed Consolidated Interim Financial Statements**For the nine months ended May 31, 2019 and 2018****(Expressed in Canadian dollars)****(Unaudited)**

5. ASSET ACQUISITION (continued)

- \$500,000 in cash on or before the earlier of November 15, 2018 or the issuance of a cultivation license by Health Canada; and
- \$1,000,000 in common shares on the earlier of December 15, 2018 or such time as that the Company completes a going public transaction (the "Delivery Date"). The number of common shares will be determined using the market value of the common shares. The number of common shares will be variable based on the market price on the Delivery Date. Should the market value be \$0.25 or greater then the number of shares to be issued will be equal to \$1,000,000 divided by the market price on the delivery date. Should the market price of the common shares be less than \$0.25, unless otherwise agreed upon in writing by the Company and 1065703, 1065703 may accept the number of common shares equal to \$1,000,000 divided by the market price or cause the Company to provide for a first charge over all the Company's present and after-acquired property along with other certain restrictions.

The details of the purchase have been accounted for as follows:

Cash paid	\$ 500,000
Cash to be paid by November 15, 2018 at fair value	473,000
Fair value of common shares issued	947,000
Total consideration	\$ 1,920,000
<hr/>	
Intangible asset acquired	\$ 1,920,000

The Company has accounted for the purchase as an asset acquisition as it did not meet the criteria under IFRS 3 "Business Combinations" to be classified as a business acquisition. Of the consideration exchanged, \$500,000 was paid during the period ended August 31, 2018 and the remaining balance of \$1,500,000 was set up as a current liability. The Company discounted the liability at a rate of approximately 20% in order provide for its current present value. The liability will be accreted up over the payment terms noted above. The intangible asset consisted of in-process licensing application relating to the Go Green's license application to produce cannabis in Canada.

The Company was subject to an annual impairment test on any intangible asset and as a result impaired the full value of the intangible asset purchased and a \$1,920,000 impairment charge was provided for on the consolidated statement of comprehensive loss for the period ended August 31, 2018. As of the date of approval of these consolidated financial statements, the approval of the processing and cultivation license had not been granted.

6. LOANS RECEIVABLE

During the period ended May 31, 2019, the Company advanced Mountain Lake Minerals Inc. \$300,000. The amounts are non-interest bearing and non-secured and have no formal terms of repayment. The amounts were advanced in contemplation of certain transactions described in Note 8.

7. EQUIPMENT

During the period ended May 31, 2019, the Company purchased leasehold improvements of \$351,979.

Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended May 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

Depreciation for the leasehold improvements has not been provided for as they are not ready for use.

8. AMOUNTS PAYABLE

During the period ended August 31, 2018, the Company entered into a definitive share purchase agreement with the shareholders of Mountain Lake Minerals Inc. ("Mountain Lake"). Mountain Lake will acquire 100% of the Company including its subsidiary, Go Green in exchange for 40,000,000 common shares of Mountain Lake. In contemplation of the close of the transaction, Mountain Lake advanced and paid on behalf of the Company certain expenses related to the Company's operations. As of May 31, 2019, Mountain Lake had made total advances or paid expense of \$1,432,719. The amounts are non-interest bearing, unsecured and have no formal terms of repayment. As of the date of approval of these consolidated financial statements, the transaction had not closed.

9. SHARE CAPITAL

- a) Authorized: Common shares - unlimited number of voting common shares without par value.

- b) Issued and Outstanding as at May 31, 2019: 10,000,000 voting common shares.

For the period ended May 31, 2019, the Company issued 10,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$500,000. Of the \$500,000 gross proceeds,

10. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer. During the period ended May 31, 2019, the Company did not incur any transactions with related parties.

11. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended May 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK *(continued)*

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments:

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at May 31, 2019 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash	\$ 199,255	-	-	\$ 199,255

Fair value - The fair value of the Company's financial instruments approximates their carrying value as at May 31, 2019 because of the demand nature or short-term maturity of these instruments.

The Company's financial instruments include cash and preferred shares. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended May 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited)

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK *(continued)*

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

13. COMMITMENTS

The Company has entered into an agreement to lease commercial office space in Vancouver, British Columbia for a five year period commencing during 2018. In accordance with the terms of the lease agreement, the Company is required to make annual lease payments of \$110,154.

The Company's future minimum lease payments pursuant to the above noted lease agreements are as follows:

Less than one year	\$	110,154
One to five years		284,565
Greater than five years		-
	\$	<u>394,719</u>

14. SUBSEQUENT EVENTS

There are no reportable subsequent events.

SCHEDULE "H"

PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER AS AT MAY 31, 2019

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MOUNTAIN LAKE MINERALS INC.

**Pro-forma Consolidated Statement of Financial Position
(Prepared by Management)
(Expressed in Canadian dollars)
(Unaudited)**

May 31, 2019

MOUNTAIN LAKE MINERALS INC.

 UNAUDITED PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT MAY 31, 2019
 (Expressed in Canadian Dollars)
 (Unaudited)

	Mountain Lake Minerals Inc. \$	115630 BC Ltd. \$	Notes	Pro-forma Adjustments \$	Pro forma Consolidated \$
ASSETS					
Current assets					
Cash	93,503	199,255	3(b) 3(c) 3(c) 3(d) 3(e)	(200,000) 3,000,000 (210,000) (1,000,000) (250,000)	1,632,758
Restricted cash	146,869	-			146,869
Receivables	50,968	32,753			83,721
Prepaid expenses and other	126,187	67,632	3(d)	(126,187)	67,632
	417,527	299,640			1,930,980
Non-current					
Advances receivable	2,361,387	300,000	3(d)(f)(g)	(1,930,219)	731,168
Property and equipment	3,166	364,187			367,353
Exploration and evaluation assets	12,500	-	3(d)	(12,500)	-
Intangible assets	-	-	3(e)	3,250,000	3,250,000
	2,794,580	963,827			6,279,501
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	498,656	128,568			627,224
Amount payable	-	1,445,219	3(g)	(1,445,219)	-
Consideration payable	-	1,500,000	3(f)	(1,500,000)	-
Notes payable	66,000	-			66,000
Loan payable	450,000	-			450,000
	1,014,656	3,073,787			1,143,224
SHAREHOLDERS' EQUITY					
Share capital	7,624,172	488,252	3(a) 3(a) 3(c) 3(c) 3(c) 3(e) 3(f)	(7,624,172) 3,684,889 3,000,000 (210,000) (37,000) 3,000,000 1,075,000	11,001,141
Contributed surplus	583,565	-	3(a) 3(c)	(583,565) 37,000	37,000
Deficit	(6,427,813)	(2,598,212)	3(a) 3(a)(b) 3(d) 3(f)	6,427,813 (2,104,965) (1,138,687) 60,000	(5,901,864)
	(1,779,924)	(2,109,960)			5,136,277
	2,794,580	963,827			6,279,501

The accompanying notes are an integral part of this unaudited pro-forma consolidated statement of financial position.

MOUNTAIN LAKE MINERALS INC.

NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MAY 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

1. PROPOSED TRANSACTIONS

About Mountain Lake Minerals Inc.

Mountain Lake Minerals Inc. (“**MLK**” or the “**Company**”) was incorporated under the Business Corporations Act of British Columbia on May 16, 2012. The address of the Company’s head office is 1853 Sunken Lake Road, RR2, Wolfville, Nova Scotia, Canada, B4P 2R2. Its registered office is Suite 1750 – 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6.

The Company is a junior exploration company exploring for precious and base metal deposits. Mountain Lake’s current projects are located in the province of Newfoundland and Labrador, Canada.

About 1167343 B.C. Ltd.

1167343 B.C. Ltd. (“**Newco**”) was incorporated on ●, 2019 in British Columbia under the Business Corporations Act. The address of the Company’s corporate office and its principal place of business is 1055 Hastings Street W, Unit 300, Vancouver, British Columbia, Canada.

The Company was incorporated in order to facilitate the Plan of Arrangement described below.

About 1157630 B.C. Ltd.

1157630 B.C. Ltd. (“**1157630**”) was incorporated on March 21, 2018 in British Columbia under the Business Corporations Act. The address of the Company’s corporate office and its principal place of business is 1055 Hastings Street W, Unit 300, Vancouver, British Columbia, Canada.

1157630 is in the process of applying for a license to produce cannabis. Operations have not commenced as of May 31, 2019.

The Transactions

Plan of Arrangement

The Company intends to complete a plan of arrangement under the provisions of the Business Corporations Act (British Columbia) involving the Company and Newco, a wholly owned subsidiary of the Company (the “**Arrangement**”). The Arrangement will involve the transfer of the Company’s mineral properties and \$1,000,000 in cash to Newco and the distribution of common shares in the capital of Newco to shareholders of the Company.

Change of Business

On June 8, 2018, MLK, 1157630 and the shareholders of 1157630 entered into an share exchange agreement (the “**Share Exchange Agreement**”) pursuant to which MLK will acquire all of the issued and outstanding securities of 1157630 (the “**Acquisition**”) in consideration of the issuance of 40,000,000 common shares of MLK, to be distributed to the 1157630 shareholders pro rata in accordance with their holdings of 1157630 common shares.

Collectively (the “**Transactions**”)

MOUNTAIN LAKE MINERALS INC.

NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MAY 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

1. PROPOSED TRANSACTIONS (continued)

The boards of directors of MLK and 1157630 have each unanimously approved the terms of the Share Exchange Agreement.

The Share Exchange Agreement will be subject to certain customary conditions including approval by the shareholders of each of MLK and 1157630 and various regulatory approvals including the approval of the CSE. The Share Exchange Agreement contains customary terms, conditions, conditions precedent and closing obligations for Transactions of this nature, including completion of the consolidation of MLK Common Shares.

In connection with the Transactions, MLK shall undertake a private placement of units of MLK ("**Units**") to raise an aggregate of approximately \$3,000,000 or such other amount as may be required by the Canadian Securities Exchange ("**CSE**") to meet its working capital requirements and as agreed to in writing between 1157630 and MLK (the "**Financing**") by the issuance of approximately 10,000,000 Units at a price of no less than \$0.30 per Unit. Each Unit shall be comprised of (i) one MLK Common Share and (ii) one MLK Common Share purchase half warrant exercisable at \$0.50 for a period of twelve months from the date of closing of the Financing to acquire one additional MLK Common Share. The Financing is expected to close concurrently with the Transactions.

In connection with the Financing, certain persons who introduce subscribers to MLK (each a "**Finder**") will receive a Finder's fee, comprised of (i) a cash commission of 7% of the gross proceeds derived from subscribers introduced to MLK by the Finder; and (ii) that number of MLK Common Share purchase warrants equal to 7% of the aggregate number of Units subscribed for by subscribers introduced to MLK by the Finder each exercisable at a price of \$0.50 for a period of twelve months from the date of closing of the Financing to acquire one MLK Common Share.

Upon the completion of the Transactions MLK intends to change its name to Pac Roots Cannabis Corp. (the "**Resulting Issuer**"). and current shareholders of 1157630 will own a controlling interest in the Resulting Issuer.

2. BASIS OF PRESENTATION

The unaudited pro-forma consolidated statement of financial position of the Resulting Issuer gives effect to the Transactions as described above. In substance, the Acquisition involves 1157630 shareholders obtaining control of MLK and accordingly the Acquisition will be considered to be a reverse takeover transaction ("**RTO**"). As MLK does not meet the definition of a business under International Financial Reporting Standards ("**IFRS**"), the consolidated statement of financial position of the consolidated entity will represent the continuation of 1157630. The Acquisition has been accounted for as a share-based payment by which 1157630 acquired the net liabilities and listing status of MLK. Accordingly, the accompanying unaudited pro-forma consolidated statement of financial position of the Resulting Issuer has been prepared by management using the same accounting policies as described in the Company's audited consolidated financial statements for the year ended November 30, 2018 which are consistent with that of 1157630.

The unaudited pro-forma consolidated statement of financial position is not necessarily indicative of the Resulting Issuer's consolidated financial position on closing of the Transactions had the Transactions closed on the dates assumed herein.

The unaudited pro-forma consolidated statement of financial position has been compiled from information derived from and should be read in conjunction with the following information, prepared in accordance with IFRS:

- 1157630's audited consolidated financial statements for the period ended August 31, 2018;
- The Company's audited financial statements for the years ended November 30, 2018 and 2017;
- 1157630's unaudited consolidated interim financial statement for the periods ended May 31, 2019; and
- The Company's unaudited consolidated interim financial statement for the periods ended May 31, 2019.

MOUNTAIN LAKE MINERALS INC.

NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MAY 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

3. UNAUDITED PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro-forma consolidated statement of financial position gives effect had the Transactions been completed on May 31, 2019. Consequential adjustments to the accumulated deficit are based on the transactions described below.

The unaudited pro-forma consolidated statement of financial position has been prepared based on the following assumptions:

- a) Pursuant to the terms of the Share Exchange Agreement, the Resulting Issuer will issue an aggregate of 40,000,000 MLK Common Shares to the 1157630 Shareholders.

As a result of the Transaction, the current shareholders of 1157630 will acquire control of the Resulting Issuer and the Transaction as undertaken pursuant to the Share Exchange Agreement will be treated as an RTO transaction. The Transaction will be accounted for as an acquisition of the net assets and listing status of MLK by 1157630 via a share-based payment. The excess of the estimated fair value of the equity instruments that MLK is deemed to have issued to acquire 1157630, plus the transaction costs (both the "Consideration") and the estimated fair value of MLK's net assets, will be recorded as the cost of obtaining the listing.

For the purposes of the pro-forma consolidated statement of financial position, management of MLK has estimated the fair value of the equity instruments deemed to be issued by MLK. The fair value of the 12,282,962 MLK Common Shares amounted to \$3,684,889, based on the proposed Financing of \$0.30 per Unit. The fair value of the MLK stock purchase warrants estimated to be outstanding at the time the Transaction closes was considered to be nominal.

The allocation of the Consideration for the purposes of the pro-forma consolidated statement of financial position is as follows:

Net assets acquired assumed:

	\$
Current assets	(417,527)
Other assets	(2,377,053)
Current liabilities assumed	1,014,656
Net assets acquired	(1,779,924)
Consideration given	3,884,889
	<u>2,104,965</u>
<u>Consideration given:</u>	
Value of common shares issued by the	3,684,889
Stock purchase warrants deemed to be issued by the Company	-
Legal and other transaction costs	200,000
	<u>3,884,889</u>

There will be an elimination of MLK's pre-acquisition deficiency of \$1,779,924.

MOUNTAIN LAKE MINERALS INC.

NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MAY 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

3. UNAUDITED PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS (continued)

- b) The Company has estimated the transaction costs to be \$200,000.
- c) The pro-forma statement of financial position assumes MLK. completes its Financing for 10,000,000 Units. (the "**Financing**") prior to the Transaction noted above. In connection with the Financing, MLK. will pay the Finders an 7% cash commission based on the gross proceeds raised in connection with the Financing (subject to certain limitations for subscribers on the president's list) and will issue to the Finders common share purchase warrants with a fair value of \$37,000, exercisable for a period of 12 months following the closing date of the Financing, to acquire, in aggregate, that number of MLK. Common Shares at an exercise price of \$0.50 per share equal to 7% of the number of MLK Common Shares sold pursuant to the Financing (subject to certain limitations for subscribers on the president's list). The fair value of the MLK Common Share purchase warrants was estimated using the Black-Scholes option pricing model applying a market price of \$0.30, an exercise price of \$0.50, a risk free rate of 1.38%, an expected volatility of 130% and an expected dividend yield of 0%. The cash commission and the fair value of the MLK Common Share purchase warrants will be recorded as share issue costs.
- d) Pursuant to the Arrangement, the Company will transfer its exploration and evaluation assets and \$1,000,000 in cash to Newco. The Company had incurred \$126,187 in costs related to its exploration and evaluation assets that were recorded as prepaid expenses. The Company also transferred the carry costs of \$12,500 related to its exploration and evaluation assets to Newco.

The purpose of the Arrangement is to restructure the Company by separating the proposed business of the Resulting Issuer from its interest in its exploration and evaluation assets, through a new company, Newco, which also holds the Highfield Property.

The Company intends to reorganize its share capital into two different classes of shares. The shareholders will receive a new common share and a reorganization share for every common share previously held. The shareholders will then exchange their reorganization shares in exchange for common shares of Newco

- e) In connection with the Acquisition transaction described above, the Company entered into a license agreement dated April 8, 2019 with Phenome One Corp. ("**Phenome**"). The license is in respect of a genetic cannabis library of certain cultivars, technical and materials owned by Phenome in order to allow the Company to propagate, cultivate, harvest, process, breed and develop, manufacture, produce and use such licensed property. In consideration for the license the Company agreed to pay \$250,000 in cash and issue 10,000,000 common shares over a nine-month period following the date the Company resumes trading on the CSE after completion of the Transactions described above. For the purposes of the pro-forma statement of financial position the Company recorded the issuance of the 10,000,000 common shares at a fair value of \$3,000,000.
- f) In connection with the Acquisition transaction described above, the Company has agreed to issue 3,383,333 common shares in accordance with share purchase agreement dated April 20, 2018 entered into by a subsidiary of 1157630. The Company has also agreed to issue 200,000 common shares as a finder's fee related to the share purchase agreement. The 3,583,333 common shares were valued at \$1,075,000 or \$0.30 per share. 1157630 had recorded consideration payable of \$1,500,000 related to the issuance of the common shares and as a result the consideration payable was reduced by the equivalent amount and the amount for the finder's fees and the difference were charged to deficit.
- g) The inter-company accounts were eliminated upon consolidation.

MOUNTAIN LAKE MINERALS INC.**NOTES TO PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT MAY 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

3. PRO-FORMA SHAREHOLDERS' EQUITY

As a result of the Transactions and the pro-forma assumptions and adjustments, the shareholders' equity of the Resulting Issuer as at May 31, 2019 is comprised of the following:

	Share Capital					
	Notes	Shares	Capital Stock (\$)	Contributed Surplus (\$)	Deficit (\$)	Total (\$)
Balance at May 31, 2019 *		12,282,962	7,624,172	\$583,565	(6,427,813)	1,779,924
RTO transaction	3(a)	-	(7,624,172)	(583,565)	6,427,813	(1,779,224)
1157630 equity accounts – May 31, 2019	3(a)	-	488,252	-	(2,598,212)	(2,109,961)
Issuance of common shares for 1157630	3(a)	40,000,000	3,684,889	-	-	3,684,889
Listing costs	3(a)(b)	-	-	-	(2,104,965)	(2,104,965)
Financing	3 (c)	10,000,000	3,000,000	-	-	3,000,000
Agent's Cash Commission	3(c)	-	(210,000)	-	-	(210,000)
Agent's Warrants	3(c)	-	(37,000)	37,000	-	-
Arrangement	3(d)	-	-	-	(1,138,687)	(1,138,687)
Common shares issued for license	3(e)	10,000,000	3,000,000	-	-	3,000,000
Common shares for the acquisitions	3(f)	3,383,333	1,015,000	-	-	1,015,000
Common shares issued for finders fees	3(f)	200,000	60,000	-	(60,000)	-
		75,866,295	11,001,141	37,000	(5,901,864)	5,136,277

4. INCOME TAXES

The effective income tax rate applicable to the consolidated operations is estimated to be 26%.

SCHEDULE "F"

PLAN OF ARRANGEMENT

1. Interpretation

1.1 Defined Terms

For the purpose of this Plan of Arrangement, unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

- (a) "**Agreement**" means the arrangement agreement dated as of June 5, 2018 among MLK and Spinco, together with the schedules to such agreement, as the same may be amended, supplemented or otherwise modified from time to time in accordance with their terms;
- (b) "**Arrangement**" means the arrangement under the provisions of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations made in accordance with the Arrangement Agreement, this Plan of Arrangement or at the direction of the Court;
- (c) "**Arrangement Application**" means the arrangement application to be filed with the Registrar by MLK that includes all records required to be filed with the Registrar to give effect to each provision of the Arrangement including an entered copy of the Final Order;
- (d) "**BCBCA**" means the *Business Corporations Act* (British Columbia), as may be amended from time to time, including the regulations promulgated thereunder;
- (e) "**Business Day**" means any day other than a Saturday or Sunday or statutory holiday in the Province of British Columbia, upon which banks generally are open for business in the City of Vancouver, British Columbia;
- (f) "**Court**" means the Supreme Court of British Columbia;
- (g) "**Depository**" means Computershare Investor Services Inc., the depository to be appointed by MLK and Spinco for the purpose of, among other things, exchanging certificates representing Shares in connection with the Arrangement, at such offices as will be set out in the Transmittal Letter;
- (h) "**Dissent Rights**" has the meaning ascribed to it in Section 4.1(a) of this Plan of Arrangement;
- (i) "**Dissenting Shareholder**" means a registered holder of Shares who has properly exercised its Dissent Rights and who is ultimately entitled to be paid fair value for their Shares;
- (j) "**Effective Date**" means the effective date on which the Final Order, the Arrangement Application and all other required documents are accepted for filing by the Registrar;
- (k) "**Effective Time**" means the time when the transactions contemplated herein will be deemed to have been completed, which shall be 12:01 am on the Effective Date, or such other time as may be agreed to by the parties;
- (l) "**Final Order**" means the final order of the Court in form acceptable to MLK and Spinco, each acting reasonably, approving the Arrangement as such order may be amended by the Court with the consent of MLK and Spinco at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

- (m) "**Interim Order**" means the interim order of the Court providing for, among other things, the calling and holding of the Meeting, as the same may be amended;
- (n) "**Meeting**" means the annual and special meeting of the Shareholders, including any adjournment or postponement thereof, to be held in accordance with the Interim Order for the purpose of, among other things, approving the Plan of Arrangement;
- (o) "**MLK**" means Mountain Lake Minerals Inc., a company existing under the laws of British Columbia;
- (p) "**New Common Shares**" has the meaning ascribed to that term in Section 2.3(b)(ii) of this Plan of Arrangement;
- (q) "**Options**" means options to purchase MLK Shares existing as at the Effective Time granted pursuant to MLK's stock option plan;
- (r) "**Person**" shall be broadly interpreted and 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;
- (s) "**Plan of Arrangement**" means this plan of arrangement and any amendments or variations hereto made in accordance with the Arrangement Agreement or this plan of arrangement or made at the direction of the Court;
- (t) "**Pre-Arrangement Shares**" means the renamed, redesignated and amended Shares as described in Section 2.3(b) (i) of this Plan of Arrangement;
- (u) "**Registrar**" means the Registrar of Companies for British Columbia;
- (v) "**Reorganization Shares**" has the meaning ascribed to that term in Section 2.3(b)(ii) of this Plan of Arrangement;
- (w) "**Shareholders**" means the holders of Shares;
- (x) "**Shares**" means the common shares without par value in the capital of MLK as the same are constituted on the date hereof;
- (y) "**Spinco**" means 1167343 B.C. Ltd., a wholly owned subsidiary of MLK;
- (z) "**Spinco Options**" has the meaning ascribed to that term in Section 2.3(i)(i) of this Plan of Arrangement;
- (aa) "**Spinco Shares**" means common shares in the capital of Spinco;
- (bb) "**Spinco Warrants**" has the meaning ascribed to that term in Section 2.3(i)(ii) of this Plan of Arrangement;
- (cc) "**Tax Act**" means the *Income Tax Act* (Canada);
- (dd) "**Warrants**" means warrants to purchase Shares existing as of the Effective Time; and
- (ee) "**Working Capital**" means the sum of \$1,000,000.

1.2 Sections and Headings

The division of this Plan of Arrangement into Articles, Sections and other divisions and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Plan of Arrangement. The terms “this Plan of Arrangement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Plan of Arrangement and not to any particular article, section or other portion hereof and include any instrument supplementary or ancillary hereto. Unless a contrary intention appears, references in this Plan of Arrangement to an Article or Section by number or letter or both refer to the Article or Section respectively bearing that designation in this Plan of Arrangement.

1.3 Number, Gender and Persons

In this Plan of Arrangement, unless the context otherwise required, words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders and words importing persons shall refer to Persons as defined in this Plan of Arrangement.

1.4 Severability

If any provision of this Plan of Arrangement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

1.5 Date for any Action

If any date on which any action is required to be taken under this Plan of Arrangement is not a Business Day, such action shall be required to be taken on the next succeeding Business Day.

1.6 Statute References

Any reference in this Plan of Arrangement to a statute includes all regulations made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.7 Time

Time shall be of the essence in every matter or action contemplated hereunder.

1.8 Currency

All references to currency herein are to lawful money of Canada unless otherwise specified herein.

1.9 Governing Law

This Plan of Arrangement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of British Columbia and the laws of Canada applicable therein.

2. ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, is subject to the provisions of and forms a part of the Arrangement Agreement.

2.2 Binding Effect

As of from the Effective Time, this Plan of Arrangement will be binding upon (i) MLK, (ii) Spinco, and (iii) all holders of Shares and Warrants.

2.3 Plan of Arrangement

Subject to the provisions of Article 4, commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur sequentially in the following order without any further act or formality:

- (a) Dissenting Shareholders. Shares held by Dissenting Shareholders will be deemed to be transferred, without any further act or formality on the part of the holder, and free and clear of all liens, claims and encumbrances, to MLK, and MLK shall be obligated to pay the amount determined and payable in accordance with Article 4.
- (b) Reorganization of Capital. The authorized share capital of MLK and its notice of articles and articles will be altered by:
 - (i) renaming and redesignating all of the issued and unissued Shares as class B common shares (the “**Pre-Arrangement Shares**”) and amending them to have, attached thereto the right to two votes at all meetings of the Shareholders, but which will otherwise rank pari passu with the Class A Shares described below;
 - (ii) creating an unlimited number of common shares without par value (the “**New Common Shares**”) and an unlimited number of shares without par value to be designated as the reorganization shares (the “**Reorganization Shares**”).
- (c) Exchange of Shares. MLK shall undertake a reorganization of capital within the meaning of Section 86 of the Tax Act as follows, and in the following order:
 - (i) Each issued and outstanding Pre-Arrangement Share will be deemed to be exchanged for one New Common Share and one Reorganization Share;
 - (ii) The issue price for each Reorganization Shares will be an amount equal to the fair market value, as determined by the board of directors of MLK, of one Reorganization Shares immediately following the exchange provided for in this subsection;
 - (iii) MLK will add to the stated capital maintained by it for the Reorganization Shares the issue price thereof;
 - (iv) The issue price for each New Common Share will be an amount equal to the excess, if any, of (A) the paid-up capital (as that term is used for purposes of the Tax Act) of the Shares (other than Shares held by the Dissenting Shareholders) immediately prior to the Effective Time, less (B) the amount determined in subsection (ii) above;
 - (v) The amounts to be added to the stated capital accounts maintained by MLK for the New Common Shares and the Reorganization Shares shall, notwithstanding paragraphs 2.3(c) (ii) and (iv) above, not exceed the paid-up capital of the Shares at the time of the exchange; and
 - (vi) Each Shareholder will cease to be the holder of the Shares so exchanged and will become the holder of New Common Shares and Reorganization Shares issued to such Shareholder. The name of such Shareholder will be removed from the register of holders of Shares with

respect to the Shares so exchanged and will be added to the registers of the holders of New Common Shares and Reorganization Shares as the holder of the number of New Common Shares and Reorganization Shares, respectively, so issued to such Shareholder.

- (d) Certificates. No share certificates representing the Reorganization Shares to be issued pursuant subsection 2.3(c)(i) will be issued. The New Common Shares to be issued pursuant to subsection 2.3(c)(i) will be evidenced by the existing share certificates representing the Shares which will be deemed for all purposes thereafter to be certificates representing the New Common Shares to which the holder is entitled pursuant to the Arrangement, and no certificates representing such New Common Shares will be issued to the Shareholders.
- (e) Cancellation of Shares. The Shares exchanged for the New Common Shares and Reorganization Shares pursuant subsection 2.3(c)(i) will be cancelled and the authorized capital of MLK and its notice of articles shall be amended by deleting the Shares (as re-designated as Pre-Arrangement Shares) as a class of share of MLK.
- (f) Transfer of Reorganization Shares. Each Shareholder will sell and transfer all of its Reorganization Shares to Spinco for consideration consisting solely of Spinco Shares issued by Spinco, on the basis of one Spinco Share for each Reorganization Shares held. In connection with such sale and transfer:
 - (i) The issue price for each Spinco Share will be an amount equal to the fair market value of the Reorganization Share for which it was issued as consideration; and
 - (ii) Each holder of Reorganization Shares so sold will cease to be the holder of the Reorganization Shares so sold and transferred and will become the holder of Spinco Shares issued to such holder. The name of such holder will be removed from the register of holders of Reorganization Shares with respect to the Reorganization Shares so sold and transferred and will be added to the register of holders of Spinco Shares as the holder of the number of Spinco Shares so issued to such holder, and Spinco will be and will be deemed to be the transferee of Reorganization Shares so transferred and the name of Spinco will be entered in the register of holders of Reorganization Shares as the holder of the number of Reorganization Shares so sold and transferred to Spinco;
- (g) Redemption of Reorganization Shares. All of the Reorganization Shares owned by Spinco will be redeemed for their aggregate redemption value, which redemption value will be satisfied in full by the transfer by MLK to Spinco of the Property, the Royalty and the Working Capital and the Reorganization Shares will be cancelled and the authorized capital of MLK and its notice of articles will be amended by deleting the Reorganization Shares as a class of share of MLK.
- (h) Amendment to Options and Warrants. Each of the Options and Warrants will be deemed to have been amended such that each Option or Warrant, as the case may be, will be exercisable to acquire New Common Shares in place of Shares, but will otherwise remain unchanged; and
- (i) Issuance of Spinco Options and Warrants. Spinco shall issue:
 - (i) to each holder of the Options, an option (a “**Spinco Option**”) to purchase that number of Spinco Shares as is equal to the number of Shares issuable under the Options at an exercise price equal to the original exercise price of the Option. Except as otherwise provided for in this Section 2.3(i)(i), the term to expiry, conditions to and manner of exercising, vesting schedule, status under applicable laws and all other terms and conditions of the Options will apply to the Spinco Options issuable hereunder, unchanged from those that apply to the Options, provided however that any Spinco Options issued to persons who will not be directors, officers, employees or consultants of Spinco on the

Effective Date, will expire on the earlier of the original expiry date of the Options or the date which is 90 days following the Effective Date; and

- (ii) to each holder of the Warrants, a share purchase warrant (a “**Spinco Warrant**”) to purchase that number of Spinco Shares as is equal to the number of Shares issuable under the Warrants at an exercise price equal to the original exercise price of the Warrant. Except as otherwise provided for in this Section 2.3(i)(ii), the term to expiry, conditions to and manner of exercising, vesting schedule, status under applicable laws and all other terms and conditions of the Warrants will apply to the Spinco Warrants issuable hereunder, unchanged from those that apply to the Warrants.

2.4 Deemed Fully Paid and Non-Assessable Shares

All New Common Shares, Reorganization Shares and Spinco Shares issued pursuant hereto shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCBCA.

2.5 Supplementary Actions

Notwithstanding that the transactions and events set out in 2.3 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of MLK and Spinco shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in Section 2.3, including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefor, and any necessary additions to or deletions from share registers.

3. CERTIFICATES

3.1 Entitlement to Spinco Share Certificates

As soon as practicable after the Effective Date, Spinco will cause to be delivered to the Depository, to be delivered to the holders of Shares in accordance with the terms hereof, share certificates representing in the aggregate the Spinco Shares to which such holders are entitled following the Arrangement.

3.2 Use of Postal Services

Any certificate which any person is entitled to receive in accordance with this Plan of Arrangement will (unless the Depository has received instructions to the contrary from or on behalf of such person prior to the Effective Date) be forwarded by first class mail, postage prepaid, or in the case of postal disruption in Canada, by such other means as the Depository may deem prudent.

3.3 Options and Warrants

After the Effective Date, certificates representing Options and Warrants shall be deemed to represent right to receive a certificate representing the number of Spinco Options and Spinco Warrants, to which a holder of the Options and Warrants may be entitled to in accordance with Section 2.3(i)(i) and (ii), as the case may be, hereof. Spinco shall deliver the certificates representing the Spinco Options and Spinco Warrants to the holders thereof within 10 Business Days of the Effective Date.

4. RIGHTS OF DISSENT

4.1 Dissent Rights

Pursuant to the Interim Order, registered Shareholders are entitled to exercise rights of dissent in connection with the Arrangement with respect to their Shares, under Part 8, Division 2 of the BCBCA as modified by the Interim Order, the Final Order and this Section 4.1 (the "**Dissent Rights**"); provided that, notwithstanding subsection 242(2) of the BCBCA, the written objection to the resolution approving the Arrangement contemplated by subsection 242(2) of the BCBCA must be received by MLK not later than 4:00 p.m. (Vancouver time) on the date which is two Business Days immediately preceding the date of the Meeting or any date to which the Meeting may be postponed or adjourned and provide further that a Dissenting Shareholder who exercises such Dissent Rights and who:

- (a) is ultimately entitled to be paid fair value for the Shares held by that Person, which fair value shall be the fair value of such shares immediately before the approval by the Shareholders of the Arrangement, shall be paid an amount in cash equal to such fair value by MLK and will not be entitled to any other payment or consideration, including any payment or consideration that would be payable under the Arrangement had such holders not exercised their Dissent Rights, and will be deemed to be transferred, as of the Effective Date, without any further act or formality, such Shares, to MLK; and
- (b) is ultimately determined not to be entitled, for any reason, to be paid fair value for their Shares shall be deemed to have participated in the Arrangement on the same basis as any non-Dissenting Shareholders as at and from the Effective Time.

4.2 Only Registered Holders

In no circumstances shall MLK, Spinco or any other Person be required to recognize a Person exercising Dissent Rights unless such person is a registered holder of the Shares in respect of which such Dissent Rights are sought to be exercised.

4.3 Recognition of Dissenting Shareholders

In no case shall MLK, Spinco or any other Person be required to recognize a Dissenting Shareholder as a Shareholder after the time that is immediately prior to the Effective Time, and the names of each Dissenting Shareholder shall be deleted from the central securities register as a Shareholder at the Effective Time and MLK shall be recorded as the registered holder of the Shares held by the Dissenting Shareholder and shall be deemed to be the legal owner of such Shares.

5. AMENDMENTS AND WITHDRAWAL

5.1 Amendments

- (a) MLK and Spinco reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification or supplement must be (i) set out in writing, (ii) agreed to in writing by MLK and Spinco, (iii) filed with the Court and, if made following the Meeting, approved by the Court, and (iv) communicated to Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by MLK at any time prior to the Meeting provided that Spinco shall have consented thereto in writing, with or without any other prior notice or communication, and, if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

- (c) Any amendment, modification or supplement to this Plan of Arrangement may be made by MLK and Spinco without approval of the Shareholders provided that it concerns a matter which, in the reasonable opinion of MLK and Spinco, is of an administrative or ministerial nature required to better give effect to the implementation of this Plan of Arrangement and is not materially adverse to the financial or economic interests of any of the Shareholders.
- (d) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Meeting shall be effective only if: (i) it is consented to in writing by each of MLK and Spinco; and (ii) if required by the Court, it is consented to by the Shareholders voting in the manner directed by the Court.

5.2 Withdrawal

This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

6. TERMINATION

6.1 Termination

This Plan of Arrangement will automatically terminate and be of no further force and effect upon the termination of the Agreement in accordance with its terms.

SCHEDULE "J"
INTERIM ORDER

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THIS COURT ORDERS that:

Definitions

1. As used in this Interim Order, unless otherwise defined, terms beginning with capital letters have the respective meanings set out in the draft Notice of Annual and Special Meeting and Management Information Circular (together the "Circular") for the Annual and Special Meeting of shareholders of MLK (the "MLK Shareholders") attached as Exhibit "A" to the Supporting Affidavit.

Special Meeting

2. Pursuant to Sections 186, 288, 289, 290 and 291 of the Business Corporations Act, S.B.C., 2002, c. 57, as amended (the "BCBCA"), MLK shall be authorized and directed to call, hold and conduct an annual and special meeting (the "Meeting") of the Shareholders to be held on August 8, 2019 at 10:00 a.m. (Vancouver time) (or such other date and time as the Court may direct), at the offices of Armstrong Simpson, Suite 2080-777 Hornby Street, Vancouver British Columbia, V6Z 1S4:
 - (a) to consider, pursuant to this Interim Order, and, if thought advisable, to pass with or without variation, a special resolution (the "Arrangement Resolution") of the Shareholders adopting and approving an arrangement (the "Arrangement") under Division 5 of Part 9 of the BCBCA, the full text of which is set forth in Schedule "F" to the Circular, which is attached as Exhibit "A" to the Supporting Affidavit,
 - (b) to consider and, if thought fit, to pass with or without amendment, an ordinary resolution of the Shareholders authorizing and approving certain transactions to be completed by MLK in connection with a re-direction of its business from that of a mineral exploration issuer to that of an industrial agricultural issuer,
 - (c) to consider and if thought fit to pass, with or without amendment, an ordinary resolution of the Shareholders approving the adoption of a stock option plan for 1167343 B.C. Ltd;
 - (d) to approve annual meeting matters including the election of directors and appointment of auditors; and

(e) to transact such further or other business, including amendments to the foregoing, as may properly be brought before the Meeting or any adjournment or postponement thereof.

3. The Meeting shall be called, held and conducted in accordance with the BCBCA, the articles of MLK and the Circular, subject to the terms of this Interim Order, and any further order of this Court, and the rulings and directions of the Chair of the Meeting, such rulings and directions not to be inconsistent with this Interim Order.

Adjournment

4. Subject to the terms of the Arrangement Agreement, MLK, if it deems advisable, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting such adjournment or postponement and without the need for approval of the Court. Notice of any such adjournments or postponements shall be given by news release, newspaper advertisement, or by notice sent to Shareholders by one of the methods specified in paragraph 9 of this Interim Order.
5. The Record Date (as defined in paragraph 7 below) shall not change in respect of any adjournments or postponements of the Meeting.

Amendments

6. Prior to the Meeting, MLK is authorized to make such amendments, revisions or supplements to the proposed Arrangement and the Plan of Arrangement, in accordance with the terms of the Arrangement Agreement, without any additional notice to the Shareholders, and the Arrangement and Plan of Arrangement as so amended, revised and supplemented shall be the Arrangement and Plan of Arrangement submitted to the Meeting, and the subject of the Arrangement Resolution.

Record Date

7. The record date for determining the Shareholders entitled to receive notice of, attend and vote at the Meeting shall be June 21, 2019 (the "Record Date").

Notice of Meeting

8. The Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of Section 290(1)(a) of the BCBCA, and MLK shall not be required to send to the Shareholders any other or additional statement pursuant to Section 290(1)(a) of the BCBCA.
9. The Circular, the form of proxy and the Notice of Petition (collectively referred to as the "Meeting Materials"), in substantially the same form as contained in Exhibits "A", "B" and "C" to the Supporting Affidavit, with such deletions, amendments or additions thereto as counsel for the Petitioner may advise are necessary or desirable (provided that such amendments are not inconsistent with the terms of this Interim Order), shall be sent to:
 - (a) the Shareholders as they appear on the central securities register of MLK or the records of its registrar and transfer agent as at the close of business on the Record Date, such relevant portions of the Meeting Materials to be sent at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing, delivery or transmittal and the date of the Meeting, by one or more of the following methods:
 - (i) by prepaid ordinary or air mail addressed to the Shareholders at their addresses as they appear in the applicable records of MLK or its registrar and transfer agent as at the Record Date;
 - (ii) by delivery in person or by courier to the addresses specified in paragraph 9(a)(i) above; or
 - (iii) by email or facsimile transmission to any Shareholder who identifies himself, herself or itself to the satisfaction of MLK, acting through its representatives, and who requests such email or facsimile transmission;
 - (b) in the case of non-registered Shareholders, by providing copies of the relevant portions of the Meeting Materials to intermediaries and registered nominees for sending to such beneficial owners in accordance with the procedures prescribed by National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer of the Canadian Securities Administrators*; and

- (c) the directors and auditors of MLK by mailing the Meeting Materials by prepaid ordinary mail, or by email or facsimile transmission, to such persons at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing or transmittal and the date of the Meeting;

and substantial compliance with this paragraph shall constitute good and sufficient notice of the Meeting.

- 10. Accidental failure of or omission by MLK to give notice to any one or more Shareholders or any other persons entitled thereto, or the non-receipt of such notice by one or more Shareholders or any other persons entitled thereto, or any failure or omission to give such notice as a result of events beyond the reasonable control of MLK (including, without limitation, any inability to use postal services), shall not constitute a breach of this Interim Order or a defect in the calling of the Meeting, and shall not invalidate any resolution passed or proceeding taken at the Meeting, but if any such failure or omission is brought to the attention of MLK, then it shall use reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.
- 11. Provided that notice of the Meeting is given and the Meeting Materials and Notice Materials are provided to the Shareholders and other persons entitled thereto in compliance with this Interim Order, the requirement of Section 290(1)(b) of the BCBCA to include certain disclosure in any advertisement of the Meeting is waived.

Deemed Receipt of Notice

- 12. The Meeting Materials, Notice Materials and court documents shall be deemed, for the purposes of this Interim Order, to have been served upon and received:
 - (a) in the case of mailing pursuant to paragraph 9(a)(i) above, the day, Saturdays, Sundays and holidays excepted, following the date of mailing;
 - (b) in the case of delivery in person pursuant to paragraph 9(a)(ii) above, the day following personal delivery or, in the case of delivery by courier, the day following delivery to the person's address in paragraph 9 above; and

- (c) in the case of any means of transmitted, recorded or electronic communication pursuant to paragraph 9(a)(iii) above, when dispatched or delivered for dispatch.

Updating Meeting Materials

13. Notice of any amendments, updates or supplement to any of the information provided in the Meeting Materials and Notice Materials may be communicated to the Shareholders or other persons entitled thereto by news release, newspaper advertisement or by notice sent to the Shareholders or other persons entitled thereto by any of the means set forth in paragraph 9 of this Interim Order, as determined to be the most appropriate method of communication by the Board of Directors of MLK.

Voting

14. The quorum required at the Meeting shall be the quorum required by the articles of the Petitioner.
15. Subject to further Order of this Court, the Arrangement Resolution must be passed at the Meeting by the affirmative vote of not less than two-thirds of the votes cast in respect of the Arrangement Resolution by the Shareholders present in person or represented by proxy at the Meeting, who are entitled to vote in accordance with paragraph 18 below. For the purpose of this paragraph, each Shareholder is entitled to one vote for each common share of MLK held, as determined as of the close of business (Vancouver time) on the Record Date, and illegible votes, spoiled votes, defective votes and abstentions shall be deemed not to be votes cast. Such votes shall be sufficient to authorize and direct MLK to do all such acts and things as may be necessary or desirable to give effect to the Arrangement on a basis consistent with what is provided for in the Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Arrangement by this Honourable Court.
16. The Chair of the Meeting is at liberty to call on the assistance of legal counsel to the Petitioner at any time and from time to time, as the Chair of the Meeting may deem necessary or appropriate, during the Meeting.
17. In all other respects, except as modified by this Interim Order, the terms, conditions and restrictions of the articles of MLK shall apply in respect of the Meeting.

Permitted Attendees

18. The only persons entitled to attend the Meeting shall be: (i) the Shareholders or their respective proxyholders as of the Record Date, (ii) MLK's directors, officers, auditors and advisors, (iii) representatives of Newco, and (iv) any other person admitted on the invitation of the Chair of the Meeting or with the consent of the Chair of the Meeting, and the only persons entitled to be represented and to vote at the Meeting shall be the Shareholders as at the close of business on the Record Date, or their respective proxyholders.

Scrutineers

19. Representatives of MLK's registrar and transfer agent (or any agent thereof) are authorized to act as scrutineers for the Meeting.

Solicitation of Proxies

20. In connection with the Meeting, MLK is authorized to use the form of proxy in substantially the same form attached as Exhibit "B" to the Supporting Affidavit, subject to MLK's ability to insert dates and other relevant information in the final forms of proxy, and MLK may in its discretion waive or abridge the time limits for deposit of proxies by Shareholders if MLK deems it reasonable to do so. MLK is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as it may retain for the purpose, and by mail or such other forms of personal or electronic communication as it may determine.

21. The procedure for the use of proxies at the Meeting shall be as set out in the Meeting Materials.

Dissent

22. Each registered Shareholder who is a Shareholder as of the Record Date shall have the right to dissent with respect to the Arrangement Resolution in accordance with the provisions of Sections 237-247 of the BCBCA, as modified by the terms of this Interim Order and the Plan of Arrangement. A beneficial holder of MLK Shares registered in the name of a broker, custodian, trustee, nominee or other intermediary who wishes to dissent must make

arrangements for the registered Shareholder to dissent on behalf of the beneficial holder of MLK Shares or, alternatively make arrangements to become a registered Shareholder.

23. Registered Shareholders shall be the only Shareholders of MLK entitled to exercise rights of dissent.
24. In order for a registered Shareholder to exercise such right of dissent under Sections 237-247 of the BCBCA, as modified by the terms of this Interim Order and the Plan of Arrangement (the "Dissent Right")
 - (a) A Dissenting Shareholder shall deliver a written notice of dissent which must be received by MLK at its registered offices located at c/o Armstrong Simpson, Suite 2080-777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1S4, Attention: Shauna Hartman, by 4:00 p.m. (Vancouver time) on August 6, 2019 or, in the case of any adjournment or postponement of the Meeting, the date which is two business days prior to the date of the Meeting;
 - (b) a Dissenting Shareholder shall not have voted his, her or its MLK Shares at the Meeting, either by proxy or in person, in favour of the Arrangement Resolution;
 - (c) a vote against the Arrangement Resolution or an abstention shall not constitute the written notice of dissent required under subparagraph (a);
 - (d) a Dissenting Shareholder may not exercise rights of dissent in respect of only a portion of such Dissenting Shareholder's MLK Shares, but may dissent only with respect to all of such Shareholder's MLK Shares; and
 - (e) the exercise of such Dissent Right must otherwise comply with the requirements of Sections 237-247 of the Act, as modified by this Interim Order.
25. Notice to the Shareholders of their Dissent Right with respect to the Arrangement Resolution, including notice of their right to receive, subject to the provisions of the BCBCA, the Interim Order, the Final Order and the Arrangement, the fair value of their MLK Shares shall be provided by including information with respect to the Dissent Rights in the Circular to be sent to Shareholders in accordance with this Interim Order.

26. Subject to further order of this Court, the rights available to the Shareholders under the BCBCA, this Interim Order and the Plan of Arrangement to dissent from the Arrangement shall constitute full and sufficient Dissent Rights for the Shareholders with respect to the Arrangement.

Application for Final Order

27. Upon the approval, with or without variation, by the Shareholders of the Arrangement, in the manner set forth in this Interim Order, MLK may apply to this Court for, inter alia, an order:

(a) pursuant to BCBCA Sections 291(4)(a), approving the Arrangement; and

(b) pursuant to BCBCA Section 291(4)(c), declaring that the terms and conditions of the Arrangement, and the exchange of securities to be effected by the Arrangement, are procedurally and substantively fair and reasonable to those who will receive securities in the exchange.

(collectively, the “Final Order”).

28. The consideration by this Court of the fairness of the Arrangement and the requisite Court final approval of the Arrangement will constitute the basis for a claim of the exemption from the registration requirements of the U.S. Securities Act of 1933, as amended for the issuance and exchange of securities to the Shareholders by MLK and Spinco, provided by Section 3(a)(10) of the U.S. Securities Act of 1933, as amended.

29. Unless the directors of the Petitioner by resolution determine to abandon the Arrangement, the hearing for the application for the Final Order will be held on August 12, 2019 at 9:45 a.m. (Vancouver time) at the Courthouse at 800 Smithe Street, Vancouver, British Columbia., or so soon thereafter as the application for the Final Order can be heard, or at such other date and time as this Court may direct.

30. The form of Notice of Petition attached to the Supporting Affidavit as Exhibit “C” is hereby approved as the form of Notice of Proceedings for such approval

31. Any securityholder of MLK has the right to appear (either in person or by counsel) and make submissions at the hearing of the application for the Final Order, subject to the terms of this Interim Order.
32. Any person seeking to appear at the hearing of the application for the Final Order shall file and deliver a Response to Petition (a “Response”) in the form prescribed by the *Supreme Court Civil Rules*, together with a copy of all affidavits or other materials upon which they intend to rely, to the Petitioner’s solicitors at:

Shields Harney LLP
Suite 490-1177 West Hastings Street
Vancouver, B.C., V6E 2K3

Attn: Alastair Wade

Fax number for delivery: 604-682-7770
Email: awade@shieldsharney.com

on or before 4:00 p.m. (Vancouver time) on August 8, 2019, or as the Court may otherwise direct.

33. Sending the Notice of Petition and this Interim Order in accordance with paragraph 9 of this Interim Order shall constitute good and sufficient service of this proceeding, and no other form of service need be made and no other material need be served on persons in respect of these proceedings. In particular, service of the Petition herein and the Supporting Affidavit and any additional Affidavits as may be filed, is dispensed with.
34. In the event that the hearing for the Final Order is adjourned, only those persons who have filed and delivered a Response in accordance with this Interim Order need be provided with notice of the adjourned hearing date and any materials filed in support of the Final Order.

Variance

35. MLK shall have leave to apply to vary this Interim Order or for such further order or orders as may be appropriate.

36. To the extent of any inconsistency or discrepancy between this Interim Order and the Circular, the BCBCA, applicable securities laws, or the articles of MLK, this Interim Order shall govern.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS INTERIM ORDER AND CONSENT TO EACH OF THE ORDERS NOTED ABOVE:



Signature of
 lawyer for the petitioner
Alastair Wade

 BY THE COURT

REGISTRAR



NO.
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH
COLUMBIA**

MOUNTAIN LAKE MINERALS INC.
PETITIONER

Re:

IN THE MATTER OF PART 9, DIVISION 5 OF THE
BRITISH COLUMBIA BUSINESS CORPORATIONS ACT,
S.B.C. 2002, c. 57 (ARRANGEMENTS)

AND
IN THE MATTER OF A PROPOSED ARRANGEMENT
BETWEEN

MOUNTAIN LAKE MINERALS INC., ITS
SECURITYHOLDERS AND 1167343 B.C. LTD.

INTERIM ORDER MADE AFTER APPLICATION

SHIELDS HARNEY
Litigation Counsel

490 – 1177 West Hastings Street
Vancouver, B.C. V6E 2K3
Telephone: (604) 682-7770
Facsimile: (604) 682-1822
Website: www.shieldsharney.com

Counsel: Alastair Wade
File No. 100105

SCHEDULE “K”

NOTICE OF HEARING

NO. SE-197635
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

MOUNTAIN LAKE MINERALS INC.

PETITIONER

Re:

IN THE MATTER OF PART 9, DIVISION 5 OF THE *BRITISH COLUMBIA BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c. 57 (ARRANGEMENTS)

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT BETWEEN
MOUNTAIN LAKE MINERALS INC., ITS SECURITYHOLDERS AND 1167343 B.C. LTD.

NOTICE OF HEARING OF PETITION

To: The holders of common shares of MOUNTAIN LAKE MINERALS INC. (the “Shareholders”)

NOTICE IS HEREBY GIVEN that a Petition has been filed by the Petitioner, Mountain Lake Minerals Inc. (“MLK”) in the Supreme Court of British Columbia (the “Court”) for approval of a plan of arrangement (the “Arrangement”) pursuant to *Business Corporations Act*, S.B.C. 2002, c.57, as amended (the “BCBCA”).

AND NOTICE IS FURTHER GIVEN that by an Interim Order Made After Application pronounced by the Court on July 4, 2019, the Court has given directions as to the calling of an annual and special meeting of the Shareholders, for the purpose of, among other things, considering, voting upon and approving the Arrangement;

AND NOTICE IS FURTHER GIVEN that an application for a final order approving the Arrangement and for a determination that the terms of the Arrangement are fair and reasonable (the “Final Order”) shall be made before the presiding Judge in Chambers at the Courthouse, 800 Smithe Street, Vancouver, British Columbia on August 12, 2019, at 9:45 am (Vancouver time), or as soon thereafter as counsel may be heard (the “Final Application”)

IF YOU WISH TO BE HEARD, any person affected by the Final Order sought may appear (either in person or by counsel) and make submissions at the hearing of the Final Application, but only if such person has filed with the Court at the Court Registry, 800 Smithe Street, Vancouver, British Columbia, a Response to Petition (“Response”) in the form prescribed by the *Supreme Court Civil Rules* and delivered a copy of the filed Response, together with all affidavits and other material on which such person intends to rely at the hearing of the Final Application, to the Petitioner at its address for delivery set out below by or before 4:00 p.m. (Vancouver time) on August 8, 2019.

The Petitioner’s address for delivery is:

Shields Harney LLP
Suite 490-1177 West Hastings Street
Vancouver, B.C., V6E 2K3

Attn: Alastair Wade

Fax number for delivery: 604-682-7770
Telephone 604-891-1316
Email: awade@shieldsharney.com

IF YOU WISH TO BE NOTIFIED OF ANY ADJOURNMENT OF THE FINAL APPLICATION, YOU MUST GIVE NOTICE OF YOUR INTENTION by filing and delivering the form of "Response" as aforesaid. You may obtain a form of "Response" at the Court Registry, 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1.

AT THE HEARING OF THE FINAL APPLICATION the Court may approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court deems fit.

IF YOU DO NOT FILE A RESPONSE and attend either in person or by counsel at the time of such hearing, the Court may approve the Arrangement, as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, all without any further notice to you. If the Arrangement is approved, it will significantly affect the rights of Shareholders.

A copy of the said Petition and other documents in the proceeding will be furnished to any Shareholder upon request in writing addressed to the solicitors of the Petitioner at the address for delivery set out above.

Date: July 9, 2019

"Alastair Wade"
Signature of lawyer for Petitioner
Alastair Wade

SCHEDULE "L"

PRO FORMA FINANCIAL STATEMENTS OF NEWCO AS AT MAY 31, 2019

1167343 B.C. Ltd.

**Pro-forma Statement of Financial Position
(Prepared by Management)
(Expressed in Canadian dollars)
(Unaudited)**

May 31, 2019

1167343 B.C. Ltd.

UNAUDITED PRO-FORMA STATEMENT OF FINANCIAL POSITION

AS AT MAY 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

	1167343 BC Ltd. \$	Notes	Pro-forma Adjustments \$	Pro forma \$
ASSETS				
Current assets				
Cash	1	3	1,000,000	1,000,001
Prepaid expenses and other	-	3	126,187	126,187
	1			1,126,188
Non-current				
Exploration and evaluation assets	-	3	12,500	12,500
	1			1,138,688
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	-			-
SHAREHOLDERS' EQUITY				
Share capital	1	3	1,138,687	1,138,688
Contributed surplus	-			-
Deficit	-			-
	1			1,138,688
	1			1,138,688

The accompanying notes are an integral part of this unaudited pro-forma statement of financial position.

1167343 B.C. LTD.
NOTES TO PRO-FORMA STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2019
(Expressed in Canadian Dollars)
(Unaudited)

1. PROPOSED TRANSACTIONS

About 1167343 B.C. Ltd.

1167343 B.C. Ltd. (the “**Company**”) was incorporated on ●, 2019 in British Columbia under the Business Corporations Act. The address of the Company’s corporate office and its principal place of business is 1055 Hastings Street W, Unit 300, Vancouver, British Columbia, Canada.

The Company was incorporated in order to facilitate the Plan of Arrangement described below and is a wholly owned subsidiary of Mountain Lake Minerals Inc.

About Mountain Lake Minerals Inc.

Mountain Lake Minerals Inc. (“**MLK**”) was incorporated under the Business Corporations Act of British Columbia on May 16, 2012. The address of the Company’s head office is 1853 Sunken Lake Road, RR2, Wolfville, Nova Scotia, Canada, B4P 2R2. Its registered office is Suite 1750 – 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6. The Company is listed on the Canadian Securities Exchange (“**CSE**”) in Canada.

The Company is a junior exploration company exploring for precious and base metal deposits. Mountain Lake’s current projects are located in the province of Newfoundland and Labrador, Canada.

Plan of Arrangement

The Company intends to complete a plan of arrangement under the provisions of the Business Corporations Act (British Columbia) involving the Company and MLK (the “**Arrangement**”). The Arrangement will involve the transfer of MLK’s exploration and evaluation assets and \$1,000,000 in cash to the Company and in exchange the Company will issue common shares in the capital of the Company which will then be distributed to the shareholders of MLK on a pro rata basis in accordance with their shareholdings.

2. BASIS OF PRESENTATION

The unaudited pro-forma statement of financial position of the Company gives effect to the Arrangement described above.

The unaudited pro-forma statement of financial position is not necessarily indicative of the Company’s financial position on closing of the Arrangement had the Arrangement closed on the dates assumed herein.

The unaudited pro-forma statement of financial position has been compiled from information derived from and should be read in conjunction with the following information, prepared in accordance with IFRS:

- The Company’s unaudited financial statements for the period ended May 31;
- MLK’s audited consolidated financial statement for the years ended November 30, 2018 and 2017; and
- MLK’s unaudited consolidated interim financial statement for the periods ended May 31, 2019.

1167343 B.C. LTD.**NOTES TO PRO-FORMA STATEMENT OF FINANCIAL POSITION**

AS AT MAY 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

3. UNAUDITED PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro-forma statement of financial position gives effect had the Arrangement been completed on May 31, 2019. Consequential adjustments to the accumulated deficit are based on the transactions described below.

The unaudited pro-forma consolidated statement of financial position has been prepared based on the following assumption:

Pursuant to the Arrangement, MLK will transfer its exploration and evaluation assets and \$1,000,000 in cash to the Company. MLK had interests in the Grand Falls, Little River, Glover Island and newly acquired Highfield Base Metal properties which are all located in Newfoundland and Labrador. MLK had incurred \$126,187 in costs related to its exploration and evaluation assets that were recorded as prepaid expenses. MLK also transferred the carry costs of \$12,500 related to its exploration and evaluation assets to the Company.

The purpose of the Arrangement is to restructure MLK in order to allow MLK to focus on a new business opportunity but allow its shareholders to continue to explore precious and metal deposits through a new company. The Company intends to focus its efforts on the Highfield Base Metal property.

MLK intends to reorganize its share capital into two different classes of shares. The MLK shareholders will receive a new common share and a reorganization share for every common share previously held. MLK will affect a transfer of the exploration and evaluation assets and the cash in exchange for 12,282,962 common shares of the Company. MLK will then distribute the 12,282,962 common shares of the Company to its current shareholders.

4. PRO-FORMA SHAREHOLDERS' EQUITY

As a result of the Transaction and the pro-forma assumptions and adjustments, the shareholders' equity of the Resulting Issuer as at May 31, 2019 is comprised of the following:

	Share Capital					Total (\$)
	Notes	Shares	Capital Stock (\$)	Contributed Surplus (\$)	Deficit (\$)	
Common share issued on incorporation		1	1	-	-	1
Common shares issued to MLK	3	12,282,962	1,138,687	-	-	1,138,687
		12,282,963	1,138,688	-	-	1,138,688

5. INCOME TAXES

The effective income tax rate applicable to the consolidated operations is estimated to be 26%.

CERTIFICATE OF MOUNTAIN LAKE MINERALS INC.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of the Issuer assuming completion of the Transactions, Financing and other transactions described herein.

By order of the Board of Directors

June 21, 2019

(signed) "*Paul Smith*"

Paul Smith
President, Chief Executive Officer, Chief
Financial Officer and Director

On behalf of the Board of Directors

(signed) "*William Fleming*"

William Fleming
Director

(signed) "*Matthew McGill*"

Matthew McGill
Director

CERTIFICATE OF 1157630 B.C. LTD.

The foregoing as it relates to the Target constitutes full, true and plain disclosure of all material facts relating to the securities of the Target.

June 21, 2019

(signed) "*Alex Field*"
Alex Field
President and Director

On behalf of the Board of Directors

(signed) "*Alex Fields*"
Alex Field
Director

CERTIFICATE OF 1167343 B.C. LTD.

The foregoing as it relates to Newco constitutes full, true and plain disclosure of all material facts relating to the securities of Newco assuming completion of the Arrangement and other transactions described herein.

June 21, 2019

(signed) "*Paul Smith*"
Paul Smith
President and Director

(signed) "*Abbey Abdiye*"
Abbey Abdiye
Chief Financial Officer, Corporate Secretary
and Director

On behalf of the Board of Directors

(signed) "*William Fleming*"
William Fleming
Director