FORM 2A – LISTING STATEMENT
(the "Listing Statement")

Dated as at April 28, 2020

PAC ROOTS CANNABIS CORP.
(the "Resulting Issuer")

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TABLE OF CONTENTS

SCHEDULES

Schedule "A"	-	Audited Financial Statements of the Issuer for the years ended November 30, 2019 and November 30, 2017
Schedule "B"	-	Management's Discussion & Analysis of the Issuer for the year ended November 30, 2019
Schedule "C"	-	Audited Financial Statements of the Target for the year ended August 31, 2019 and the period from incorporation on March 21, 2018 to August 31, 2019

ITEM 1: GENERAL

1.1 Effective Date of Information

All information in this Listing Statement is as of April 28, 2020 unless otherwise indicated.

1.2 Forward Looking Statements

Cautionary Statement Regarding Forward-Looking Statements

This Listing Statement contains "forward-looking statements" concerning anticipated developments and events that may occur in the future.

All statements, other than statements of historical fact, made by the Issuer that address activities, events or developments that the Issuer expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. 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 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.

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

- the terms, conditions and completion of the Fundamental Change 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 Fundamental Change Transactions and Financing;
- the potential benefits of the Fundamental Change 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;
- 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 ability to raise capital;
- the likelihood of the Arrangement being completed;
- market position, and future financial or operating performance of the Resulting Issuer;
- liquidity of the Shares following the Effective Time; and
- anticipated developments in operations of the Resulting Issuer.

With respect to forward-looking statements listed above and contained in this Listing Statement, 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 Fundamental Change 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 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;
- that tax regimes will remain largely unaltered;
- the Resulting Issuer'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 Listing Statement:

- the possibility that operating results will not be consistent with the Resulting Issuer's or Target'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 the Resulting Issuer;
- failure to realize the benefits of the Fundamental Change Transactions and any future acquisitions;
- incorrect assessments of the value of acquisitions; and
- other factors discussed under *"Risk Factors"* below.

Consequently, all forward-looking statements made in this Listing Statement and other documents of the Issuer and the Target 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 or the Target.

Although the Issuer has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this Listing Statement and, other than as required by applicable securities laws, the Issuer assumes no obligation to update or revise them to reflect new events or circumstances.

1.3 Currency

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

1.4 Accounting Principles

All financial information in this Listing Statement is prepared in accordance with International Financial Reporting Standards.

1.5 Information Concerning the Target

The information contained or referred to in this Listing Statement relating to the Target has been furnished by the Target. In preparing this Listing Statement, the Issuer has relied upon the Target to ensure that the Listing Statement contains full, true and plain disclosure of all material facts relating to the Target. Although the Issuer has no knowledge that would indicate that any statements contained herein concerning the Target 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 to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

1.6 Market and Industry Data

The industry data contained in this Listing Statement 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 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 Acquisition. 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 Listing Statement or ascertained the underlying assumptions relied upon by such sources.

1.7 Glossary of Terms

For the assistance of Shareholders, the following is a glossary of terms used frequently throughout this Listing Statement. 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 Listing Statement and in such cases, will have the meanings ascribed thereto.

ACMPR	*Access to Cannabis for Medical Purposes Regulation* (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 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 Fundamental Change Transactions described in this Listing Statement, 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.
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.
Associate	Unless specified otherwise, has the meaning ascribed to such term in the *Securities Act* (British Columbia), as amended, including the regulations promulgated thereunder.
Audit Committee	The audit committee of the Board.
BCBCA	The *Business Corporations Act* (British Columbia), S.B.C. 2002, c.57, as amended from time to time, including the regulations promulgated thereunder.

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 *"An Act respecting cannabis and to amend the Controlled Dugs and Substance Act, the Criminal Code and other acts"*, 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 Subsidiary which license would designate that pursuant to the Cannabis Act, the Subsidiary will be a licensed cannabis, cultivator and producer.
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	*Controlled Drugs and Substances Act* (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.
Closing	The closing of the Fundamental Change 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
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
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.
Escrow Agreement	The escrow agreement dated April 23, 2020 pursuant to which the Payment Shares and certain other 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.
Facility	The Subsidiary's existing 12,000 sq. ft. indoor growing facility located in Kelowna, British Columbia.
Financing	The financing to be completed by the Issuer concurrent with the Fundamental Change Transactions to raise a further $1,650,000 through the sale of a further up to 5,500,004 Units at a price of $0.30 per Unit on a non-brokered basis.
Finder	Matthew McGill, who is currently a director of the Resulting Issuer.
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.
Fundamental Change 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 described in the management information circular of the Issuer dated June 21, 2019 and this Listing Statement.
Health Canada	The Canadian federal department responsible for health
IFRS	International Financial Reporting Standards.
Insider	if used in relation to a company, means: (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.
Issuer	Mountain Lake Minerals Inc., a corporation incorporated under the BCBCA and listed on the CSE under the trading symbol "MLK".
Lease	The commercial lease agreement dated January 30, 2018 between Vladikovic Holdings Ltd. and the Subsidiary in relation to the premises on which the Facility is located
License Application	The 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 Statement	This listing statement dated April 28, 2020
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.
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, as well as the Issuer's remaining interest in the joint venture on the Hong Kong property, located in Ontario.
MMAR	The *Marihuana Medical Access Regulations* (Canada), which was replaced by the MMPR.

MMPR	The *Marihuana for Medical Purposes Regulation* (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.
Newco	1167343 B.C. Ltd., a subsidiary of the Issuer which will acquire the Mineral Properties under the Arrangement.
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
Norstar Nutrients	Norstar Nutrients Ltd., a private British Columbia company with which Phenome holds an exclusive license to certain nutrient lines utilized in the growing stage.
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.
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 *Canada Business Corporations Act* 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, as amended November 12, 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 two years from issuance.
Resulting Issuer	The Issuer, following completion of the Transactions and Name Change.
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 Stock Option Plan.
Subsidiary	Go Green B.C. Medicinal Marijuana Ltd., a company incorporated pursuant to the BCBCA and the holder of the License Application.
Subsidiary Share Purchase Agreement	The share purchase agreement dated April 20, 2018 between the Target, the Subsidiary and the Vendor, as amended April 20, 2018, November 15, 2018 and May 30, 2019.
Subsidiary Shares	The common shares in the capital of the Subsidiary.
Target	1157630 B.C. Ltd., a company incorporated pursuant to the BCBCA and the sole shareholder of the 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.
Transactions	Collectively, the Fundamental Change 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 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.
Vendor	1065703 B.C. Ltd., a company incorporated pursuant to the BCBCA.
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 Listing Statement 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.

ITEM 2: CORPORATE STRUCTURE

2.1 Names, Address and Incorporation

The Issuer was incorporated under the BCBCA on May 16, 2012 as "Mountain Lake Minerals Inc." On July 16, 2018, the Issuer completed the Consolidation.

In connection with the Acquisition, the Issuer will change its name to "Pac Roots Cannabis Corp." and its trading symbol to "PACR".

The business office of the Issuer is located at Suite 300-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9 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 currently listed for trading on the CSE under trading symbol "MLK".

The Target was incorporated under the BCBCA on March 21, 2018. Since the date of its incorporation, the Target has not materially amended its constating documents.

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.

2.2 Intercorporate Relationships

Following completion of the Acquisition, the Resulting Issuer has three wholly-owned subsidiary, being the Target, the Subsidiary, which is owned by the Target, and Newco, which was created for the purposes of completing the Arrangement and which following completion of the Arrangement will cease to be a wholly-owned subsidiary of the Resulting Issuer. Each of the Target, the Subsidiary and Newco are governed by the BCBCA. The Issuer does not anticipate having any other subsidiaries at this time.

All references within this Listing Statement to the Resulting Issuer, refer to the Resulting Issuer immediately following the completion of the Target Acquisition and include the Target and the Subsidiary, unless otherwise indicated.

2.3 Fundamental Change

The Resulting Issuer is requalifying for listing on the CSE following the Fundamental Change Transactions, which constitute a "Fundamental Change" under Policy 8 of the CSE. Following the Acquisition, the Resulting Issuer has re-classified itself from being a resource issuer to an industrial issuer operating in the cannabis industry.

Summary of the Fundamental Change Transactions

The Issuer has entered into each of the Target Agreement and the Phenome Agreement, whereby, the Issuer acquired 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 Subsidiary and as consideration therefor, the Issuer will issue to the Target Shareholders, the Payment Shares, all of which are subject to the Escrow Agreement; and

(b) the Phenome License from Phenome, and as consideration therefore, the Resulting 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 30-month period following the Listing Date.

The Acquisition Agreements are available on SEDAR at www.sedar.com. The completion of the Fundamental Change Transactions was 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.

Target Acquisition

The Issuer entered into the Target Acquisition Agreement with the Target and the Target Shareholders, whereby the Resulting Issuer acquired all of the issued and outstanding securities of the Target in consideration of the issuance of the Payment Shares to the Target Shareholders, pro rata in accordance with their holdings of Target Shares.

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

The Target Acquisition Agreement is available on SEDAR at www.sedar.com. The Target Acquisition is an arm's length transaction.

Approval for the Fundamental Change Transactions was sought from the Shareholders at an annual and special meeting held on August 8, 2019.

The Target Acquisition was completed on April 28, 2020.

Phenome License

Pursuant to the provisions of the Phenome Agreement, the Resulting Issuer acquired 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) 2,500,000 Resulting Issuer Shares on the date on which the Issuer receives the approval of the CSE for the Fundamental Change Transactions (the "approval date");

(b) 2,500,000 Resulting Issuer Shares on the date on which is three months following the approval date;

(c) 2,500,000 Resulting Issuer Shares on the date on which is six months following the approval date; and

(d) 2,500,000 Resulting Issuer Shares on the date on which is nine months following the approval date;

(e) $50,000 in cash on the date which is 18 months following the approval date;

(f) $100,000 in cash on the date which is 24 months following the approval date; and

(g) $100,000 in cash on the date which is 30 months following the approval date.

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 Resulting 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.

The Phenome License Agreement is available on SEDAR at www.sedar.com. The Phenome Transaction was completed on April 28, 2020.

Finder's Fee Agreement

Pursuant to the Finder's Fee Agreement, the Finder received from the Resulting Issuer upon the successful completion of the Acquisition, a fee of $60,000 payable through the issuance of 200,000 Finder's Shares. The Finder, Matthew McGill, is a director of the Resulting Issuer and thus a related party to the Resulting Issuer. At the time the Finder's Fee Agreement was executed however, Mr. McGill was not associated with the Issuer and as a result the Finder's Fee Agreement and the issuance of the Finder's Shares thereunder does not constitute a 'related party transaction' pursuant to Multilateral Instrument 61-101 – *Protection of Minority Securityholders in Special Transactions*.

Financing

In connection with the Fundamental Change Transactions, the Resulting Issuer has completed the Financing consisting of a non-brokered offering of units at a price of $0.30 per Unit. An aggregate of 5,500,004 Units were sold generating gross proceeds of $1,650,01.20. Each Unit comprised one Common Share and one Placement Warrant, each Placement Warrant entitling the holder to acquire a further Common Shares at a price of $0.50 per Common Share until April 28, 2022.

$63,906.49 was paid and 213,022 Placement Warrants were issued to two registrants as finder's fees in connection with the completion of the Financing.

Following the Closing, the Resulting Issuer will conduct the principal business of the Target. No further fundamental changes are proposed. The Issuer is not proposing any further acquisition, merger, re-organization or arrangements at this time.

Spin-off of Mineral Properties

Pursuant to the Arrangement Agreement, the Issuer will separate the business of the Resulting Issuer from the Issuer's interests in the Mineral Properties, through Newco, which also holds an interest in a copper zinc property located in Nova Scotia known as the Highfield property. The Arrangement will be completed following the Listing Date, on a record date yet to be determined by the Issuer. Pursuant to the Arrangement, the Issuer will transfer the Mineral Properties and the remaining Working Capital Amount (currently $550,000) to Newco and all of the Shareholders will receive one common shares of Newco for each Resulting Issuer Share held. In addition, the holders of any outstanding options or warrants of the Resulting Issuer will receive options and warrants in Newco in the same number and on the same terms as the options and warrants of the Resulting Issuer held. The Arrangement was approved by the Shareholders at the annual and special general meeting held by the Issuer on August 8, 2019 and a final order approving the Arrangement was issued by the British Columbia Supreme Court on August 12, 2019. It was a condition of the Arrangement that all of the Fundamental Change Transactions and the Financing had completed. The Resulting Issuer anticipates the announcement of the proposed effective date for the Arrangement within two weeks of the Listing Date. The principal steps of the Arrangement are set forth in the management information circular of the Issuer dated June 21, 2019.

2.4 Non-Corporate Issuers and Issuers incorporated outside of Canada

This section is not applicable.

ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Three Year History

Business of the Issuer

Prior to the date of entering into the Acquisition Agreements, the Issuer has been engaged in mineral exploration through the Mineral Properties.

Three Year History

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 Listing Statement, 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.

All of the Mineral Properties held by the Issuer will be transferred to Newco pursuant to the Arrangement.

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 (700,000 post-Consolidation) issued at $0.025 ($0.25 post-Consolidation) 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 (30,000 post-Consolidation) issued at $0.10 ($1.00 post-Consolidation) 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 (190,000 post-Consolidation) were issued at $0.10 ($1.00 post-Consolidation) 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. On March 28, 2020, the Issuer extended the terms of the Warrants until April 28, 2021, being the date which is one year following the Closing Date.

- 4,202,665 Units issued at $0.30 per Unit 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. On March 28, 2020, the Issuer extended the terms of the Warrants until April 28, 2021, being the date which is one year following the Closing Date.

Acquisition of the Target

As described above, the Issuer entered into the Target Acquisition Agreement with the Target and the Target Shareholders, whereby the Resulting Issuer acquired on April 28, all of the issued and outstanding securities of the Target in consideration of the issuance of an aggregate of 40,000,000 Payment Shares at a deemed price of $0.30 per Payment Share. The Payment Shares were distributed to the Target Shareholders pro rata in accordance with their holdings of Target Shares, such that a Target Shareholder will receive four Payment Shares for each Target Share held. The Acquisition was an arm's length transaction as neither the Target nor the Target Shareholders had a relationship with the Issuer or its Affiliates and Associates.

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

The sole material asset of the Target are the Subsidiary Shares. The Subsidiary holds the License Application and the Facility.

In connection with the Target Acquisition, the Resulting Issuer acquired the Phenome License from Phenome on April 28, 2020 pursuant to the Phenome Agreement, for the payment of an aggregate of $250,000 in cash and issuance of 10,000,000 Resulting Issuer Shares over a 30 month period.

Details regarding the Target Acquisition including the background to, reasons for, details of, conditions to and effect of the Target Acquisition are set forth in this Listing Statement and the Schedules hereto. Readers are urged to carefully read the information in this Listing Statement and the Schedules hereto.

Upon the completion of the Target Acquisition in accordance with the terms of the Target Acquisition Agreement, the Resulting Issuer will carry on the business of seeking to become a Licensed Producer.

Following completion of the Fundamental Change Transactions and the Financing, the Payment Shares held by the Target Shareholders represent in aggregate of 62% of the issued and outstanding Resulting Issuer Shares.

Target Acquisition Agreement

The Target Acquisition was effected in accordance with the Target Acquisition Agreement, which has been filed by the Issuer on SEDAR at www.sedar.com as a material document. The following summary of the Acquisition Agreement is qualified in its entirety by the text of the Acquisition Agreement.

The Target Acquisition Agreement contains certain representations and warranties made by (i) the Issuer in respect of its assets and financial condition, the consideration and other matters, (ii) by the Target in respect of its business, operations and financial condition, (iii) the Subsidiary in relation to the License Application and certain assets relating thereto; and (iv) the Target Shareholders relating to their Target Shares. The assertions embodied in those representations and warranties are solely for the purposes of the Target Acquisition Agreement. Certain representations and warranties may not be accurate or complete as of any specified date because they are subject to a standard of materiality or are qualified by a reference to the concept of an “adverse event” or “adverse change”. Therefore, the representations and warranties in the Target Acquisition Agreement should not be relied on as statements of factual information. The representations and warranties of the parties in the Target Acquisition Agreement will survive the Closing and a Party may make a claim for a breach thereof for a period of twelve (12) months following the Closing, subject to the provisions of the Target Acquisition Agreement.

Concurrently with the Target Acquisition, the Resulting Issuer completed the Phenome Transaction, acquiring the Phenome License. The Phenome License grants to the Resulting Issuer the ability to propagate, cultivate, harvest, process, breed and develop, manufacture, produce, use and commercialize certain of Phenome’s genetic cannabis library of elite cultivars, technical and materials., as well as breed and develop hybrid cultivars for development, manufacture, use and commercialization at the Facility. Phenome is a private genetic and seed preservation company with over 350 cultivars, 2,000 seed varietis and the largest live genetic bank in Canada. The Phenome Agreement provides the Resulting Issuer with access to the intellectual property of Norstar Nutrients, an entity with proprietary nutrient formulas, as well as Phenome’s farming intellectual property.

The completion of the Phenome Transaction was not conditional upon the completion of the Target Acquisition, nor was the Target Acquisition conditional upon the completion of the Phenome Transaction. However the Resulting Issuer considered that the completion of the Phenome Transaction concurrently with the Target Acquisition would be beneficial to the Resulting Issuer to allow it immediate access to the Phenome cultivars for use at the Facility.

Phenome Agreement

The Phenome Transaction was effected in accordance with the Phenome Agreement, which has been filed by the Issuer on SEDAR at www.sedar.com as a material document. The following summary of the Phenome Agreement is qualified in its entirety by the text of the Phenome Agreement.

The Phenome Agreement contains certain representations and warranties made by Phenome in relation to the Phenome License. The assertions embodied in those representations and warranties are solely for the purposes of the Phenome Agreement. Certain representations and warranties may not be accurate or complete as of any specified date because they are subject to a standard of materiality or are qualified by a reference to the concept of an “adverse event” or “adverse change”. Therefore, the representations and warranties in the Phenome Agreement should not be relied on as statements of factual information. The representations and warranties of the Parties in the Phenome Agreement will survive the Closing.

Pursuant to the provisions of the Phenome Agreement, the Resulting Issuer acquired 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) 2,500,000 Resulting Issuer Shares on the date on which the Issuer receives the approval of the CSE for the Fundamental Change Transactions (the "approval date"), which was April 27, 2020;

(b) 2,500,000 Resulting Issuer Shares on the date on which is three months following the approval date;

(c) 2,500,000 Resulting Issuer Shares on the date on which is six months following the approval date; and

(d) 2,500,000 Resulting Issuer Shares on the date on which is nine months following the approval date;

(e) $50,000 in cash on the date which is 18 months following the approval date;

(f) $100,000 in cash on the date which is 24 months following the approval date; and

(g) $100,000 in cash on the date which is 30 months following the approval date.

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 Resulting 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 has 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.

Escrow Restrictions

The Target Shareholders agreed that all of the Payment Shares 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 the Escrow Agreement, such that 10% of the securities will be released on the

Listing Date and the remaining escrowed securities will be released in six tranches of 15% every six months thereafter.

Finder's Fee

In connection with the Acquisition and pursuant to the Finder's Fee Agreement, the Resulting Issuer paid an aggregate finder's fee of $60,000 to the Finder payable through the issuance of 200,000 Finders Shares on the Closing Date. The Finder, Matthew McGill, is a director of the Resulting Issuer and thus a related party to the Resulting Issuer. At the time the Finder's Fee Agreement was executed however, Mr. McGill was not associated with the Issuer and as a result the Finder's Fee Agreement and the issuance of the Finder's Shares thereunder does not constitute a 'related party transaction' pursuant to Multilateral Instrument 61-101 – *Protection of Minority Securityholders in Special Transactions*

Three Year History

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

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

Following its incorporation in March 2018, 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 Subsidiary.

A third party, which had entered into a binding term sheet with the Subsidiary and Vendor in February 2018 prior to the incorporation of the Target, assigned to the Target, the right to acquire the Subsidiary. As consideration for the assignment, the Target reimbursed to the third-party certain cash payments made towards the purchase price for the Subsidiary Shares. Following the assignment, the Target and the Vendor continued to negotiate the terms of the Subsidiary Share Purchase Agreement.

On April 20, 2018, the Target, the Subsidiary and the Vendor entered into the Subsidiary Share Purchase Agreement, as amended, pursuant to which the Target acquired the 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 was 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, Subsidiary or business of the Subsidiary by a reporting issuer in Canada. The number of shares issuable to the Vendor was 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. The Vendor was issued 3,383,333 Resulting Issuer Shares on the Closing Date.

Prior to the acquisition of the Subsidiary by the Target, on April 21, 2015, the Vendor and the 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 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 Subsidiary Shares to the 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 Vendor. During the period that the Subsidiary was held by Scythian, the Subsidiary's original director continued to be involved with the progression of the License Application and the Vendor continued to monitor such developments.

Other than the acquisition of the Subsidiary as described above, no significant acquisitions or significant dispositions have been completed by the Target or the 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 Subsidiary Shares. The 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 Subsidiary's business to occur in the current financial year, but does anticipate that upon the receipt of the Cannabis License, the Subsidiary's proposed business plan as a licensed holder under the Cannabis Act will commence.

Since the incorporation of the Subsidiary, the Vendor, either directly or indirectly, through the director of the Subsidiary, was involved in the preparing and filing of the License Application and the development of the Facility. Following the acquisition of the Subsidiary by Scythian in 2015, the Vendor's involvement with the License Application was primarily as a consulting party, until its re-acquisition by the Vendor in 2017. The License Application, which was submitted in 2013, is in the final portions of the detailed review stage and the 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 indoor growing space and has all required municipal approvals in place. The Subsidiary has commenced an expansion to the Facility which will, upon completion, which is expected to occur June 2020, increase the size of the Facility to 22,000 sq. ft. The Facility is located in Kelowna, and is leased to the 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 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 Subsidiary exercises its option to extend the Lease. The development of the Facility has been funded to date by the Target, the 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 Subsidiary will submit its security and video evidence package to Health Canada imminently and anticipates the issuance of the Cannabis License will occur in late 2020, depending on the processing times then in place with Health Canada. The submission of the security and video evidence package will be the last step required by the Subsidiary for the issuance of the Cannabis License, subject to review thereof by Health Canada.

The primary source of revenue for the Target, once the Cannabis License is issued, is anticipated to be direct sales via an online store or phone sales within Canada to valid medical marijuana patients or to distributors supplying provincially authorized adult use retailers.

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 detla-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

<u>The MMAR and MMPR</u>

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.

<u>The ACMPR</u>

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 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 (Subsidiary had completed this stage)	**Intake and Initial Screening** 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.
Stage 2(Subsidiary had completed this stage)	**Detailed Review and Initiation of Security Clearance Process** 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.
Stage 3	**Issuance of Cultivation License** 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.

Stage 4	**Introductory Inspection (as cultivation begins)** 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.
Stage 5	**Pre-Sales Inspection (prior to issuance of sales license)** 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 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	**Issuance of Sales License** 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.

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 Asset 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 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 Subsidiary's License Application held the company's spot in the application queue, the Subsidiary was required to submit an updated application under the CTLS System. The Subsidiary is in the process of transitioning its application from the ACMPR process to the CTLS System. As of the date of this Listing Statement, the Subsidiary has received and addressed Health Canada's initial comments to its License Application and is in the process of preparing its security and evidence video package.

Under the new regime, when an applicant applies for a license there are four sub-categories to choose from: (i) Cannabis (cultivation, processing, sales); (ii) Industrial Hemp; (iii) Research; and (iv) Analytical Testing. The Subsidiary has applied for a license under the first category: Cannabis (cultivation, processing, sales). Once received, the Cannabis License that the Subsidiary has applied for will permit it to grow, produce and sell its products for either medical or adult 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 (Subsidiary has completed this Stage)	**Submitting the Application in CTLS** All new license applications must be submitted in CTLS.
Stage 2 (Subsidiary has completed this Stage)	**Application Screening** 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.

Stage 3 (Subsidiary in the advanced levels of this Stage, security clearance are completed and detailed review is well underway pending completion of the Facility)	**Review and Security Clearance** 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.
Stage 4 (Subsidiary expects to complete this stage prior to the end of Q2 2020)	**Pre-Licensing and Approval Process** 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. 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
Stage 5 (Subsidiary expect this to occur in Q3 2020)	**Issuance of License** 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.

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 Listing Statement, the Subsidiary had not yet received its status update from Health Canada, as a result the Subsidiary's expectations concerning the issuance of the Cannabis License are estimates only and there is no way for the Subsidiary to definitively determine when the License Application will be processed. There can be no assurances that the License Application will be processed in a timely manner.

On October 17, 2019, three new classes of cannabis products became legalized in Canada, being edibles, topicals and extracts. Commencing on October 17, 2019, Health Canada began accepting applications from Cannabis License holders to amend their existing licenses to produce and sell products within these classes and such license holders must give Health Canada 60 days written notice before introducing any new product for sale. The Resulting Issuer has no plans to seek develop products in these areas in the near term.

Operating Revenue

Neither the Issuer nor the Target has generated any material operating revenue since inception other than interest income from time to time. Management anticipates that the Resulting Issuer will continue to experience net losses as a result of ongoing capital expenditure costs associated with the development and expansion of the Facility and general corporate and administrative costs and expenses until such time as revenue generating activities are commenced. The Resulting Issuer's future financial performance is dependent on many external factors. Circumstances and events that could materially affect the Resulting Issuer's future financial performance are set out in *"Risk Factors* below.

3.2 Significant Acquisitions and Dispositions

Other than as described in Sections 2.3 and 3.1 above, no significant acquisitions or significant dispositions have been completed by the Issuer during the last three financial years or are contemplated.

3.3 Trends, Commitments, Events or Uncertainties

The Issuer was an exploration company.

The Resulting Issuer at present does not engage in commercial operations. The principal business of the Resulting Issuer will be the cultivation, processing and sale of cannabis products. Due to the early stage of its development and the early stages of legalization of adult use in Canada, it is difficult to fully determine all of the uncertainties which may face the Resulting Issuer and are likely to have an impact its business, financial condition or results of operations, The Resulting Issuer is not currently aware of any trends, events or uncertainty that reasonably can be expected to have material adverse effect on the Resulting Issuer's business, financial condition or results of operations, other than as described above or elsewhere in this Listing Statement. There are significant risks associated with the Issuer and the Resulting Issuer's business, as applicable, as described in "Part 17 – *Risk Factors"*. Please also see Section 1.2 – *"Forward Looking Statements"* above.

ITEM 4: NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 General

Prior to the completion of the Fundamental Change Transactions, the Issuer did not engage in commercial operations and had no significant assets other than its interests in the Mineral Properties and cash generating from recent financings.

On April 28, 2020, the Target became a wholly owned subsidiary of the Resulting Issuer and the Resulting Issuer became a life sciences agricultural issuer seeking to be engaged in the cannabis industry. The Subsidiary currently holds the License Application but does not yet hold a Cannabis License. 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 build-out phase which is categorized as the advance stage of detailed review and the Subsidiary has submitted the necessary measures to transition the License Application under the CTLS System. The Subsidiary will submit its security and video evidence package to Health Canada prior to June 30, 2020 and anticipates the issuance of the Cannabis License thereafter. At this time, the Resulting Issuer cannot provide substantive guidance on when the License Application will be processed, but expects it to occur during the calendar year 2020. Until the Facility is complete and the Cannabis License issued, the Resulting Issuer cannot commence operations.

Stated Business Objectives

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

Milestones	Target Date	Cost
Completion of the Arrangement with Newco	April 2020	$550,000
Expansion of the Facility from 12,000 sq. ft to 22,000 sq. ft	June 2020	$180,000
Submission of security and video evidence package to Health Canada and on-site pre-license inspection, if required.	Q2 2020	$20,000
Completion of Phenome License	Closing Date	N/A (no cash payments due until 18 months following Closing Date)
Issuance of the Cannabis License	Q3 2020	No additional costs anticipated

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

(a) completion of the Facility expansion; and

(b) successfully complete the security clearance process to obtain the Cannabis License.

On a longer term basis, the Resulting Issuer anticipates it will seek to identify and lease additional locations for an outdoor facility and development of a nursery operation. The Resulting Issuer also anticipates further growth through the acquisition of other businesses or through the acquisition of assets or the construction of new greenhouses. The Resulting Issuer will be 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 receipt of the Cannabis License

Other than as described in this Listing Statement, 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 above.

Available Funds

Upon completion of the Financing and the Fundamental Change Transactions, the Resulting Issuer will have an estimated $926,436 in funds available, comprised of:

Description	Amount
(a) approximate working capital deficit of the Issuer as at March 31, 2020 (less amounts owing as between the Issuer and the Target)	($449,830)
(b) approximate working capital deficit of the Target as at March 31, 2020	($84,897)
(c) gross proceeds of the Financing	$1,650,001
(d) less prior advances to the Issuer in relation to the Financing and reflected in the Issuer's working capital	($99,932)
(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)	($25,000)
(f) less anticipated finder's fees payable in cash to registrants in respect of the Financing of 7% of the proceeds placed	($63,906)
TOTAL	**$926,436**

A pro forma consolidated balance sheet of the Resulting Issuer as at November 30, 2019, giving effect to the Financing and the Fundamental Change Transactions, is attached to this Listing Statement as Schedule "I".

Principal Purpose of Funds

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

Principal Purpose	Budgeted Expenditure
Estimated general and administrative costs over the 12 months following the Listing Date(1)	$162,500
Capital expenditures on the Facility(2)	$180,000
Completion of security and video evidence package for Health Canada (3)	$20,000
Transfer of remaining Working Capital Amount to Newco pursuant to the Arrangement (4)	$550,000
Unallocated working capital (5)	$13,936
Total	**$926,436**

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 $30,000, stock exchange fees, filing fees and transfer agent costs of $12,500, office rents and supplies of $15,000, and executive management fees and consulting costs of $90,000 (See Schedule "C" *"Information Concerning the Resulting Issuer -Executive Compensation"*).

(2) Capital expenditures on the Facility for the next 12 months are expected to be comprised of $65,000 for building supplies, $50,000 for labour costs, $25,000 for Q/A and security costs, $15,000 for electrical costs and $25,000 for mechanical costs.

(3) The submission of the security and video evidence package will only occur following completion of construction on the Facility as described above.

(4) Pursuant to the Arrangement Agreement, the Issuer will transfer to Newco the Mineral Properties and an aggregate of $1,000,000 for working capital, of which $450,000 has already been advanced to date.

(5) The Resulting Issuer will have nominal unallocated funds available to it and will need to complete additional debt or equity financings following the Listing Date.

The Resulting Issuer will require additional funds to meet its both its short and longer term-term requirements outlined above including additional acquisitions but also general and administrative expenses. The Resulting Issuer expects it will fund its on-going expansion plans from future financing activities.

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

Principal Products

As at the date of this Listing Statement, the 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 Subsidiary receives the Cannabis License, the Target anticipates that the Subsidiary will cultivate and produce high-quality strains of cannabis. The 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 Subsidiary will then sell and distribute the cannabis to valid medical marijuana patients within Canada or to distributors supplying provincially authorized adult use cannabis retailers as permitted under the Cannabis Act. The Subsidiary anticipates initially operating as a cannabis producer and developing sales of premium flower as well as sales of young plants for home-based and micro producers while operating within the permitted limits of the Cannabis Act. The Target, through the Subsidiary, expects to participate in both the medical and adult use cannabis industry, as permitted by the Cannabis License.

Assuming the completion of the Fundamental Change 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 access to the Norstar Nutrients line of beneficials.

Production and Sales

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

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

Competitive Conditions and Position

Assuming that the Subsidiary receives the Cannabis License, the 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 Corporation, Tilray Inc.. Aphria Inc. and Aurora Cannabis Inc. As of the date of this Listing Statement, there are approximately 320 cultivators, processors and sellers that hold a license issued by Health Canada under the Cannabis Regulations (as posted on Health Canada's website: https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/industry-licensees-applicants/licensed-cultivators-processors-sellers.html).

The 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 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. As the Subsidiary will be a smaller scale producer, the Target expects to seek differentiate itself through higher quality strains, proprietary methods and inputs and small batch production.

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.

As the Subsidiary has not yet been issued the Cannabis License, it has not allocated working capital towards its marketing efforts at this time. The Resulting Issuer will need to either divert funds from its existing budgets or raise additional funds in order to pursue its marketing activities. At this time, the Resulting Issuer has prioritized the finalization of the Facility construction so that the Subsidiary can be in a position to receive the Cannabis License.

Employees

As of the date of this Listing Statement, the Target and the 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. The Resulting Issuer will need to either divert funds from its existing budgets or raise additional funds in order to engage additional consultants or hire new employees. At this time, the Resulting Issuer has prioritized the finalization of the Facility construction so that the Subsidiary can be in a position to receive the Cannabis License.

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 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 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 Subsidiary 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 Fundamental Change Transactions.

Proprietary Protections

The Target and the 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 and the Phenome 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 Subsidiary, nor are the Target or the 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 Subsidiary.

Reorganization

The Target has not completed any reorganizations other than the acquisition of the 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.

4.2 Asset Backed Securities

The Resulting Issuer will not have any asset-backed securities.

4.3 Companies with Mineral Properties

The Resulting Issuer will not hold any resources properties that are material to its business. On the Closing Date, the Resulting Issuer still holds its interests in the Mineral Properties, subject to the terms of the Arrangement Agreements, and anticipates that the Resulting Issuer will in the immediate further complete the Arrangement resulting in the transfer of the Mineral Properties to Newco. At this time Newco and the Resulting Issuer have not yet set the effective date for the plan of arrangement contemplated by the Arrangement Agreement, but it is expected this will occur within 14 days of the Listing Date.

4.4 Companies with Oil and Gas Operations

The Resulting Issuer does not have oil and gas operations.

ITEM 5: SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Annual Information

The following table sets out certain selected consolidated financial information of the Issuer for the periods indicated. Please refer to Schedule "A" for the Issuer's audited financial statements for the years ended November 30, 2019 and 2018.

Selected Financial Information	**For the year ended November 30, 2019 (audited)**	**For the year ended November 30, 2018 (audited)**	**For the year ended November 30, 2017 (audited)**
Operations Data			
Total Revenues	Nil	Nil	
Total Expenses	$306,284	$202,937	$367,709

Selected Financial Information	For the year ended November 30, 2019 (audited)	For the year ended November 30, 2018 (audited)	For the year ended November 30, 2017 (audited)
Net Income (Loss)	$(506,28)4	$117,705	($3,622,417)
Net Income (Loss) per Share – Basic and Fully Diluted	($0.05)	$0.02	($1.22)
Balance Sheet Data	**As at November 30, 2019 (audited)**	**As at November 30, 2018 (audited)**	**As at November 30, 2017 (audited)**
Current Assets	$191.246	$643,327	$65,866
Non-Current Assets	$2,459,018	$1,876,615	$107,106
Total Assets	**$2,650,264**	**$2,519,942**	**$172,972**
Current Liabilities	$965,183	$866,237	$969,237
Working Capital (Deficit)	($773,937)	($222,910)	($903,371)
Other Liabilities	Nil	Nil	Nil
Total Liabilities	**$965,183**	**$866,237**	**$969,237**
Share Capital	$7,690,508	$6,333,372	$5,069,627
Share Subscriptions	$199,932	$1,019,408	$42,500
Contributed Surplus	$583,565	$583,565	$491,953
Deficit	($6,788,924)	($6,282,640)	($6,400,345)
Total Equity (Deficiency)	**$1,685,081**	**$1,653,705**	**($796,265)**
Number of Shares Issued and Outstanding	**12,249,629**	**8,020,297**	**3,472,301**

The following table sets out certain selected consolidated financial information of the Target for the period from incorporation until August 31, 2018, for the financial year ended August 31, 2019 and for the first quarter ended November 30, 2019. Please refer to Schedule "C" for the Target's audited financial statements for the period from incorporation on March 21, 2018 to August 31, 2018 and the financial year ended August 31, 2019 and Schedule "E" for the Target's unaudited interim financial statements for the first quarter ended November 30, 2019:

	Quarter ended 11/30/2019 (unaudited)	Financial year ended 08/31/19 (audited)	Period from incorporation and ended 08/31/18 (audited)
Total revenues	Nil	Nil	Nil
Cost of sales	Nil	Nil	Nil
Gross profit	Nil	Nil	Nil
Total expenses	115,122	(567,308)	333,000
Net income (loss) before income taxes	(115,122)	(582,308	(2,253,000)
Net income (loss) per share	(0.01)	(0.06)	($0.34)
Total assets	1,008,200	776,703	143,044
Total liabilities	3,459,512	3,118,326	1,952,759
Working capital (deficit)	(3,231,808)	(3,049,576)	(1,809,715)
Shareholder Equity (Deficiency)	(2,451,312)	(2,341,623)	(1,809,715)
Dividends	Nil	Nil	Nil

5.2 Quarterly Information

The quarterly information presented below is for the Issuer prior to the completion of the Fundamental Change Transactions:

	Fourth Quarter ended November 30, 2019	Third Quarter ended August 31, 2019	Second Quarter May 31, 2019	First Quarter Ended February 28, 2019	Fourth Quarter Ended November 30, 2018	Third Quarter Ended August 31, 2018	Second Quarter May 31, 2018	First Quarter Ended February 28, 2018
Net Sales or Total Revenues	-	-	-	-	-	-	-	-
Income from operations	-	-	-	-	-	-	-	-
Expenses	(118,714)	(42,397)	(66,777)	(78,396)	(14,831)	(30,747)	(57,973)	(129,048)
Comprehen-sive loss	(318,714)	(42,397)	(66,777)	(78,396)	219,333	(30,747)	(57,973)	(129,048)
Loss per share.- basic and diluted	(0.02)	(0.00)	(0.01)	(0.01)	(0.03)	(0.00)	(0.00)	(0.00)

Quarterly information is not available for the Target.

5.3 Summary Pro Forma Financial Information – Resulting Issuer

A pro forma consolidated statement of financial position for the Resulting Issuer giving effect to the Financing and Fundamental Change Transactions as at November 30, 2019 is attached to this Listing Statement as Schedule "G".

The following table sets forth certain pro forma financial information for the Resulting Issuer, on a consolidated basis, after giving effect to the Financing, Arrangement, Fundamental Change Transactions 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 Financing, Arrangement and Fundamental Change Transactions occurred on November 30, 2019.

	Resulting Issuer Pro Forma November 30, 2019 (unaudited) ($)
Balance Sheet Data	
Current Assets	902,923
Total Assets	**5,014,968**
Current Liabilities	835,091
Total Liabilities	**1,162,354**
Shareholders' Equity	**7,584,867**

5.4 Dividends

The Issuer has not paid dividends on its Common Shares since incorporation. Subject to the requirements of the BCBCA, there are no restrictions in the Resulting Issuer's articles or elsewhere which would prevent the Resulting Issuer from paying dividends following the completion of the Fundamental Change 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.

5.5 Foreign GAAP

This section is not applicable.

ITEM 6: MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of financial condition and results of operations ("MD&A") should be read in conjunction with the Issuer's audited annual consolidated financial statements and notes thereto for the years ended November 30, 2019 and 2018 which are attached hereto as Schedule "A" and available on SEDAR at www.sedar.com. The Issuer's MD&A for the year ended November 30, 2019 is attached hereto as Schedule "B".

MD&A of the Target for the year ended August 31, 2019 is attached hereto as Schedule DF". The Target's audited financial statements for the period from incorporation to August 31, 2018 for the financial year ended August 31, 2019 are attached hereto as Schedule "C". MD&A of the Target for the three months ended November 30, 2019 is attached hereto as Schedule “F”. The Target’s unaudited interim financial statements for the three months ended November 30, 2019 are attached hereto as Schedule “E”. The Target notes that it has recorded an impairment charge on the License Application to reflect the uncertainty related to the granting of the Cannabis License. Initially the Target was anticipating receiving the Cannabis License at an earlier date and the uncertainty and doubt related to the delays associated in achieving the Cannabis License and completing the Fundamental Change Transactions created doubt on realizing the value of the License Application. In addition, as Health Canada has recently issued more cultivation licenses and as a result the supply has increased resulting in the value of in-process applications decreasing. As a result of the economic uncertainty caused by the delays and the supply of licenses, the Target wrote-down its intangible asset.

ITEM 7: MARKET FOR SECURITIES

The Common Shares of the Issuer are listed on the CSE under the symbol “MLK” and are expected to recommence trading under the symbol “PACR” following the Resulting Issuer’s requalification for listing in connection with the acquisition of the Target. In connection with the Closing, the Resulting Issuer changed its name from “Mountain Lake Minerals Inc.” to “Pac Roots Cannabis Corp.” There is no market through which the Target Shares may be sold.

ITEM 8: CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Issuer as at November 30, 2019 and the expected consolidated share capital of the Resulting Issuer following completion of the Financing and Fundamental Change Transactions:

	Authorized	**Outstanding as at dated of this Listing Statement following the completion of the Financing and Fundamental Change Transactions**	**Outstanding as at November 30, 2019**
Common Shares (1)	Unlimited	63,832,966 (2)	12,249,629
Options	10% of issued and outstanding capital (3)	Nil	Nil
Warrants	N/A	12,627,359 (4)	6,914,333

Notes:

(1) Pursuant to the pro forma balance sheet included as Schedule “I” of this Listing Statement, the Resulting Issuer will have a deficit of ($6,238,143) as at November 30, 2019.

(2) Of these shares, 40,778,850, which includes all of the Payment Shares and the Finder’s Shares, will be subject to the Escrow Agreement. See Part 11 "*Escrowed Securities*" below.

(3) 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 Part 9 "*Options to Purchase Securities"*.

(4) Comprised of Warrants, Placement Warrants and Placement Warrants issued to finders, bearing an exercise price of $0.50 per Common Share and expiry dates ranging from April 28, 2021 to April 28, 2022.

The Company has no loan capital outstanding.

ITEM 9: OPTIONS TO PURCHASE SECURITIES

As of the date of this Listing Statement, 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 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.

ITEM 10: DESCRIPTION OF CAPITAL STRUCTURE

10.1 General Description of Capital Structure

The Issuer has an authorized capital of an unlimited number of Common Shares without par value, of which 63,832,966 Common Shares are issued and outstanding as fully paid and non-assessable.

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 Company. 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 Company 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 Company, the holders of the Common Shares will be entitled to receive on a pro rata basis all of the assets of the Company remaining after payment of all the Company'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.

The Target's authorized capital consists of an unlimited number of Target Shares without par value. There are currently 10,000,000 Target Shares issued and outstanding, all of which are now held by the Resulting Issuer.

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 rateably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Target.

10.2 Debt Securities

The Issuer has no debt securities outstanding.

10.3 Other Securities

This section is not applicable.

10.4 Modification of Terms

The rights of holders of Common Shares may only be changed by an directors resolution, in accordance with the requirements of the BCBCA and the Issuer's articles, provided that a consolidation of the Issuer's shares requires an ordinary resolution of shareholders and the modification of special right and restrictions applicable to any of the Issuer's shares must be approved via special resolution.

10.5 Other Attributes

The Issuer has no other classes of securities.

10.6 Prior Sales

During the 12-month period preceding the date of this Listing Statement, 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
March 29, 2019	4,202,665 units(1)	Private Placement	$0.30 per unit	$1,260,799.50	Cash
April 28, 2020	5,500,004 Units (2)	Private Placement	$0.30 per Unit	$1,650,001.20	Cash
April 28, 2020	40,000,000 Payment Shares	Target Acquisition	$0.30 per Payment Share (deemed)	$12,000,000	Target Shares
April 28, 2020	200,000 Finder's Shares	Finder Fee	$0.30 per Finder Share (deemed)	$60,000	Non-cash
April 28, 2020	3,383,333 Common Shares	Due to Vendor per Subsidiary Share Purchase Agreement	$0.30 per Common Share (deemed)	$1,015,000	Non-cash
April 28, 2020	2,500,000 Common Shares	Phenome License	$0.30 per Common Share (deemed)	$750,000	Phenome License
Total	**55,786,002**			**$16,735,800.70**	

(1) Units comprised one Common Share and one half of one Warrant exercisable at $0.50 per Common Share until April 28, 2021.

(2) Units comprised of one Common Share and one Placement Warrant, each whole warrant exercisable at $0.50 per Common Share until April 28, 2022. In addition, 213,022 Placement Warrants were issued to finders in connection with the Financing.

10.7 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 CSE:

Month	High $	Low $	Close $	Volume
Year ended November 30, 2017 (1)(2)	$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(3)	Halted trading			
Year ended November 30, 2018	Halted trading			
Quarter ended February 28, 2019	Halted trading			

Month	High $	Low $	Close $	Volume
Quarter ended May 31, 2019	Halted trading			
Quarter ended August 31 2019	Halted trading			
Quarter ended November 30, 2019	Halted trading			
Quarter ended February 28, 2020	Halted trading			
Month ended March 31, 2020	Halted trading			

Notes:

(1) Trading of the Common Shares on the CSE commenced on October 26, 2012

(2) 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.

(3) The Common Shares were halted on June 7, 2018 pending the announcement of 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.

The Target's shares are not listed or posted for trading on any stock exchange.

ITEM 11: ESCROWED SECURITIES

Prior to the completion of the Fundamental Change Transactions, the Issuer had 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 Fundamental Change Transactions, 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 Company during the two years preceding this Listing Statement;

(c) those who own or control more than 10% of the Company'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 14,778,850 Common Shares held by Related Persons and representing 23.15% of the issued and outstanding Common Shares on the Closing Date will be deposited into escrow pursuant to the Escrow Agreement (the "**Escrowed Securities**"). Additionally, a further 26,000,000 Common Shares to be held by former Target Shareholders will be deposited into escrow and held under the Escrow Agreement, such that a total of 40,778,850 Common Shares will be held pursuant to the Escrow Agreement, representing 63.88% of the issued and outstanding Common Shares on the Closing Date.

The Resulting 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 Resulting Issuer being "emerging issuer" listed on the Canadian Securities Exchange, the Escrowed Securities will be subject to a three-year escrow.

If the Resulting 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 Resulting Issuer had originally been classified as an established issuer.

Pursuant to the Escrow Agreement, the Transfer Agent (as escrow agent), the Target Shareholders and the Related Persons of the Resulting Issuer, the Related Persons and the former Target Shareholders 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 Resulting Issuer or of a material operating subsidiary, with approval of the Resulting Issuer's Board;

(2) transfers to a person or company that before the proposed transfer holds more than 10% of the Resulting Issuers' 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 agreed to participate in the Escrow Agreement regardless of whether they constituted a Related Person.

Hold Periods

Certain securities of the Resulting Issuer are also subject to a statutory hold period ending August 29, 2020. These securities include the 5,500,004 Resulting Issuer Shares and 5,500,004 Placement Warrants issued in the Financing, 213,022 Placement Warrants issued to finders in the Financing, 3,383,333 Common

Shares issuable to the Vendor pursuant to the Subsidiary Share Purchase Agreement, 200,000 Finder's Shares issuable pursuant to the Finder's Fee Agreement and 2,500,000 Resulting Issuer Shares issued to Phenome pursuant to the Phenome Agreement.

ITEM 12: PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and executive officers of the Issuer, following completion of the Acquisition, no person beneficially owns, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding Resulting Issuer Shares.

ITEM 13: DIRECTORS & OFFICERS

13.1 Name, Occupation and Security Holding

The Issuer's former 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 Fundamental Change Transactions, Paul K. Smith resigned as a director and as President, Chief Executive Officer and Interim Chief Financial Officer of the Resulting Issuer, and Patrick Elliott was appointed as a director and as President and Chief Executive Officer and William Fleming was appointed as Chief Financial Officer and Corporate Secretary of the Resulting Issuer.

The term of office of each of the present directors expires at the Resulting 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 Financing and the Fundamental Change Transactions.

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 Fundamental Change Transactions and Financing(1)	Percentage of Class Held or Controlled on completion of the Fundamental Change Transactions and Financing
Patrick Elliott, Tsawwassen, B.C., President, Chief Executive Officer and Director (2)	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	4,211,850 (3)	6.60%

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 Fundamental Change Transactions and Financing(1)	Percentage of Class Held or Controlled on completion of the Fundamental Change Transactions and Financing
Marc Geen, Rock Creek, B.C., Director (2)	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; Former CEO and Director of Speakeasy Cannabis Club Ltd., from March 2018 to June 2019 Self-employed for operations of Myers Creek Orchard from June 2015 to Present	Director of the Issuer since January 2019	4,000,000	6.27%
William Fleming, Halifax, Nova Scotia, Director, Chief Financial Officer and Corporate Secretary	President of Mernova Medicinal Inc., a private cannabis cultivation company from 2014 to Present	Director of the Issuer since May 2015	268,100	0.42%
Matthew McGill, Langley, B.C., Director (2)	Licensed realtor with McGill Realty from 2011 to Present	Director of the Issuer since January 2019	4,367,000 (4)	6.84%

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 Filing Statement

(2) Member of the audit committee

(3) All of which Common Shares are held indirectly through Lexore Capital Corp., a private company of which Mr. Elliott is the beneficial owner.

(4) Of which 4,000,000 Common Shares are held indirectly through 1143984 B.C. Ltd., a private company of which Mr. McGill is the beneficial owner and 367,000 Common Shares are held directly.

The directors and officers of the Resulting Issuer as a group directly and indirectly own 12,846,950 Resulting Issuer Shares, representing 20.13% of the issued and outstanding Resulting Issuer Shares (on an undiluted basis).

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.

13.2 Committees

The sole committee of the Resulting Issuer is the audit committee, comprised of Matthew McGill, Patrick Elliott and Marc Geen, who will act as chair. All of the members of the audit committee are considered to be financially literate and each of Matthew McGill and Marc Geen are considered to be independent.

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

13.3 Cease Trade Orders and Bankruptcies

Except as described below, as at the date of this Listing Statement and within the ten years before the date of this Listing Statement, no director, officer or proposed director or officer, promoter or any shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer:

(a) is or has been a director or executive officer of any company (including the Issuer), that:

(i) while that person was acting in that capacity, was the subject of a cease trade order 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;

(ii) that after that person ceased to be a director or executive officer, was subject to an order which resulted from an event that occurred while that person was acting in the capacity as director or executive officer that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

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

(b) has within 10 years before the date of the Listing Statement 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 the assets of the director, officers or shareholders.

Marc Geen was the CEO and a director of Speakeasy Cannabis Club Ltd. ("Speakeasy"), a CSE listed issuer, 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.

William Fleming was a director and the Chief Financial Officer of NWest Energy Corp. ("NWest") (now known as Ceylon Graphite Corp.) when it was subject to an order of the British Columbia Securities Commission dated February 5, 2016 and of the Alberta and Ontario Securities Commissions each dated February 3, 2016 ceasing all trading in NWest's securities in connection with a failure to file annual audited financial statements for the financial year ended September 30, 2015 and MD&A for the financial year ended September 30, 2015, which orders were revoked on May 3, 2016.

Additionally, William 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 Fundamental Change Transactions which constitute a 'fundamental change' pursuant to the policies of the CSE.

13.4 Penalties and Sanctions

Except as described below, no director, executive officer or promoter of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, has, within the ten years prior to the date of this Listing Statement, been subject to:

(a) any penalties or sanctions imposed by a court or securities regulatory authority relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

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.

13.5 Conflicts of Interest

Certain directors and officers of the Resulting Issuer are also directors, officers or shareholders of other companies that are similarly engaged in the cannabis industry. These associations to other public companies may give rise to conflicts of interest from time to time.

Under the laws of the Province of British Columbia, the directors and senior officers of the Issuer are required by law to act honestly and in good faith with a view to the best interests of the Issuer. In the event that such a conflict of interest arises at a meeting of the Issuer's directors, a director who has such a conflict will disclose such interest in a contract or transaction and will abstain from voting on any resolution in respect of such contract or transaction. See also Part 17 "*Risk Factors*".

13.6 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 Listing 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 is the beneficial owner of 4,211,850 Resulting Issuer Shares. Mr. Elliot expects to devote 75% of his working time to the Resulting Issuer.

Marc Geen, Director (Age: 47)

Mr. Geen was 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 Americas 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 is the beneficial owner of 4,000,000 Resulting Issuer Shares. Mr. Geen expects to devote 20% of his working time to the Resulting Issuer.

William Fleming, Chief Financial Officer, Corporate Secretary and 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 is the beneficial owner of 268,100 Resulting Issuer Shares. Mr. Fleming expects to devote 25% of his working time to the Resulting Issuer.

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 operates McGill Realty which is commercial and residential realty group servicing the Fraser Valley and the lower mainland. Mr. McGill is skilled at crafting strategic financing options for corporations and he has a 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 is the beneficial owner of 4,367,000 Resulting Issuer Shares. Mr. McGill expects to devote 20% of his working time to the Resulting Issuer.

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

Mr. Field is a 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. 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 is the beneficial owner of 200,000 Resulting Issuer Shares. Mr. Field expects to devote 100% of his working time to the Subsidiary.

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 June 2019
			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
	Speakeasy Cannabis Club Ltd.	CSE	Director	February 2020 to Present

ITEM 14: CAPITALIZATION

14.1 Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	63,832,966	76,460,325	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B) (to the extent known)	14,846,950	15,225,800	23.26%	19.91%
Total Public Float (A-B)	48,986,016	61,234,525	76.74%	80.09%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	51,583,337	57,296,363	80.81%	74.94%
Total Tradeable Float (A-C)	12,249,629	19,163,962	19.19%	25.06%

14.2 Public Securityholders (Registered) (1)(2)(3)

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	25	898
100 – 499 securities	14	2,721
500 – 999 securities	1	800
1,000 – 1,999 securities	6	10,394
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	80	**48,971,199**
Total	**126**	**48,986,012**

Notes:

(1) The information from the above table is from a registered shareholder range report of the Issuer as at December 21, 2017 as provided by the Transfer Agent.

(2) CDS& CO.is the holder of record of 8,489,455 Common Shares, which is the registration name for the Canadian Depository for Securities Limited which acts as nominee for many Canadian brokerage firms.

(3) Includes the issuance of 26,000,000 Resulting Issuer Shares pursuant to the Fundamental Change Transactions and 5,121,150 Resulting Issuer Shares pursuant to the Financing to those holders who constitute 'public securityholders'.

14.3 Public Securityholders (Beneficial) [1][2]

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	293	13,349
100 – 499 securities	337	81,481
500 – 999 securities	74	51,145
1,000 – 1,999 securities	78	106,065
2,000 – 2,999 securities	36	83,491
3,000 – 3,999 securities	12	41,808
4,000 – 4,999 securities	19	84,350
5,000 or more securities	90	8,193,032
Unable to confirm	**N/A**	**N/A**
Total	**939**	**8,654,721**

Notes:

(1) Information from the above table is based on a range report prepared by Broadridge & Broadridge US as at November 18, 2019.

(2) Does not include the issuance of any Resulting Issuer Shares pursuant to the Fundamental Change Transactions or the Financing as those holders are registered Shareholders.

14.4 Non-Public Securityholders (Registered)

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	5	14,846,950
Total	**5**	**14,846,950**

14.5 Convertible Securities

The Resulting Issuer currently has nil stock options outstanding and 12,627,359 share purchase warrants outstanding as follows:

(a) 6,914,333 warrants exercisable at $0.50 per Share until the date which is 12 months following the Listing Date;

(b) 5,500,004 warrants exercisable at $0.50 per Share until the date which is 24 months following the Listing Date; and

(c) 213,022 finder's warrants issued to registrants in connection with the Financing at $0.50 per Share until the date which is 24 months following the Listing Date.

ITEM 15: EXECUTIVE COMPENSATION

15.1 Executive Compensation of the Issuer

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	2019	24,000	Nil	Nil	Nil	Nil	24,000
	2018	24,000	Nil	Nil	Nil	Nil	24,000
William Fleming Director	2019	24,000	Nil	Nil	Nil	Nil	24,000
	2018	24,000	Nil	Nil	Nil	Nil	24,000
Andy MacDougall, Director [(1)]	2018	Nil	Nil	Nil	Nil	Nil	Nil
Kiley Sampson Director [(1)]	2018	Nil	Nil	Nil	Nil	Nil	Nil
Marc Geen, Director [(2)]	2019	Nil	Nil	Nil	Nil	Nil	Nil
Matthew McGill [(2)]	2019	Nil	Nil	Nil	Nil	Nil	Nil

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

(2) 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, 2018 or November 30, 2019, 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, 2018 or November 30, 2019.

No compensation securities were exercised by any directors or NEOs during the financial years ended November, 2018 and November 30, 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 years ended November 30, 2018 or November 30, 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 only incentive plan maintained by the Issuer is the Stock Option Plan, the material terms of which are described above at "*Item.9 – Options to Purchase Securities*".

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 2020.

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 effective December 1, 2012, as amended, 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 (being $110,000 per annum for a total payment of $220,000), 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, 2019 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, 2019.

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	1,224,963
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	Nil		1,224,963

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.

15.2 Executive Compensation of the Resulting Issuer

Following completion of the Fundamental Change Transactions, it is expected that the Resulting Issuer will establish a compensation committee which will recommend how management and the directors are compensated for their services. 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 Fundamental Change Transactions, to the extent known:

Summary Compensation Table
For the 12 months following the completion of the Fundamental Change 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 Fundamental Change Transactions	Nil	Nil	Nil	Nil	Nil	Nil
William Fleming, CFO, Corporate Secretary and Director	12 months following Fundamental Change Transactions	$30,000	Nil	Nil	Nil	Nil	$30,000
Marc Geen, Director	12 months following Fundamental Change Transactions	Nil	Nil	Nil	Nil	Nil	Nil
Matthew McGill, Director	12 months following Fundamental Change Transactions	Nil	Nil	Nil	Nil	Nil	Nil
Alex Field, Director of Subsidiary	12 months following Fundamental Change 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 Listing Statement, 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 Fundamental Change 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 *"Item 9 Options to Purchase Securities"*.

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 for the payment of consulting compensation or salary in his roles as CEO, 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, which agreement will continue to remain in place following the completion of the Fundamental Change Transactions. 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 Subsidiary of the Cannabis License.

Oversight and Description of Director and Named Executive Officer Compensation

Upon completion of the Fundamental Change 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	6,383,296
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	Nil	N/A	6,383,296

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.

ITEM 16: INDEBTEDNESS OF DIRECTORS AND EXECUTIVE 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 Acquisition.

ITEM 17: RISK FACTORS

17.1 General

The following are certain factors relating to the business of the Resulting Issuer, which factors investors should carefully consider when making an investment decision concerning the shares of the Resulting Issuer. The Resulting Issuer will face a number of challenges in the development of its business. These risks and uncertainties are not the only ones facing the Resulting Issuer. Additional risks and uncertainties not presently known to the Resulting Issuer or which are currently deemed immaterial, may also impair the operations of the Resulting Issuer. If any such risks actually occur, shareholders could lose all or part of their investment and 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. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Listing Statement.

An investment in the Resulting Issuer is speculative. An investment in the Resulting Issuer will be subject to certain material risks and investors should not invest in securities of the Resulting Issuer unless they can afford to lose their entire investment. No representation is or can be made as to the future performance of the Resulting Issuer and there can be no assurance that the Resulting Issuer will achieve its objectives. Readers should not rely upon forward-looking statements as a prediction of future results. Readers should carefully consider all such risks, including those set out in the discussion below.

17.2 Risks related to the Fundamental Change Transactions.

Acquisitions Generally

While the Issuer conducted due diligence in connection with the Fundamental Change 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 Fundamental Change Transactions and cause a decrease in the market price of the Common Shares.

Failure to Realize Benefits of Fundamental Change Transactions

The Resulting Issuer may not realize the anticipated benefits of the Fundamental Change Transactions, or may not realize them in the time frame expected. The Resulting Issuer cannot provide assurance that it will be able to grow or even sustain the cash flow generated by the Fundamental Change Transactions. Difficulties encountered as a result of the Fundamental Change Transactions may prove problematic to overcome such as, without limitation, the inability to integrate or retain key personnel, the inability to retain business relationships with current customers, and difficulties with adoption or implementation of new business plans, standards, controls, processes and systems within the Target.

17.3 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 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 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 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 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 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 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 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 Listing Statement, 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, particularly as it relates to the issuance of the Cannabis License. The License Application in the advanced stages of active review. Third parties have been contracted to provide the Physical Security Plan (PSP) and security design at the Facility which is currently in progress. Once the security plan and design is received, the Subsidiary will be able to update its CTLS file with Health Canada. Upon the completion of the Facility, the Subsidiary will produce for Health Canada an evidence package into the CTLS which is the last step in the License Application process, subject to any comments of Health Canada regarding the evidence package.

Further, 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 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 Listing Statement, there are approximately 320 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 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.

Ability to Establish and Maintain Bank Accounts

While the Resulting Issuer does not anticipate any banking restrictions related to its operations at this time, there is a risk that banking institutions may determine not to provide banking services to entities operating in the cannabis industry. As a result, the Resulting Issuer may have limited or no access to banking or financial services which would be make it difficult to operate and conduct its business as planned. In the event financial service providers do not accept accounts or transactions related to the cannabis industry, it is possible that the Resulting Issuer may be required to seek alternative banking and payment solutions, including but not limited to cryptocurrencies such as Bitcoin. There are risks inherent in cryptocurrencies, most notably its volatility and security issues. The Resulting Issuer's inability to manage such risks may adversely affect its operations and financial performance.

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 makes 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.

17.4 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.

The unprecedented events related to the COVID-19 virus and its effects of local, federal and international economies are expected to negatively impact the business prospects of the Target and its ability to raise additional funds or the expecting timing of the grant of the Cannabis License, particularly as more and more offices close to limit the spread of the virus. While the precise impact remains unknown, rapid spread of the virus is likely to have a material adverse effect on global economic activity, and could result in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Target.

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 Fundamental Change 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 Fundamental Change 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.

17.5 Risk Factors Resulting in Securityholder Liability

There are no risks that securityholders of the Resulting Issuer may become liable to make additional contributions beyond the price of the security.

ITEM 18: PROMOTERS

Other than as set forth below, management is not aware of any person or company who could be characterized as a promoter of the Company or a subsidiary of the Company within the two most recently completed financial years or during the current financial year.

A “Promoter” is defined in the Securities Act (British Columbia) as a “person who (a) alone or in concert with other persons directly or indirectly takes the initiative of founding, organizing or substantially reorganizing the business of the issuer; or (b) in connection with the founding, organization or substantial reorganization of the business of the issuer, directly or indirectly receives, in consideration of services or property or both, 10% or more of a class of the issuer’s own securities or 10% or more of the proceeds from the sale of a class of the issuer’s own securities of a particular issue.

The Resulting Issuer has determined that the following persons who would be considered promoters of the Resulting Issuer pursuant to such securities law definition: Mr. Patrick Elliott, a founder of the Target and Mr. Matthew McGill, a founder of the Target, as each were in part responsible for negotiating, in whole or in part, the Financing and Fundamental Change Transactions, which constitutes a reorganization of the business of the Issuer.

Patrick Elliott is the Chief Executive Officer of the Resulting Issuer, and holds, directly or indirectly, 4,066,000 Resulting Issuer Shares. In addition, Mr. Elliott will receive compensation from the Resulting Issuer, indirectly for his services as CEO and a director of the Resulting Issuer.

Matthew McGill is a director of the Resulting Issuer, and hold, directly or indirectly, 4,200,000 Resulting Issuer Shares.

Other than the acquisition of the Target Shares from the Target Shareholders, no other asset has been acquired by the Resulting Issuer from a promoter of the Resulting Issuer.

No promoter of the Issuer has, within 10 years prior to the date of this Listing Statement, been a director, chief executive officer, or chief financial officer of any person or company, that was subject to an order that was issued while the promoter was acting in such capacity, or was subject to an order that was issued after the promoter ceased to act in such capacity and which resulted from an event that occurred while the promoter was acting in such capacity.

No promoter of the Issuer is, as at the date of this Listing Statement, or has been within the 10 years prior to the date of this Listing Statement, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

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

ITEM 19: LEGAL PROCEEDINGS

19.1 Legal Proceedings

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

19.2 Regulatory Actions

The Resulting Issuer is not subject to any penalties or sanctions imposed by any court or regulatory authority relating to securities legislation or by a securities regulatory authority, nor has the Resulting Issuer entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Resulting Issuer's securities or would be likely to be likely to be considered important to a reasonable investor making an investment decision.

ITEM 20: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except in regards to the executive compensation of directors and officers in their roles as same or the participation by directors and officers as shareholders in the Target Acquisition, no director or executive officer, insider, or any associate or affiliate of such insider or director or executive officer, have had any material interest, direct or indirect, in any material transaction of within three years before the date of this Listing Statement, which has materially affected or will materially affect the Resulting Issuer.

ITEM 21: AUDITORS, TRANSFER AGENTS AND REGISTRARS

The Resulting Issuer's auditor is Manning Elliott LLP, Chartered Professional Accountants, of 2200-1021 West Hastings Street, Vancouver, British Columbia V6E 0C3. The Issuer's and the Target's auditor is also Manning Elliott LLP, Chartered Professional Accountants of 2200-1021 West Hastings Street, Vancouver, British Columbia V6E 0C3.

The Company's transfer agent and registrar is Computershare Investor Services Inc. of 510 Burrard Street, 2nd Floor, Vancouver, British Columbia, V6C 3B9. The Target does not have a transfer agent.

ITEM 22: MATERIAL CONTRACTS

There are no other contracts, other than those herein disclosed in this Listing Statement and other than those entered into in the ordinary course of the Resulting Issuer/s business, that are material to the Resulting Issuer which are still in effect as of the date of this Listing Statement, other than the Target Acquisition Agreement, the Phenome Agreements the Arrangement Agreement and the Finder's Fee Agreement. Each of these agreements is on SEDAR at www.sedar.com under the Issuer's profile.

ITEM 23: INTERESTS OF EXPERTS

23.1 Names of Experts

Manning Elliott LLP prepared the auditor's reports for the audited annual financial statements of the Issuer for the years ended November 30, 2019 and 2018, which is attached as Schedule "A" hereto.

Manning Elliott LLP prepared the auditor's report for the audited annual financial statements of the Target for period from incorporation and ended August 31, 2018 and for the year ended August 31, 2019, which are attached in Schedule "C" hereto.

Manning Elliott LLP, the Issuer's auditor and the Target's auditor, is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

23.2 Interests of Experts

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.

ITEM 24: OTHER MATERIAL FACTS

Neither the Issuer nor the Target are aware of any other material facts relating to the Issuer or the Target or to the Fundamental Change Transactions that are not disclosed under the preceding items and are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer, the Target and the Resulting Issuer, other than those set forth herein.

ITEM 25: FINANCIAL STATEMENTS

Schedule "A" contains the audited financial statements for the Issuer for the years ended November 30, 2019 and 2018, and Schedule "B" contains the MD&A of the Issuer for the year ended November 30, 2019.

Schedule "C" contains the audited financial statements for the Target for period from incorporation on March 21, 2018 and ended August 31, 2018 and for the year ended August 31, 2019. Schedule "D" contains the MD&A of the Target for the year ended August 31, 2019. Schedule "E" contains the unaudited financial statements for the Target for the three months ended November 30, 2019 and Schedule "F" contains the MD&A of the Target for the three months ended November 30, 2019.

Schedule "G" contains the pro-forma financial statements.

ITEM 26: ADDITIONAL INFORMATION

Additional information relating to the Issuer is on SEDAR at www.sedar.com. Shareholders may contact the Issuer at Suite 300-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9. (Telephone: 604.644.6940) to request copies of the Issuer's financial statements and MD&A or a copy of this Listing Statement, or any of the Issuer documents incorporated herein by reference.

SCHEDULE "A"

AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR THE YEARS ENDED NOVEMBER 30, 2019 AND NOVEMBER 30, 2018

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Financial Statements of

Mountain Lake Minerals Inc.

For the years ended
November 30, 2019 and 2018

(Expressed in Canadian dollars)

manning elliott

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Mountain Lake Minerals Inc.

Opinion

We have audited the financial statements of Mountain Lake Minerals Inc. (the "Company"), which comprise the statements of financial position as at November 30, 2019 and 2018, and the statements of comprehensive income (loss), changes in equity and cash flows for the years ended then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2019 and 2018 and the results of its performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those 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 financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

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INDEPENDENT AUDITORS' REPORT

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 27, 2020

Mountain Lake Minerals Inc.
Statements of Financial Position
As at November 30, 2019 and 2018
(Expressed in Canadian dollars)

	Note	2019	2018
		$	$
ASSETS			
Current assets			
Cash		255	220,944
Restricted cash	9	103,422	376,675
Amounts receivable		64,475	42,708
Prepaid expenses		23,094	3,000
		191, 246	643,327
Advances	9	2,243,216	1,860,133
Equipment		4,286	3,982
Exploration and evaluation assets	5	211,516	12,500
		2,650,264	**2,519,942**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	599,183	450,237
Notes payable	6	66,000	66,000
Loans payable	9	300,000	350,000
		965,183	866,237
SHAREHOLDERS' EQUITY			
Share capital	7	7,690,508	6,333,372
Share subscriptions	7	199,932	1,019,408
Contributed surplus	7	583,565	583,565
Deficit		(6,788,924)	(6,282,640)
		1,685,081	1,653,705
		2,650,264	**2,519,942**

Nature of business and going concern – Note 1
Commitment – Note 12

Approved and authorized for issue on behalf of the Board on April 27, 2020

"Bill Fleming"
Director

"Paul Smith"
Director

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

Mountain Lake Minerals Inc.
Statements of Comprehensive Income (Loss)
For the years ended November 30, 2019 and 2018
(Expressed in Canadian dollars)

	Note	2019	2018
		$	$
Expenses			
Management fees	8	48,000	72,000
Professional fees		119,431	59,378
Consulting fees		87,508	44,471
Office and general		12,028	12,997
Share transfer, listing and filing fees		20,279	7,186
Travel and business development		17,376	5,281
Amortization		1,662	1,624
		(306,284)	(202,937)
Other income (expense)			
Gain on disposition of mineral property	5	-	383,000
Gain on settlement of liabilities	7	-	80,250
Write-down of exploration and evaluation assets	5	-	(142,608)
Write-down of advances receivable	9	(200,000)	-
		(200,000)	320,642
Net and comprehensive income (loss)		**(506,284)**	**117,705**
Earnings (loss) per share – basic and diluted		$ (0.05)	$ 0.02
Weighted average number of common shares outstanding – basic and diluted		10,908,267	5,310,934

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

Mountain Lake Minerals Inc.
Statements of Changes in Equity
For the years ended November 30, 2019 and 2018
(Expressed in Canadian dollars)

	Note	Common shares		Share Subscriptions	Contributed Surplus	Deficit	Total
		#	$	$	$	$	$
Balance, November 30, 2017		3,472,301	5,069,627	42,500	491,953	(6,400,345)	(796,265)
Share subscriptions received		-	-	2,256,808	-	-	2,256,808
Shares issued for private placements		4,163,000	1,269,900	(1,269,900)	-	-	-
Share issuance costs		-	(142,405)	-	55,612	-	(86,793)
Shares issued for settlement of liabilities		364,996	126,250	-	36,000	-	162,250
Exercise of warrants		20,000	10,000	(10,000)	-	-	-
Net and comprehensive income		-	-	-	-	117,705	117,705
Balance, November 30, 2018		**8,020,297**	**6,333,372**	**1,019,408**	**583,565**	**(6,282,640)**	**1,653,705**
Share subscriptions received		-	-	461,324	-	-	461,324
Shares issued for private placements		4,202,665	1,250,800	(1,250,800)	-	-	-
Recovery of share issuance costs		-	76,336	-	-	-	76,336
Shares return to treasury		(33,333)	-	-	-	-	-
Exercise of warrants		60,000	30,000	(30,000)	-	-	-
Net and comprehensive loss		-	-	-	-	(506,284)	(506,284)
Balance, November 30, 2019		**12,249,629**	**7,690,508**	**199,932**	**583,565**	**(6,788,924)**	**1,685,081**

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

Mountain Lake Minerals Inc.
Statements of Cash Flows
For the years ended November 30, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
	$	$
Cash used in		
Operating activities		
Net income (loss) for the year	(506,284)	117,705
Adjustments for:		
Amortization	1,662	1,624
Gain on disposition of mineral property	-	(383,000)
Gain on settlement of liabilities	-	(80,250)
Write-down of exploration and evaluation assets	-	142,608
Write-down of advances receivable	200,000	-
	(304,622)	(201,313)
Net change in non-cash working capital balances related to operations:		
Amounts receivable	(21,767)	(16,546)
Prepaid expenses	(20,094)	-
Accounts payable and accrued liabilities	171,326	85,707
	(175,157)	(132,152)
Investing activities		
Advances	(633,083)	(1,860,133)
Purchase of property and equipment	(1,966)	-
Exploration and evaluation assets	(145,060)	(53,608)
	(780,109)	(1,913,741)
Financing activities		
Subscriptions received	461,324	2,256,808
Loans received	-	350,000
	461,324	2,606,808
Change in cash	(493,942)	560,915
Cash - beginning	597,619	36,704
Cash - ending	**103,677**	**597,619**
Cash - ending:		
Cash	255	220,944
Restricted cash	103,422	376,675
	103,677	**597,619**
Supplemental cash flow information		
Interest paid	-	-
Income taxes paid	-	-

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

NOTE 1 – NATURE OF BUSINESS AND GOING CONCERN

Mountain Lake Minerals Inc. ("Mountain Lake Minerals" 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 Mineral's current projects are located in the province of Newfoundland and Labrador, Canada (Note 5).

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months. The Company has experienced losses and negative cash flow from operations since incorporation. As at November 30, 2019, the Company had not yet generated revenues and had an accumulated deficit of $6,788,924. These factors indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development, and future profitable production or proceeds from the disposition of its resource property interests. The timing and availability of additional financing will be determined largely by the performance of the Company and market conditions and there is no certainty that the Company will be able to raise funds as they are required in the future.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to reflect these financial statements on a liquidation basis which could differ from accounting principles applicable to a going concern.

NOTE 2 – BASIS OF PRESENTATION

a) Statement of compliance

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

The financial statements were authorized for issue by the Board of Directors on April 27, 2020.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

c) Functional and presentation currency

These financial statements are presented in Canadian dollars which is the Company's functional currency.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

a) Use of estimates and judgments

The preparation of these financial statements requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and notes. By their nature, these estimates, judgments and assumptions are subject to measurement uncertainty and affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of revenues and expenses. 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. Actual results may differ from these estimates. The more significant areas are as follows:

Critical accounting estimates

Estimate of recoverability for non-financial assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset’s recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value.

Share-based payments

The amounts recorded for share-based payments are based on estimates. The Black Scholes model is based on estimates of assumptions for expected volatility, expected number of options to vest, dividend yield, risk-free interest rate, expected forfeitures and expected life of the options. Changes in these assumptions may result in a material change to the amounts recorded for the issuance of stock options.

Critical accounting judgments

The following accounting policies involve judgments or assessments made by management:

i. Exploration and evaluation assets

Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for the mineral properties. Once technical feasibility and commercial viability of a property can be demonstrated, exploration costs will be reclassified to mineral properties under exploration and subject to different accounting treatment. As at November 30, 2019 management had determined that no reclassification of exploration expenditures was required.

ii. Decommissioning liabilities

Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that existed during the year.

iii. Impairment of exploration and evaluation assets

Management considers both external and internal sources of information in assessing whether there are any indications that the Company’s exploration and evaluation assets are impaired. External sources of information management consider includes changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its mining interests. Internal sources of information management consider include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of economic performance of the assets.

In determining the recoverable amounts of the Company’s exploration properties, management makes estimates of the discounted future pre-tax cash flows expected to be derived from the Company’s exploration properties, and the appropriate discount rate.

iv. Income taxes

The assessment of deferred income tax assets and liabilities requires management to make judgments on whether or not the Company’s deferred tax assets are probable to be recovered from future income. Management has determined that the recoverability of the Company’s deferred tax assets is remote due to the history of losses. As a result no deferred income tax assets have been recognized as at November 30, 2019.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

b) Cash

Cash consisted of cash on hand and balances with banks.

c) Restricted cash

Restricted cash consisted of cash in banks and held in trust, of which the purpose is restricted to use for certain purpose.

d) Exploration and Evaluation Assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired. Exploration and evaluation expenditures are capitalized as incurred as intangible assets. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study and a decision to proceed with development, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to resource property and development assets.

An impairment review of exploration and evaluation assets is performed, either individually or at the cash generating unit level, when there are indicators the carrying amount of the assets may exceed their recoverable amounts. To the extent this occurs, the excess is fully provided against the carrying amount, in the period in which this is determined.

Exploration and evaluation assets are reviewed for indicators of impairment on a regular basis and these costs are carried forward provided at least one of the following conditions is met:

- such costs are expected to be recovered through successful exploration and development of the area of interest or by its sale; or
- exploration and evaluation activities in the area have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned in the future.

e) Equipment

Items of equipment are recorded at cost less accumulated amortization and accumulated impairment. The cost of an item includes the purchase price and directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment.

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

Amortization is recognized using the declining balance method at the following rates:

Computer hardware	30%
Office and exploration equipment	20%
Vehicles	30%

Amortization methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Share Capital

The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.

Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are accounted for using the residual method, following an allocation of the unit price to the fair value of the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

Commissions paid to agents and other related share issue costs are charged directly to share capital.

g) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

h) Financial Instruments

Financial Assets

On initial recognition financial assets are classified as measured at:

i. Amortized cost;

ii. Fair value through profit and loss (“FVTPL”); and

iii. Fair value through other comprehensive income (“FVOCI”).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification:

i. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at amortized cost.

ii. FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at FVOCI.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial Instruments (continued)

iii. FVTPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises.

The Company's cash, restricted cash and advances are classified at FVTPL.

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at (i) FVTPL; or (ii) amortized cost.

i. FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not classify any financial liabilities at FVTPL.

ii. Amortized cost

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company classifies its accounts payable, notes and loans payable 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.

Impairment of financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

i) Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at fair value of the equity instruments at the date of grant. Fair value is measured using the Black-Scholes pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed as services are rendered over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no-true-up for differences between expected and actual outcomes.

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

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Income Taxes

Income tax on profit or loss consists of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset would be recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

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

k) Basic and Diluted Earnings (loss) per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) attributable to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

l) Decommissioning Liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. A pre-tax discount rate that reflects the time value of money and the risks specific to the liability are used to calculate the net present value of the expected future cash flows. These costs are charged to the statement of loss over the economic life of the related asset, through depreciation expense using either the unit-of-production or the straight-line method as appropriate. The related liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognized in the statement of loss. The liability is assessed at each reporting date for changes to the current market-based discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed. The Company presently does not have any amounts considered to be provisions.

(Expressed in Canadian dollars)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Adoption of new standards

New accounting standards adopted by the Company

The following standards were adopted by the Company effective December 1, 2018:

IFRS 9 Financial Instruments

On December 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9"), which replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 provides a revised model for classification and measurement of financial assets. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. IFRS 9 also introduces a reformed approach to hedge accounting. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. The standard is effective for annual periods beginning on or after December 1, 2018.

As a result of the adoption of IFRS 9, the Company has changed its accounting policy for financial instruments retrospectively. The change did not result in a change in carrying value of any of our financial instruments on the transition date. IFRS 9 does not require restatement of comparative periods.

	Original classification IAS 39	New classification IFRS 9
Financial Assets		
Cash	FVTPL	FVTPL
Restricted cash	FVTPL	FVTPL
Advances	Loans and receivables	FVTPL
Financial Liabilities		
Accounts payable	Amortized cost	Amortized cost
Notes payable	Amortized cost	Amortized cost
Loans payable	Amortized cost	Amortized cost

There has been no change in the measurement categories, carrying values, or to previously reported figures of the Company's financial instruments. The adoption of the IFRS 9 did not have a significant impact on the financial statements.

IFRS 15 Revenue from Contracts with Customers

On December 1, 2018, the Company adopted IFRS 15, Revenue from Contracts with Customers. IFRS 15 specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. The standard supersedes IAS 18 Revenue, IAS 11 Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is effective for the Company's annual period beginning December 1, 2018. The adoption of IFRS 15 did not have any impact on the Company's financial statements.

IFRS 2 Share-based Payment

In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendments provide guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. This standard is effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 2 did not have any impact on the Company's financial statements.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Accounting Standards and Amendments Issued but not yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended November 30, 2019, and have not been applied in preparing these financial statements. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 16 – Leases

IFRS 16 replaces IAS 17, "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15, "Revenue from Contracts with Customers".

The Company does not expect the adoption of IFRS 16 to have a material impact on the Company's future results and financial position.

IFRIC 23 – Uncertainty over Income Tax Treatments

IFRIC 23 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 Company does not expect the adoption of IFRIC 23 to have a material effect on the Company's future results and financial position.

(Expressed in Canadian dollars)

NOTE 4 – FINANCIAL INSTRUMENTS

The Company's financial instruments are categorized in 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).

The Company's financial instruments include cash, restricted cash, advances, accounts payable, notes payable and loans payable.

The fair value of cash and restricted cash are determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The fair value of advances is determined to be "Level 3" as the amount relates to advances made concerning a definitive share purchase agreement; therefore, the inputs are unobservable (Note 9).

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as of November 30, 2019, as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $	Total $
November 30, 2019				
Cash	255	–	–	255
Restricted cash	103,422	–	–	103,422
Advances	–	–	2,243,216	2,243,216
November 30, 2018				
Cash	220,944	–	–	220,994
Restricted cash	376,675	–	–	376,675
Advances	–	–	1,860,133	1,860,133

Credit risk

The Company has no significant credit risk arising from operations. The Company does not engage in any sales activities, so is not exposed to major credit risks attributable to customers. The Company's credit risk is primarily attributable to cash. The Company holds its cash with Canadian chartered banks and the risk of default is considered to be remote.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (Note 1). The Company's accounts payable are due within one year. The Company's notes and loans payable are due on demand. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of stock market conditions generally or as a result of conditions specific to the Company. The Company's approach to managing liquidity risk is to ensure it will have sufficient liquidity to meet liabilities when due. As at November 30, 2019, the Company has unrestricted cash of $255 (2018 - $220,994) to settle current liabilities of $965,183 (2018 – $866,237).

Interest rate risk

Interest rate risk is the risk that future cash flows of the Company's assets and liabilities can change due to a change in interest rates. The Company is not exposed to interest rate risk as no financial instruments are interest-bearing. It is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from the financial statements.

(Expressed in Canadian dollars)

NOTE 5 – EXPLORATION AND EVALUATION ASSETS

	Grand Falls - Windsor	Little River	Total
	$	$	$
Balance, November 30, 2017	12,500	89,000	101,500
Expenditures	-	53,608	53,608
Impairment charges	-	(142,608)	(142,608)
Balance, November 30, 2018	12,500	-	12,500
Expenditures	199,016	-	199,016
Balance, November 30, 2019	211,516	-	211,516

Grand Falls – Windsor, Newfoundland and Labrador, Canada

On October 30, 2017, the Company entered into an option agreement ("Agreement") with New Dawn Resources Inc. (the "Optionor") whereby the Company can acquire a 100% interest in the Grand Falls – Windsor property, a gold exploration property in the Central Newfoundland area of Newfoundland and Labrador consisting of 53 mineral claims under 2 licenses. As consideration, the Company is required to issue an aggregate 45,000 common shares, make $35,000 cash payment and incur accumulated exploration costs of $175,000 as follows:

	Number of common shares	Cash ($)	Exploration expenditures ($)
On closing date of the agreement (issued and paid)	5,000	10,000	-
On or before the first anniversary of the closing date	15,000	-	25,000
On or before the second anniversary of the closing date	25,000	-	50,000
On or before the third anniversary of the closing date	-	25,000	100,000
	45,000	**35,000**	**175,000**

Pursuant to the terms of the Agreement, the Company is required to issue additional 35,000 common shares if, prior to the third anniversary of the closing date, when the assay results from the exploration work showing that at least one rock of sample contains one or more than one ounce of gold per tonne.

The property is subject to a net smelter returns royalty ("NSR") of 1.5% of commercial production. The Company can purchase 1% of NSR for $1,500,000 at any time.

As at November 30, 2019, the Company is in violation of the Agreement as it is yet to issue the common shares due on or before the first anniversary of the closing date.

Little River, Newfoundland and Labrador, Canada

The Company has a 100% interest in other mineral claims in Newfoundland and Labrador. The third party option holders have retained a 2% net smelter return royalty and the Company has the exclusive right and option to acquire half of the net smelter return royalty for $1.5 million.

On August 10, 2016, the Company transferred one of its licenses back to the optionor. During the year ended November 30, 2017, the Company dropped certain lease claims in order to focus further exploration on the claims where management believes there are known mineral reserves. During the year ended November 30, 2018, the Company determined that it would no longer pursue exploration activities on the property and would focus on other mineral property interests. Accordingly, an impairment charge of $142,608 was recorded on the statements of comprehensive income (loss).

NOTE 5 – EXPLORATION AND EVALUATION ASSETS (continued)

Glover Island, Newfoundland and Labrador, Canada

The Company had an undivided 100% interest in the Glover Island property, a gold exploration property in Newfoundland and Labrador consisting of a mineral license and a mining lease. The property was subject to a net smelter returns royalty ("NSR") of 1% of commercial production, which reduces to 0.5% after the payment of the first $1.0 million. The NSR became effective after payment of the South Coast Royalty. The South Coast Royalty is a 3% NSR paid either from production of the Glover Island property or the production of certain other mineral interests including the Pine Cove property (held and operated by Anaconda Mining Inc.) to an aggregate of $3,000,000.

During the year ended November 30, 2018, the Company's licenses on the Glover Island property were revoked by the Ministry of Natural Resources due to non-payment of licensing and property maintenance costs to the Ministry of Natural Resources. As a result, the Company has written off previously accrued liabilities totaling $383,000 as the amounts are no longer due upon revocation of the licenses by the Ministry of Natural Resources. The amount of $383,000 has been recorded on the statements of comprehensive income (loss) as a gain on disposition of mineral property.

NOTE 6 – NOTES PAYABLE

On April 17, 2013, the Company received gross proceeds of $88,000 pursuant to an interim bridge loan financing from various directors, officers, and other private investors. The notes payable are non-interest bearing and matured on November 30, 2014. As at November 30, 2019, the balance of the notes payable was $66,000 (2018 - $66,000). The amounts owing are non-interest bearing, unsecured, and due on demand.

NOTE 7 – SHARE CAPITAL

Common shares

The Company's authorized capital consists of an unlimited numbers of common shares without par value. As at November 30, 2019, there were 12,249,629 issued and outstanding common shares.

Year ended November 30, 2019

a) On March 29, 2019, the Company closed the initial tranche of a non-brokered private placement of units (each a "Unit") at a price of $0.30 per Unit (the "Placement"). An aggregate of 4,202,665 Units were sold in this initial tranche of Placement for gross proceeds of $1,260,800. Each Unit consists of one common share of the Company and one half of one share purchase warrant to acquire a further common share at a price of $0.50 per share until March 29, 2020 with a fair value of $nil. In connection with the private placement, the Company has accrued $10,457 in legal fees. The proceeds of $1,019,408 for this issuance were received during the year ended November 30, 2018. On November 30, 2019, 33,333 Units sold in the initial tranche were cancelled and returned to treasury as a result of failure to pay.

b) The Company issued a total of 60,000 common shares for gross proceeds of $30,000 during the year ended November 30, 2019 pursuant to the exercise of warrants.

Year ended November 30, 2018

a) The Company completed a ten (10) old for one (1) new basis share consolidation. The share consolidation was effective on July 16, 2018. All share and per-share figures in these financial statements have been retroactively adjusted to reflect the share consolidation.

b) The Company completed a non-brokered private placement by issuing 30,000 units at $1.00 per unit. Each Unit is comprised of one common share and one-half of one common share purchase warrant, each whole warrant being exercisable for one common share at an exercise price of $1.50 for two years from closing. The proceeds for this private placement were received during the year ended November 30, 2017.

c) The Company issued a total of 364,996 common shares to settle accounts payable of $242,500 of which $108,000 was due to directors and officers of the Company. The fair value of the shares issued was $126,500. Accordingly, the Company recorded a gain on settlement of liabilities of $80,250 on the statement of comprehensive income (loss) and the remaining $36,000 was recorded to contributed surplus as a capital transactions as the settlement of debt with directors occurred with related parties and shareholders of the Company.

(Expressed in Canadian dollars)

NOTE 7 – SHARE CAPITAL (continued)

d) The Company issued 20,000 common shares for gross proceeds of $10,000 received in 2017 pursuant to the exercise of warrants.

e) On July 18, 2018, the Company closed the initial tranche of a non-brokered private placement of units (each a “Unit”) at a price of $0.30 per Unit (the “Placement”). An aggregate of 4,133,000 Units were sold in this initial tranche of Placement for gross proceeds of $1,239,900. Each Unit consists of one common share of the Company and one half of one share purchase warrant to acquire a further common share at a price of $0.50 per share until July 17, 2019. In connection with the private placement, the Company has accrued finders’ fees payable of $86,793 and issued 289,310 share purchase warrants to acquire common shares of the Company at a price of $0.50 for a period of one year.

Stock Options

The Company has a Stock Option Plan (the “Plan) which provides that the number of options granted may not exceed 10% of the issued and outstanding shares. Options granted under the Plan generally have a five-year term and are granted at a price no lower than the market price of the common shares at the time of the grant.

A summary of the Company’s stock option activity for the years ended November, 2019 and 2018 is as follows:

	November 30, 2019		November 30, 2018	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		$		$
Outstanding, beginning of the year	-	-	195,000	0.40
Expired / Cancelled	-	-	(195,000)	0.40
Outstanding, end of the year	-	-	-	-

Warrants

A summary of the Company’s warrant activity for the years ended November, 2019 and 2018 is as follows:

	November 30, 2019		November 30, 2018	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		$		$
Outstanding, beginning of the year	3,050,810	0.50	700,000	0.50
Issued	4,151,166	0.50	2,370,810	0.50
Exercised	(60,000)	0.50	(20,000)	0.50
Outstanding, end of the year	7,141,976	0.50	3,050,810	0.50

On March 29, 2019, the Company granted 2,084,666 warrants pursuant to the private placement described above. The warrants are exercisable at a price of $0.50 per common share and have an expiration period of one year.

On April 9, 2019, the Company entered into agreements with investors from the initial tranche of private placement to extend their warrants by one year to July 18, 2020 and issuing them an additional ½ warrant, such that an aggregate of 2,066,500 warrants issuable, each entitling the holder to acquire one additional common share at a price pf $0.50 per share.

On August 15, 2019, the Company announced that the Board of Directors have determined to extend the expiry date of 680,000 share purchase warrants exercisable at a price of $0.50 from August 16, 2019 to August 16, 2020.

During the year ended November 30, 2018, the Company granted 289,310 warrants to finders for the Placement described above. The fair value of these warrants was calculated as $55,612, using the Black-Scholes model. The fair value was calculated using the following assumptions: share price at grant date - $0.45; exercise price - $0.50; expected life – 1 year; volatility – 120%; annual rate of dividends – 0%; risk-free rate – 1.89%.

(Expressed in Canadian dollars)

NOTE 7 – SHARE CAPITAL (continued)

Warrants (continued)

The following is a summary of warrants outstanding as at November 30, 2019:

Number of warrants	Exercise Price	Expiry date
	$	
4,362,310	0.50	July 18, 2020
680,000	0.50	August 16, 2020
15,000	1.50	October 30, 2020
2,084,666	0.50	March 29, 2020
7,141,976	0.50	

The weighted average useful life of the Company's outstanding warrants as at November 30, 2019 is 0.55 years.

NOTE 8 – RELATED PARTY TRANSLATIONS

Payments to key management personnel including the President and Chief Executive Officer, Chief Financial Officer, Directors and companies directly controlled by key management personnel are for salaries, consulting fees, management fees, or professional fees and are directly related to their position in the Company or to services provided to the Company.

For the year ended November 30, 2019, key management personnel compensation was $48,000 (2018 - $72,000) to directors of the Company for management fees and $20,000 (2018 - $19,340) in consulting fees.

In addition, the Company also settled certain liabilities with directors for the year ended November 30, 2018 as described in Note 7 through the issuance of common shares.

Included in accounts payable and accrued liabilities are amounts owing to related parties totalling $333,500 (2018 - $291,340). Included in notes payable are amounts owing to related parties totalling $1,500 (2018 - $1,500). The Company shares key management personnel with the related parties.

As described in Note 9, during the year ended November 30, 2018, the Company advanced $200,000 to 1151024 B.C. Ltd. ("1151024"). 1151024 and the Company share a common director. During the year ended November 30, 2019, the Company provided for an impairment charge related to the advance to 1151024.

NOTE 9 – PROPOSED TRANSACTIONS

During the year ended November 30, 2018, the Company executed definitive share exchange agreements with 1151024 B.C. Ltd. ("1151024") and 1157630 B.C. Ltd. ("1157630") and their shareholders for the acquisition of all of the issued and outstanding shares of 1151024 and 1157630 (the "Transactions").

The Company has also executed an arrangement agreement dated June 7, 2018 (the "Arrangement Agreement") with a wholly owned subsidiary ("Spinco"), created for the purposes of completing the Spin-Off. Pursuant to the Arrangement Agreement, the Company will transfer to Spinco its existing mineral property assets in exchange for the issuance of common shares of Spinco (the "Spinco Shares") to be distributed to the Company's shareholders by way of a plan of arrangement.

The Transactions and the Arrangement Agreement are subject to various conditions, including approval of the shareholders of each entity and the exchange.

Pursuant to the terms of the Transactions, the Company has received loans of $300,000 from 1157630. The amounts are non-interest bearing, unsecured and due on demand. The additional $50,000 was a loan form an unrelated party that was settled during the year. In addition the Company had made cash advances and paid certain expenses related to 1157630 of $2,243,216 (2018: $1,860,133). These advances are non-interest bearing, unsecured and have no formal terms of repayment. For financial reporting purposes, these advances will form part of the consideration upon the close of the Transactions and will be eliminated upon consolidation. During the year ended November 30, 2018, the Company also advanced $200,000 to 1151024 as part of the acquisition.

On November 9, 2018, the definitive share exchange agreement with 1151024 was terminated (the "Termination"). Pursuant to the Termination, the $200,000 advance is repayable to the Company within one year of the date of Termination. As of November 30, 2019, the advance had not been repaid and as a result the Company provided for an impairment charge of the full amount of the advance.

(Expressed in Canadian dollars)

NOTE 10 - INCOME TAX

In assessing deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment and concluding the deferred tax assets were not realized.

	2019	2018
Canadian statutory income tax rate	31%	31%
	$	$
Income tax recovery at statutory rate	157,000	36,000
Effect on income taxes of:		
Permanent differences and others	(60,000)	(146,000)
Deferred tax asset not recognized	(97,000)	110,000
Income taxes expense (recovery)	-	-

The nature and effect of the Company's unrecognized deferred tax assets is as follows:

	2019	2018
	$	$
Equipment	5,000	4,000
Exploration and evaluation assets	1,326,000	1,323,000
Non-capital losses carried forward	589,000	488,000
Capital losses carried forward	7,000	7,000
Share issuance costs	13,000	22,000
Deferred tax asset not recognized	(1,940,000)	(1,843,000)
Net deferred tax assets (liabilities)	-	-

As at November 30, 2019, the Company had non-capital losses carried forward of approximately $1,900,000 (2018 - $1,575,000) which may be applied to reduce future years' taxable income, expiring as follows:

	$
2032	235,000
2033	375,000
2034	243,000
2035	119,000
2036	98,000
2037	367,000
2038	138,000
2039	325,000
	1,900,000

NOTE 11 – CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition and exploration of mineral properties and maintain the necessary corporate and administrative functions to facilitate these activities. As at November 30, 2019, the Company had a working capital deficiency of $773,937 (2018 - $222,910).

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing, primarily equity financing, to fund its activities. There can be no assurance that the Company will be able to continue to raise capital in this manner. To carry out the planned exploration and fund administrative costs, the Company will utilize its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and business opportunities and seek to acquire an interest in additional properties or businesses if it believes there is sufficient geologic and economic potential and if it has adequate financial resources to do so.

The Company generally invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid financial instruments, such as cashable guaranteed investment certificates, held with a major Canadian financial institution.

There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

NOTE 12 – COMMITTMENT

The Company is committed to certain cash payments, common share issuances and exploration expenditures as descried in note 5.

NOTE 13 – SUBSEQUENT EVENT

On April 8, 2019, the Company entered into a license agreement 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 in Note 9. The license agreement is subject to regulatory approval.

SCHEDULE "B"

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ISSUER FOR THE YEAR ENDED NOVEMBER 30, 2019

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MOUNTAIN LAKE MINERALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis of the financial condition as of April 28, 2020 provides an analysis of he Company's financial results and progress for the year ended November 30, 2019. This MD&A should be read in conjunction with the Company's financial statements for the year ended November 30, 2019 which were prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"). All amounts are expressed in Canadian dollars.

Certain statements and information related to Mountain Lake Minerals' business contained in this Management's Discussion and Analysis are of a forward-looking nature. They are based on opinions, assumptions or estimates made by Mountain Lake Minerals' management or on opinions, assumptions or estimates made available to or provided to and accepted by Mountain Lake Minerals' management. Such statements and information are reflecting management's current views and expectations of future events or results and are subject to a variety of risks and uncertainties that are beyond management control. Readers are cautioned that these risks and uncertainties could cause actual events or results to significantly differ from those expressed, expected or implied and should therefore not rely on any forward-looking statements.

Overview

Mountain Lake Minerals Inc. ("Mountain Lake or the Company") is a junior mining exploration company with its head office located at 1853 Sunken Lake Road, RR2, Wolfville, Nova Scotia, Canada, B4P 2R2. The Company was incorporated on May 16, 2012 under the laws of British Columbia and commenced operations on July 9, 2012. The Company's activities are primarily directed towards exploration and development of mineral properties located in Canada. Mountain Lake hold a 100% interest in the Caledonia Brook gold project in central Newfoundland subject to a three (3) year option agreement with New Dawn Resources Inc. The Company also holds a 100% interest (under ongoing discussions with the Newfoundland government) in the Glover Island, a 100% interest in the Little River properties in Newfoundland. As at November 30, 2019, the Company has cash of $103,677 to settle current liabilities of $965,183.

Overall Performance

During the year ended November 30, 2018, the Company executed definitive share exchange agreements with 1151024 B.C. Ltd. ("1151024") and 1157630 B.C. Ltd. ("1157630") and their shareholders for the acquisition of all of the issued and outstanding shares of 1151024 and 1157630 (the "Transactions").

The Company has also executed an arrangement agreement dated June 7, 2018 (the "Arrangement Agreement") with a wholly owned subsidiary ("Spinco"), created for the purposes of completing the Spin-Off. Pursuant to the Arrangement Agreement, the Company will transfer to Spinco its existing mineral property assets in exchange for the issuance of common shares of Spinco (the "Spinco Shares") to be distributed to the Company's shareholders by way of a plan of arrangement.

The Transactions and the Arrangement Agreement are subject to various conditions, including approval of the shareholders of each entity and the exchange.

Grand Falls - Windsor property

In October 31, 2017 the Company announced it had entered into a definitive option agreement to acquire the Caledonia Brook Gold Project located in Central Newfoundland approximately 25km south of Caledonia Brook. The property consists of two (2) mining licenses covering 53 map-staked claims for a total contained area of 1,325 hectares. The project lies along a belt of highly mineralized, multiple lithologies extending from south of Marathon Gold's Valentine Lake property at Victoria Lake, northeastward to Caledonia Brook, a distance of more than 160 kilometers.

Mountain Lake has completed its initial exploration program consisting of recce soil sampling across the entire strike length through the center of the property. Initial interpretation of the preliminary results pending QA/QC is currently underway and the Company pleased with the first found of geochemical data.

The Company carried out follow-up exploration in 2019 and verified northwest trending zones of highly anomalous soil geochemistry.

As at November 30, 2019, the Company is in violation of the Agreement as it is yet to issue the common shares.

Glover Island Property

On February 26, 2018 the Minister of Natural Resources revoked the Company's Mining Lease 190-A that included a 100% interest in the Glover Island gold project. This 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. The property is subject to a net smelter returns royalty ("NSR") to New Island Resources of 1% of commercial production, which reduces to 0.5% after the payment of the first $1.0 million.

Mountain Lake 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 Mountain Lake believes ownership of Mining Lease 190-A is subject to further consideration pending additional information being made to the Minister of Natural Resources.

On November 25, 2016, the Company submitted a request to reduce the number of claims on the mining lease from 77 to approximately 35. Approval was subject to the completion of an inspection by both government officials and the Company of the proposed new lease area to ensure compliance with environmental regulations. On December 7, 2016, the Department of Natural Resources of Newfoundland Labrador performed the inspection and issued the report with no non-compliance issues noted.

There are 17 gold prospects lying along the 11 kilometers, northeast trending, mineralized "GI-Trend" stretching northeastward across the island. Previous resource definition drilling programs were undertaken in 2011 and 2012 at the Lunch Pond South Extension ("LPSE") prospect identified that mineralization is uniformly distributed and can occur in wide intervals with up to 0.7 g/t Au over 130.9 meters (89m true thickness) and 1.34 g/t Au over 99.3 m (80m true thickness). Mineralization is confined to discrete and interconnecting zones within a wide zone of highly silicified and brecciated mixed mafic to felsic volcanic, intercalated fine-grained epiclastic volcanogenic sediments and quartz-feldspar porphyry (crystal tuff). In addition, wide halos of overprinting potassic and carbonate alteration are superimposed on the silicified breccia. Gold is mostly confined to fine-grained pyrite (1-2%) that is both disseminated, and fracture controlled.

P&E Mining Consultants Inc. ("P&E") prepared a NI 43-101 resource estimation for the LPSE deposit in 2017 with the overall objective of delineating near surface resources from the first of Glover Island Property's 17 gold prospects that could be amenable to open pit mining and support a centrally located milling operation on the island. The establishment of the NI 43-101 resource at LPSE was a first step in establishing a solid base resource to build upon at the Glover Island property.

The results of the NI 43-101 technical report consider the gold mineralization at LPSE that is potential amenable to open pit and underground extraction as follows:

Mineral Resource Estimate (1-4)						
Classification	**Indicated**			**Inferred**		
Cut-Off Au g/t	**Tonnes**	**Au g/t**	**Au oz.**	**Tonnes**	**Au g/t**	**Au oz.**
Open Pit 0.5 g/t	993,000	1.72	54,700	1,703,000	1.59	87,300
Underground 2.0 g/t	36,000	2.99	3,500	373,000	2.78	33,300
Total 0.50 & 2.0 g/t	**1,029,000**	**1.76**	**58,200**	**2,076,000**	**1.81**	**120,600**

(1) Mineral Resources, which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues. It is noted that no specific issues have been identified as yet.

(2) The Inferred Mineral Resource in this estimate has a lower level of confidence that that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.

(3) The Mineral Resources in this report were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.

(4) The 0.5 g/t and 2.0 g/t Au respective open pit and underground Mineral Resource cut-off grades for LPSE were derived from the approximate May 30/17 two year trailing average Au price of US$1,210/oz. and US$/C$ exchange rate of 0.76, 95% process recovery, $20/t process cost, $3/t open pit mining cost, $75 underground mining cost and $5/t G&A cost.

The Mineral Resource estimate was prepared by Eugene Puritch, P.Eng., P.Geo. of P&E Mining Consultants Inc., who is an Independent Qualified Persons as defined in NI 43-101 and who has reviewed and verified the technical information presented above.

Beneath the optimized pit shell and extending to the west, there is drill defined mineralization extending along strike for approximately 800m, to a depth of approximately 200m and widths varying from 5 to 10m. The geometry of this extension suggests an Exploration Target of 2.5 to 3.5 million tonnes at grades ranging between 1.5 to 3.0 g/t Au.

During the year ended November 30, 2018, the Company's licenses on the Glover Island property were revoked by the Ministry of Natural Resources due to non-payment of licensing and property maintenance costs to the Ministry of Natural Resources. As a result, the Company has written off previously accrued liabilities totaling $383,000 as the amounts are no longer due upon revocation of the licenses by the Ministry of Natural Resources.

Little River Property

The Company has a 100% interest in the Little River Gold Property which was initially comprised of 134 mining claims comprising 3,350 hectares over a strike length of approximately 33 kilometers in the Baie d'Espoir area of southern Newfoundland.

The property is subject to a 2.0% net smelter return royalty and the Company has the exclusive right and option to acquire one half of the net smelter return royalty for $1.5 million.

Initial prospecting, soil sampling, drilling prospecting and trenching programs were completed from 2008 to 2010 and revealed numerous samples with high concentrations of arsenopyrite (usually present with gold), but with sporadic levels of associated gold content. The regionally focused prospecting led to the delineation of a stibnite (antimony - Sb) vein with surface samples running up to 50% Sb and 24 g/t gold. The vein (termed the No. 8 Vein) was first discovered in the 1970's but was never drilled. The only primary antimony mine in North America, the Beaver Brook Mine, is located 80 kilometers to the north of the Little River property.

Subsequent drilling on the property included the following intercepts: drill hole LR-10-16, which contained a 0.92 meters interval of 30.6% Sb at a vertical depth of 18 meters. 20 kilometers to the south, hole LR-10-13 encountered a 3.6 meters zone (from 42.9 to 46.5 meters downhole) containing 1.13% Sb and 0.4 g/t Au including a 0.5 meters interval of 6.3% Sb; a separate interval (from 48.5 to 49 meters) contained 2.58 g/t Au and 1.81% Sb; and 200 meters south of LR-10-13, LR-10-11 encountered a 0.5meters interval of 4.01% Sb and 0.98 g/t Au. The best holes drilled on the South Zone are located 50 meters apart at the northernmost extent of the trend and contain intersections of 4.4 meters of 0.43 g/t Au and 0.21% Sb from 11.0 meters depth in hole LR-11-22, and 4.25 meters of 0.33 g/t Au including a 2.8 meters zone of 0.33% Sb at a starting depth of 25.9 meters in hole LR-11-27. Preliminary resampling of previously unsampled drill core from 2010 and 2011 drill core stored in Buchans, NL produced assays of up to 5.84% Sb over short (<1m) intervals.

The 2011 drill campaign at the northern LePouvoir Zone (which includes the No. 8 Vein) also recognized the presence of larger scale alteration characterized by fuchsite, sericite, carbonate and minor iron formation (jasper and magnetite) in association with disseminated Sb mineralization located structurally deeper than the massive No. 6, 7 & 8 veins observed in drill core and at surface.

Except for one license all other mining claims have been returned to Mr. Kendell, the original claims holder. The Company carried out a glacial till survey in late 2018 and identified abundant gold grains in several areas where high-grade gold in vein quartz boulders was encountered. Total cost of the till program was $37,500. The Company wrote-off the property in 2018.

Results of Operations

Year ended November 30, 2019 and 2018

The Company reported net loss for the year ended November 30, 2019 of $506,284 compared to a net income for the same year of $117,705. Expenses in the year ended November 30, 2019 were $306,284 compared to $202,937 for the same year in the prior year due to a decrease in operational activities.

During the year, the Company incurred professional fees in the amount of $119,431 compared to $59,378 during the prior year due to increase third party consulting services and operational activities of the Company. The professional fees include all fees and related expenses. During the year ended November 30, 2019, the Company incurred consulting costs of $87,508 which is due to the RTO transaction, more corporate activities and operational activities of the Company. The Company incurred $20,279 in transfer fees and other related fees due to RTO transactions.

Selected Annual Information

Year ended	2019 $	2018 $
Revenue	Nil	Nil
Expenses	(306,284)	(202,937)
Net and comprehensive income (loss)	(506,284)	117,705
Loss per share – Basic and diluted	(0.05)	0.02

Summary of Quarterly Results

Quarter ended	Q4 2019 $	Q3 2019 $	Q2 2019 $	Q1 2019 $	Q4 2018 $	Q3 2018 $	Q2 2018 $	Q1 2018 $
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(118,714)	(42,397)	(66,777)	(78,396)	(14,831)	30,747	57,973	129,048
Net and comprehensive loss	(318,714)	(42,397)	(66,777)	(78,396)	219,333	(30,747)	(57,973)	(129,04)8
Loss per share – Basic and diluted	(0.03)	(0.00)	(0.01)	(0.01)	(0.03)	(0.00)	(0.00)	(0.00)

Liquidity and Capital Resources

As at November 30, 2019, the Company has a negative working capital deficiency of $773,937 compared to a negative working capital deficiency of $222,910 at November 30, 2018 mainly due to the use of resources to pay for expenditures.

For the year ended November 30, 2019, the Company used cash of $175,157 from operating activities (2018: $132,152), due to operating expenses offset by working capital changes, and used cash of $nil for investing activities related to exploration expenditures.

The Company's principal assets are at an exploration stage and as a result the Company has no current source of operating cash flows. The Company relies on its ability obtain equity financing to fund administration expenses and future exploration programs. The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on the successful completion of a financing or by monetizing assets. There is no certainty that these and other strategies will be successful.

Share Capital

The Company's authorized capital consists of an unlimited number of common shares without nominal or par value. As of the date of this MD&A, the Company has 12,249,629 issued and outstanding common shares.

Stock Options

The Company has a Stock Option Plan (the "Plan) which provides that the number of options granted may not exceed 10% of the issued and outstanding shares. Options granted under the Plan generally have a five-year term and are granted at a price no lower than the market price of the common shares at the time of the grant.

Options vested in different stages. During the year ended November 30, 2019, the Company recognized $nil (2018 - $nil) share-based payments for the remaining vested options.

Warrants

As of November 30, 2019, there are 7,141,976 share purchase warrants outstanding.

Related Party Transactions and Balances

Payments to key management personnel including the President and Chief Executive Officer, Chief Financial Officer, Directors and companies directly controlled by key management personnel are for salaries, consulting fees, management fees, or professional fees and are directly related to their position in the Company or to services provided to the Company.

For the year ended November 30, 2019, key management personnel compensation was $48,000 (2018 - $72,000) to directors of the Company for management fees and $20,000 (2018 - $19,340) in consulting fees.

In addition, the Company also settled certain liabilities with directors for the year ended November 30, 2018 as described in Note 7 of the financial statements through the issuance of common shares.

Included in accounts payable and accrued liabilities are amounts owing to related parties totalling $333,500 (2018 - $291,340). Included in notes payable are amounts owing to related parties totalling $1,500 (2018 - $1,500). The Company shares key management personnel with the related parties.

As described in Note 9 of the financial statements, during the year ended November 30, 2018, the Company advanced $200,000 to 1151024 B.C. Ltd. ("1151024"). 1151024 and the Company share a common director. During the year ended November 30, 2019, the Company provided for an impairment charge related to the advance to 1151024.

These transactions are measured at exchange amounts, which are the amounts of consideration determined and agreed to by the related parties.

Subsequent Event

On April 8, 2019, the Company entered into a license agreement with Phenome One Corp. ("Phenome"), a privately held full service live genetic cannabis company incorporated under the Canada Business Corporations Act. 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 in Note 9 of the financial statements. The license agreement is subject to regulatory approval. The license agreement provides the Company with full access to Phenome's entire library of cultivars as well as access to Phenome's farming IP. The Company will also be granted unlimited access to Norstar Nutrients' ("Norstar") proprietary nutrient IP and catalogue.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical accounting estimates

Estimate of recoverability for non-financial assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value.

Share-based payments

The amounts recorded for share-based payments are based on estimates. The Black Scholes model is based on estimates of assumptions for expected volatility, expected number of options to vest, dividend yield, risk-free interest rate, expected forfeitures and expected life of the options. Changes in these assumptions may result in a material change to the amounts recorded for the issuance of stock options.

Financial Instruments

The Company's financial instruments are categorized in 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).

The Company's financial instruments include cash, restricted cash, advances, accounts payable, notes payable and loans payable.

The fair value of cash and restricted cash are determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The fair value of advances is determined to be "Level 3" as the amount relates to advances made concerning a definitive share purchase agreement; therefore, the inputs are unobservable (Note 9).

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as of November 30, 2019, as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $	Total $
November 30, 2019				
Cash	255	–	–	255
Restricted cash	103,422	–	–	103,422
Advances	–	–	2,243,216	2,243,216
November 30, 2018				
Cash	220,944	–	–	220,994
Restricted cash	376,675	–	–	376,675
Advances	–	–	1,860,133	1,860,133

Credit risk

The Company has no significant credit risk arising from operations. The Company does not engage in any sales activities, so is not exposed to major credit risks attributable to customers. The Company's credit risk is primarily attributable to cash. The Company holds its cash with Canadian chartered banks and the risk of default is considered to be remote.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (Note 1). The Company's accounts payable are due within one year. The Company's notes and loans payable are due on demand. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of stock market conditions generally or as a result of conditions specific to the Company. The Company's approach to managing liquidity risk is to ensure it will have sufficient liquidity to meet liabilities when due. As at November 30, 2019, the Company has unrestricted cash of $255 (2018 - $220,994) to settle current liabilities of $965,183 (2018 – $866,237).

Interest rate risk

Interest rate risk is the risk that future cash flows of the Company's assets and liabilities can change due to a change in interest rates. The Company is not exposed to interest rate risk as no financial instruments are interest-bearing. It is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from the financial statements.

Accounting standards adopted in the current period

The following standards were adopted by the Company effective December 1, 2018:

IFRS 9 Financial Instruments

On December 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9"), which replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 provides a revised model for classification and measurement of financial assets. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. IFRS 9 also introduces a reformed approach to hedge accounting. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. The standard is effective for annual periods beginning on or after December 1, 2018.

As a result of the adoption of IFRS 9, the Company has changed its accounting policy for financial instruments retrospectively. The change did not result in a change in carrying value of any of our financial instruments on the transition date. IFRS 9 does not require restatement of comparative periods.

	Original classification IAS 39	New classification IFRS 9
Financial Assets		
Cash	FVTPL	FVTPL
Restricted cash	FVTPL	FVTPL
Advances	Loans and receivables	FVTPL
Financial Liabilities		
Accounts payable	Amortized cost	Amortized cost
Notes payable	Amortized cost	Amortized cost
Loans payable	Amortized cost	Amortized cost

There has been no change in the measurement categories, carrying values, or to previously reported figures of the Company's financial instruments. The adoption of the IFRS 9 did not have a significant impact on the financial statements.

IFRS 15 Revenue from Contracts with Customers

On December 1, 2018, the Company adopted IFRS 15, Revenue from Contracts with Customers. IFRS 15 specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. The standard supersedes IAS 18 Revenue, IAS 11 Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is effective for the Company's annual period beginning December 1, 2018. The adoption of IFRS 15 did not have any impact on the Company's financial statements.

IFRS 2 Share-based Payment

In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendments provide guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. This standard is effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 2 did not have any impact on the Company's financial statements.

Recently Issued Accounting Pronouncements

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective for annual periods on or after December 1, 2019.

IFRS 16 – Leases

IFRS 16 replaces IAS 17, "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15, "Revenue from Contracts with Customers".

The Company does not expect the adoption of IFRS 16 to have a material impact on the Company's future results and financial position.

IFRIC 23 – Uncertainty over Income Tax Treatments

IFRIC 23 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 Company does not expect the adoption of IFRIC 23 to have a material effect on the Company's future results and financial position.

Risks and Uncertainties

Under Canadian reporting requirements, management of the Company is required to identify and comment on significant risks and uncertainties associated with its business activities. For a summary of potentially significant inherent risks and uncertainties that management considers to be particularly unique to its operations and business plans in the upcoming years, please refer to the Company's 2016 Management Discussion and Analysis, which is available on SEDAR at www.sedar.com.

Additional Information

The financial statements and additional information regarding the Company are available on SEDAR at www.sedar.comwww.sedar.com.

SCHEDULE "C"

AUDITED FINANCIAL STATEMENTS OF THE TARGET FOR THE PERIOD FROM INCORPORATION ON MARCH 21, 2019 AND ENDED AUGUST 31, 2018 AND FOR THE FINANCIAL YEAR ENDED AUGUST 31, 2019

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1157630 B.C. Ltd.

Consolidated Financial Statements

For the periods ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

To the Shareholders of 1157630 B.C. Ltd.:

The accompanying consolidated financial statements of 1157630 B.C. Ltd. were prepared by management, which is responsible for the integrity and fairness of the information presented, including responsibility for significant accounting estimates and judgments. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

In fulfilling its responsibilities, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The Board of Directors oversees the responsibilities of management for financial reporting through an Audit Committee, which is composed entirely of independent directors. The Audit Committee reviews the consolidated financial statements and recommends them to the Board of Directors for approval. They meet regularly with management to review internal control procedures, advise directors on auditing matters and financial reporting issues.

Manning Elliott LLP, the Company's independent auditors, have performed an independent audit of the consolidated financial statements and their report follows. The auditors have full and unrestricted access to the Audit Committee to discuss their audit and related findings.

Signed:

"Alex Field"
Alex Field,
Director
Vancouver, British Columbia

manning elliott

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 **Fax:** 604. 714. 3669 **Web:** manningelliott.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of
1157630 B.C. Ltd.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of 1157630 B.C. Ltd. (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the periods then ended, and the related notes, including a summary of significant accounting policies (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, 2019 and 2018, and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits 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.

Emphasis of Matter – Material Uncertainty Related to Going Concern

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

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 5 of the accompanying consolidated financial statements, which explains the reason and discloses the adjustments that were applied in restating certain comparative information presented for the period ended August 31, 2018. As part of our audit of the consolidated financial statements for the period ended August 31, 2019, we also audited the adjustments disclosed in Note 5 that were applied to restate certain of the comparative information presented for the period ended August 31, 2018. In our opinion, such adjustments are appropriate and have been properly applied.

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

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

Auditor's Responsibilities for the Consolidated Financial Statements

Our objectives are 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 audits.

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 J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
February 25, 2020

1157630 B.C. Ltd.
Consolidated Statements of Financial Position
As at August 31, 2019 and 2018
(Expressed in Canadian Dollars)

	Note	2019	2018 (restated – Note 5)
ASSETS			
Current			
Cash		$ 9,201	$ 97,249
Amount receivable		61,743	-
Prepaid expenses		3,059	19,768
		74,003	117,017
Long term deposits		36,918	13,819
Property and equipment	6	671,215	12,208
		$ 782,136	**$ 143,044**
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current			
Accounts payable and accrued liabilities		$ 280,121	$ 37,540
Amounts payable	7	1,823,205	495,219
Consideration payable	4	1,015,000	1,420,000
		3,118,326	1,952,759
Shareholders' deficiency			
Common Shares	8	493,685	443,285
Deficit		(2,829,875)	(2,253,000)
		(2,336,190)	(1,809,715)
		$ 782,136	**$ 143,044**

Nature of operations and going concern (Note 1)
Commitments (Note 12)

On behalf of the Board:

"Alex Field" Director

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

1157630 B.C. Ltd.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Note	Year Ended August 31, 2019	Period Ended August 31, 2018
EXPENSES			
Accretion and interest		$ 81,237	$ -
Advertising and promotion		10,636	-
Consulting fees		106,570	271,300
Insurance		8,948	-
Management fees		93,000	-
Office and miscellaneous		9,628	190
Professional fees		63,166	10,952
Rent		148,537	47,935
Repairs and maintenance		11,924	-
Travel		15,253	-
Utilities		12,976	2,623
Loss before other items		(561,875)	(333,000)
OTHER ITEM			
Write-down of intangible asset	4	(15,000)	(1,920,000)
Loss and comprehensive loss for the period		$ (576,875)	$ (2,253,000)
Basic and diluted loss per share		$ (0.06)	$ (0.34)
Weighted average number of shares outstanding		10,000,000	6,625,767

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

1157630 B.C. Ltd.

Consolidated Statements of Change in Shareholders' Deficiency

(Expressed in Canadian Dollars)

	Number of Common Shares	Amount	Deficit	Total
Authorized:				
Unlimited number common shares without par value				
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 as at August 31, 2018	**10,000,000**	**443,285**	**(2,253,000)**	**(1,809,715)**
Share subscriptions received	-	50,400	-	50,400
Net loss for the year	-	-	(576,875)	(576,875)
Balance as at August 31, 2019	**10,000,000**	**$ 493,685**	**$ (2,829,875)**	**$ (2,336,190)**

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

1157630 B.C. Ltd.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year Ended August 31, 2019	Period Ended August 31, 2018 (restated – Note 5)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (576,875)	$ (2,253,000)
Items not affecting cash		
Write-down of intangible asset	15,000	1,920,000
Accretion on consideration payable	80,000	-
Expenses paid for by MLK	77,986	270,219
Changes in non-cash working capital items		
Increase in amount receivable	(61,743)	-
Decrease (increase) in prepaid expenses	16,709	(33,587)
Increase in accounts payable and accrued liabilities	242,581	37,540
Net cash used in operating activities	(206,342)	(58,828)
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term deposits	(23,099)	-
Cash paid for acquisition of Go Green	-	(275,000)
Property and equipment	(659,007)	(12,208)
Net cash used in investing activities	(682,106)	(287,208)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts payable	750,000	-
Issuance of common shares	50,400	443,285
Net cash provided by financing activities	800,400	443,285
Change in cash during the period	(88,048)	97,249
Cash and cash equivalents, beginning of period	97,249	-
Cash and cash equivalents, end of period	$ 9,201	$ 97,249
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

Supplemental disclosures with respect to cash flows (Note 10)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will be able to continue in operation for the foreseeable future, will be able to realize its assets, discharge its liabilities and commitments in the normal course of business.

Management believes the Company will be successful at securing additional funding to continue its operations and intended to advance its new business opportunities in the area of cannabis production, however, the Company has incurred significant operating losses over the past several fiscal years (2019 - $576,875; 2018 - $2,253,000), has a working capital deficit of $3,044,323 (2018 - $1,835,742), has a deficiency of $2,829,875 (2018 - $2,253,000), has limited resources, no source of operating cash flows and no assurances that sufficient funding will be available to further its goals and objectives. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company's ability to successfully complete its manufacturing process, commercialize its products and receive regulatory approvals for its business, the outcome of which cannot be predicted at this point. As a result, it may be necessary for the Company to obtain additional capital, such as issuance of equity and/or debt securities, or alternative financing sources of financing. There is no assurance that the Company will be able to obtain sufficient funds to continue its operating activities.

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 PREPARATION

Statement of compliance

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

The policies applied in these consolidated financial statements are based on IFRS issued and effective as of August 31, 2019. The Board of Directors approved the financial statements for issue on February 25, 2020.

Basis of measurement and 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 in Note 3. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. BASIS OF PREPARATION (Continued)

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company and its subsidiary's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

<u>Critical accounting estimates and judgements:</u>

a) **Recoverability of asset carrying values**
The Company assesses its assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, at each reporting period.

b) **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.

c) **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.

d) **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.

e) **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.

f) **Going concern**
Management applies judgment in its evaluation of the Company's ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

The following are a list of significant accounting policies used by the Company.

(a) 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 4, 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.

(b) Cash and cash equivalents
Cash and cash equivalents includes highly liquid instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For the periods presented, the Company does not have any cash equivalents.

(c) Financial instruments
Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

All financial instruments are measured at initial recognition at fair value plus any transaction costs that are directly attributable to the acquisition of the financial instruments except for transaction costs related to financial instruments classified as at fair value through profit or loss (FVPL) which are expensed as incurred.

The initial classification of a financial asset depends upon the Company’s business model for managing its financial assets and the contractual terms of the cash flows. There are three categories into which the Company can classify its financial assets:

(i) Amortized cost. A financial asset is measured at amortized cost if the contractual cash flows to repay the principal and interest are made at specific dates and if the Company’s business model is to collect the contractual cashflows. Subsequent measurement uses the effective interest method, less any provision for impairment.

(ii) Fair value through other comprehensive income (FVOCI). A financial asset is measured at FVOCI if the Company’s business model is both to collect the contractual cashflows and sell assets and the contractual terms of the assets give rise on specified dates to cash flows that are solely repayments of principal and interest.

(iii) Fair value through profit or loss (FVPL). A financial asset is measured at FVPL if it cannot be measured at amortized cost or FVOCI. At initial recognition the Company may also irrevocably designate a financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Financial assets at FVPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

A financial asset is derecognized when the Company no longer has the rights to the contractual cash flows due to expiration of that right or the transfer of the risks and rewards of ownership to another party. The Company recognizes a loss allowance for expected credit losses on its financial assets using the simplified approach which permits the use of the lifetime expected loss provision for all amounts receivables. At each reporting

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments (Continued)

date, the Company assesses impairment of amounts receivable on a collective basis as its amounts receivable possess shared credit risk characteristics and have been grouped based on days past due. The loss allowance will be based upon the Company's historical credit loss experience over the expected life of trade receivables and contract assets, adjusted for forward looking estimates. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Company's financial assets consist of cash, which has been classified at FVPL.

A financial liability is initially classified as measured at amortized cost or FVPL. A financial liability is classified as measured at FVPL if it is held for trading, a derivative, contingent consideration of an acquirer in a business combination, or has been designated as FVPL on initial recognition. Financial liabilities at FVPL are measured at fair value with changes in fair value, along with any interest expense, recognized in profit or loss. All other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. The Company's financial liabilities consist of accounts payable, amounts payable and consideration payable, which have been classified as financial liabilities at amortized cost and are measured at amortized cost using the effective interest method.

A financial liability is derecognized when the obligation is discharged, cancelled or expired.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices in active markets for identical financial instruments.

Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

(d) 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 consolidated statement of comprehensive loss but increases in intangible asset values are not recognized. As described in Note 4, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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 4 and concluded that the transaction did not qualify as a business combination under IFRS 3, “Business Combinations”.

(f) 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 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.

(g) Property and equipment

Property and equipment is measured at cost less accumulated amortization and impairment losses. Property and equipment consists of security equipment and 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Impairment of non-current assets

At each financial position reporting date, the Company's non-current assets are reviewed to determine whether there is any indication that the carrying value of those assets are impaired and may not be recoverable. If any such indication exists, the recoverable amount of the asset is evaluated at the level of a cash-generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(e) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Equity units

The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as units. The proceeds from the issue of units is allocated between common shares and share purchase warrants where the fair value of the common shares is based on the market value on the date of the announcement of the placement and the balance, if any, is allocated to the attached warrants. Share issue costs are netted against common share component.

(f) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it will not be recognized. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

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

(h) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as interest expense.

(i) New accounting standards, interpretations and amendments

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 to a contract, the lessee and the lessor. The new standard estimates the classification of leases as either operation or finance leases as it required by IAS 17 and instead introduces a single lessee accounting model.

Effective for annual periods beginning on or after January 1, 2019 for this standard.

This standard is effective for the Company’s fiscal period beginning September 1, 2019. The Company anticipates that the adoption of this new standard will result in the recognition of a right-of-use asset and an offsetting lease liability of approximately $243,000.

(Expressed in Canadian Dollars)

4. ASSET ACQUISITION

On April 20, 2018 the Company entered into a share purchase agreement (the "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 (paid); 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 (unissued).

The details of the purchase have been accounted for as follows:

Cash paid	$	500,000
Cash to be paid November 15, 2018		420,000
Fair Value of common shares issued		1,000,000
Total consideration	**$**	**1,920,000**
Intangible asset acquired	**$**	**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 to provide for its current present value. The liability will be accreted up over the payment terms noted above. During the year ended August 31, 2019, the Company recorded an accretion expense of $80,000 and made cash payment of $500,000.

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 has not been granted.

During the year ended August 31, 2019, the Company and 1065703 amended the terms of the Agreement, whereby the Company agreed to increase the share consideration to $1,015,000, payable on the earlier of November 30, 2019 or such time as the Company completes a going public transaction (unissued). Pursuant to the amended Agreement, the market value of the common shares was determined to be $0.30 per common share. The additional $15,000 was impaired and charged to the consolidated statement of comprehensive loss for the year ended August 31, 2019. Currently the Company is in default as it has not delivered the share consideration to 1065703 by November 30, 2019. 1065703 has not taken any legal action as of the date of these consolidated financial statements. Both parties continue to negotiate and 1065703 has not executed upon its security as a result of the default. 1065703 has security in the form of all the outstanding shares of Go Green. The balance payable as at August 31, 2019 is $1,015,000 (2018 - $1,420,000).

5. RESTATEMENT

During the preparation of the Company's 2019 consolidated financial statements, management found a classification error in loans receivable and amounts payable. During the period ended August 31, 2018, Mountain Lake Minerals Inc. ("MLK") had made various advances and paid certain expenses to the Company and the Company had advanced certain funds to MLK. The advances made by MLK had been recorded as amounts payable and the advances from the Company had been recorded as loans receivable on the consolidated statement of financial position as at August 31, 2018. As there were no formal terms of repayment, the amounts should have been offset against each other and the net amount presented as advances payable on the consolidated statement of financial position. In addition a loan receivable of $200,000 due from 1151024 B.C. Ltd. was related to MLK and not to the Company.

As a result loans receivable on the consolidated statement of financial position, which were previously reported as $500,000 were restated to $Nil and total assets were reduced by $500,000. Furthermore, amounts payable which were previously reported as $995,219 were reduced by $500,000 to $495,219. Accordingly, total assets and total liabilities were each reduced by $500,000 as at August 31, 2018 to $143,044 and $1,952,759 respectively. The reclassification did not affect the consolidated statement of compressive loss or the consolidated statement of changes in shareholder's deficiency.

The Company also noted that, in addition to the above, that certain items that were paid for by MLK were not reflected properly on the consolidated statement of cash flows for the period ended August 31, 2018. Cash flow from operations should been reduced by $270,219 reflecting expenses that were paid by MLK on behalf of the Company and cash from investing activities should have been reduced by $225,000 for an amount paid by MLK for the acquisition of Go Green described in Note 4. These items have been adjusted along with the items noted above on the consolidated statement of cash flows for the period ended August 31, 2018.

6. PROPERTY AND EQUIPMENT

During the period ended August 31, 2019, the Company purchased certain equipment and incurred leasehold improvement costs of $659,007 (2018 - $12,208) at its Kelowna facility. As at August 31, 2019, the facility is not ready for use and as a result, the Company has not recorded any depreciation for the periods ended August 31, 2019 and 2018.

7. AMOUNTS PAYABLE

During the period ended August 31, 2018, the Company entered into a definitive share purchase agreement with the shareholders of MLK, pursuant to which MLK will acquire 100% of the Company including its subsidiary, Go Green, in exchange for 40,000,000 common shares of MLK (the "Transaction"). The Transaction will result in the Company's 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, MLK advanced and paid on behalf of the Company certain expenses and made cash advances to the Company to fund on-going operations. As of August 31, 2019, MLK had made total advances or paid expenses of $1,823,205 net (2018 - $495,219 net). 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.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL

Authorized share capital:

- Unlimited number common shares without par value

During the year ended August 31, 2019, there were no share transactions.

During the period ended August 31, 2018, the following private placement was completed by the Company:

- The Company issued 10,000,000 common shares at a price of $0.05 per share for gross proceeds of $500,000.

9. RELATED PARTY 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.

Included in accounts payable and accrued liabilities at August 31, 2019 is $11,956 (August 31, 2018 - $nil) owing to current and former directors, companies controlled by directors or companies with directors in common.

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, 2019, the Company incurred management fees of $90,000 (2018 - $Nil) from the former President and director of the Company and consulting fees of $60,000 (2018 - $Nil) from the current President and director of the Company, of which $45,000 (2018 - $Nil) has been recorded within property and equipment on the consolidated statement of financial position.

10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the year ended August 31, 2019, MLK paid certain expenses of $77,986 (2018: $270, 219) on behalf of the Company. In addition MLK paid $500,000 (2018: $225,000) related to the acquisition of Go Green described in Note 4.

11. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes as at August 31, 2019 and 2018 is as follows:

	Year Ended August 31, 2019	Period ended August 31, 2018
Net loss for the year	$ 576,875	$ (2,253,000)
Expected income tax recovery	$ 156,000	$ 608,000
Non-taxable (deductible) items	(26,000)	(518,400)
Change in deferred tax asset not recognized	(130,000)	(89,600)
Income tax recovery	$ -	$ -

(Expressed in Canadian Dollars)

11. INCOME TAXES (Continued)

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:

		Year Ended August 31, 2019		March 21, 2018 to August 31, 2018
Deferred tax assets:				
Non-capital loss carry forwards	$	220,000	$	89,600
Deferred tax asset not recognized		(220,000)		(89,600)
Net deferred tax asset	$	-	$	-

The Company has non capital loss carry-forwards of approximately $820,000 which may be carried forward and applied against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in 2038.

12. COMMITMENTS

The Company has entered into an agreement to lease its warehouse and production facility in Kelowna, British Columbia commencing during 2018 and expiring on March 31, 2022. 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 agreement are as follows:

		2019		2018
Less than one year	$	115,662	$	115,662
One to five years		173,493		289,154
Greater than five years		-		-
Total	$	289,154	$	404,816

13. CAPITAL MANAGEMENT

The Company's shareholders' equity comprises its capital under management. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue new business opportunities in the area of cannabis production and distribution and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

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, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

(Expressed in Canadian Dollars)

13. CAPITAL MANAGEMENT (Continued)

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

To fund future operating activities, the Company will need to become profitable in perusing its new business and/or raise funds through future share issuances, issue new debt or dispose of assets.

There have been no changes to the Company's approach to capital management during the year ended August 31, 2019. The Company is not subject to externally imposed capital requirements.

14. FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash and cash equivalents as fair value through profit or loss. The carrying values of accounts payable, amounts payable and consideration payable, which have been classified as financial liabilities at amortized cost, are measured at amortized cost using the effective interest method.

The carrying values of accounts payable, amounts payable and consideration payable approximate their fair values due to the short-term maturity of these financial instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at August 31, 2019 and 2018 are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
August 31, 2019				
Assets				
Cash	$ 9,201	$ -	$ -	$ 9,201
August 31, 2018				
Assets				
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.

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

Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and other receivables.

The Company's credit risk is primarily attributable to cash and cash equivalents. Management believes that the credit risk concentration with respect to cash and cash equivalents is remote as it maintains accounts with highly-rated financial institutions.

14. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at August 31, 2019, the Company had current liabilities of $3,118,326 (2018 - $1,952,759). Based on the current funds held, the Company does not have sufficient working capital for the short term, and thus will need to rely upon financing from shareholders and/or debt holders to obtain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to the Company.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk.

(ii) Foreign currency risk

The Company is not exposed to foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its investments, as they are carried at fair values based on quoted market prices, and investments, as they are carried at fair values based on quoted market prices.

SCHEDULE "D"

MANAGEMENT'S DISCUSSION AND ANAYLYSIS OF THE TARGET FOR THE YEAR ENDED AUGUST 31, 2019

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1157630 B.C. Ltd.

Management's Discussion and Analysis

For the year ended August 31, 2019

DESCRIPTION OF BUSINESS AND OVERVIEW OF OPERATIONS AND FINANCIAL CONDITION

The following is management's discussion and analysis ("MD&A"), prepared as of February 25, 2020. This MD&A should be read in conjunction with the audited Financial Statements for the years ended August 31, 2019 and 2018, the accompanying notes thereto, and the MD&A included in the Company's Annual Report, all as prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This report includes certain statements that may be deemed "forward-looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical facts that address such matters as future events or developments that the Company expects, are forward looking statements and, as such, are subject to risks, uncertainties, assumptions and other factors of which are beyond the reasonable control of the Company. You can identify these statements by forward-looking words such as "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimated", "projects", "potential", "scheduled", forecast", "budget", and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur and similar words. Such statements give the Company's current expectations or forecasts of future events and are not guarantees of future performance and actual results or developments may differ materially from those expressed in, or implied by, this forward looking information. With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things anticipated costs and expenditures and the Company's ability to achieve its goals. Although management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward-looking statement or information herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Factors that could cause actual results to differ materially from those in forward-looking statements include, for example, such matters as continued availability of capital and financing and general economic, market or business conditions. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information. Any forward-looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and subject to change after that date and the Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Description of Business

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 originally applied to Health Canada to become a licensed producer of cannabis under *Health Canada's Access to Cannabis for Medical Purposes Regulations* **("ACMPR"). In January of 2020, the Company made a transition to the CTLS system through Health Canada in anticipation of submitting its evidence package for final review. The Company anticipates becoming a license holder through Health Canada under the Cannabis Act. Once a holder, the Company plans to become a premium grower of craft flower in British Columbia.** Operations have not commenced as of the date of these consolidated financial statements.

PERFORMANCE SUMMARY

To date, the Corporation has not generated any revenue. The Corporation's financial success will be dependent on several factors, including its ability to become a license holder issued by Health Canada under the Cannabis Act.

Selected Annual Information

	Year Ended August 31, 2019	Year Ended August 31, 2018
Operating loss	561,875	333,000
Net loss	576,875	2,253,000
Basic and diluted loss per share	0.06	0.34
Total assets	782,136	143,044
Total liabilities	3,118,326	1,952,759

SUMMARY OF QUARTERLY RESULTS

	August 31, 2019	May 31, 2019	February 28, 2019	November 30, 2018
Total assets	782,136	647,109	286,235	255,977
Property and equipment	671,215	369,028	188,650	53,110
Working capital (deficit)	(3,04,323)	(2,443,536)	(2,151,839)	(2,004,007)
Shareholders' equity (deficit)	(2,336,190)	(2,037,890)	(1,928,371)	(1,916,079)
Operating expenses	(283,300)	(109,519)	(12,292)	(156,764)
Write-down of intangible asset	(15,000)	-	-	-
Net loss	(298,300)	(109,519)	(12,292)	(156,764)
Basic and diluted loss per share	(0.03)	(0.01)	(0.00)	(0.02)

	August 31, 2018	May 31, 2018	February 28, 2018	November 30, 2017
Total assets	143,044	474,316	-	-
Property and equipment	12,208	-	-	-
Working capital (deficit)	(1,835,742)	198,378	-	-
Shareholders' equity (deficit)	(1,809,715)	473,378	-	-
Operating expenses	(306,378)	(26,622)	-	-
Write-down of intangible asset	(1,920,000)	-	-	-
Net loss	(2,226,378)	(26,622)	-	-
Basic and diluted loss per share	(0.22)	(0.00)	-	-

Results of Operations

The following discussion addresses the operating results and financial condition of the Company for the three and twelve-month periods ended August 31, 2019 compared with the three and twelve-month periods ended August 31, 2018. The Management's Discussion and Analysis should be read in conjunction with the Company's audited financial statements and the accompanying notes for the year ended August 31, 2019 and 2018.

For the three-month period ended August 31, 2019:

Net loss for the period

The Company had a net loss for the three-month period ended August 31, 2019 of $298,300 (2018 - $2,226,378). The net increase of $1,928,078 in the net loss for the three-month period ended August 31, 2019 compared to the three-month period ended August 31, 2018 was primarily due to a decrease in general and administrative expenses of $23,078 and the decrease in the write-down of intangible asset of $1,905,000.

Other items

During the three-month period ended August 31, 2019, the Company reported a write-down of other items of $15,000 compared to $1,920,000 in the three-month period ended August 31, 2018 as follows.

In comparison to the three-month period ended August 31, 2018:

- Write-down of intangible assets of $15,000 (2018 - $1,920,000) due to the write down in the current period.

Operating expenses

General and administrative expenses of $283,300 (2018 - $306,378) are primarily comprised of accretion and interest, consulting, management fees, professional fees, rent and utilities and general office expenses. The net decrease was $23,078 compared to the three-month period ended August 31, 2018. Items that caused the net increase are noted in the following:

In comparison to the three-month period ended August 31, 2018:

- Accretion and interest $80,514 (2018 - $nil) increased by $80,514 due to recording of accretion on the consideration payable to Mountain Lake Minerals Ltd.
- Advertising and promotion $2,669 (2018 - $nil) increased by $2,669 as the company prepares to close its transactions to go public.
- Consulting fees of $70,120 (2018 - $259,840) decreased by $189,720 due to curtailing costs while the company works through the transaction to go public.
- Insurance of $4,244 (2018 - $nil) increased by $4,244 due to as it begins to insure its assets.
- Management fees of $33,000 (2018 - $nil) increased by $33,000 as it builds out its facility.
- Office and miscellaneous $3,861 (2018 - $190) increased by $3,671 as it begins its operations.
- Professional fees of $39,139 (2018 - $36,960 remained fairly consistent compared to the comparative period.
- Rent of $39,139 (2018 - $36,960) remained fairly consistent compared to the comparative period.
- Travel of $4,727 (2018 - $nil) increased by $4,727 due to as it begins its operations.
- Utilities of $1,480 (2018 - $1,238) remained fairly consistent compared to the comparative period.

For the twelve-month year ended August 31, 2019 compared to the 5-month period ended August 31, 2018 (from the date of incorporation):

Net loss for the year

The Company had a net loss for the year ended August 31, 2019 of $576,875 (2018 - $2,253,000). The net loss decrease of $1,676,125 in the net loss for the year ended August 31, 2019 compared to the year ended August 31, 2018 was primarily due to an increase of $228,875 in general and administrative expenses and a decrease of $1,905,000 in the write-down of intangible asset.

Other items

During the twelve-month period ended August 31, 2019, the Company reported a write-down of other items of $15,000 compared to $1,920,000 in the three-month period ended August 31, 2018 as follows.

In comparison to the three-month period ended August 31, 2018:

- Write-down of intangible assets of $15,000 (2018 - $1,920,000) due to the write down in the current period.

Operating expenses

General and administrative expenses of $561,875 (2018 - $333,000) are primarily comprised of accretion and interest, consulting, management fees, professional fees, rent and utilities and general office expenses. The net increase was $228,875 compared to the five-month period ended August 31, 2018. Items that caused the net increase are noted in the following:

In comparison to the five-month year ended August 31, 2018 (from date of incorporation):

- Accretion and interest $81,237 (2018 - $nil) increased by $81,237 due to its first full year of operations.
- Advertising and promotion $10,636 (2018 - $nil) increased by $10,636 due to its first full year of operations.
- Consulting fees of $106,570 (2018 - $271,300) decreased by $164,730 due to curtailing costs while the company works through the transaction to go public.
- Insurance of $8,948 (2018 - $nil) increased by $8,948 due to its first full year of operations.
- Management fees of $93,000 (2018 - $nil) increased by $93,000 due to its first full year of operations.
- Office and miscellaneous $9,628 (2018 - $190) increased by $9,438 due to its first full year of operations.
- Professional fees of $63,166 (2018 - $10,952) increased by 52,214 due to its first full year of operations.
- Rent of $148,537 (2018 - $47,935) increased by $100,602 due to its first full year of operations.
- Repairs and maintenance of $11,924 (2018 - $nil) increased by $11,924 due to due to its first full year of operations.
- Travel of $15,253 (2018 - $nil) increased by $15,253 due to due to its first full year of operations.
- Utilities of $12,976 (2018 - $2,623) increased by $10,353 due to due to its first full year of operations.

LIQUIDITY AND CAPITAL RESOURCES

The Company's activities have been funded to date primarily through the issuance of common shares, and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flow from its cannabis operations. Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in its liquidity either materially increasing or decreasing at present or in the foreseeable future.

Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its exploration programs on its properties, as well as its continued ability to raise capital.

The Company anticipates spending capital resources on the Lake Country, BC Project in the next twelve months. The Company principally engages in option agreements with optionees paying 100% of the exploration costs.

Currently, the Company's overhead expenses, which was averaging approximately $38,000 per month during inactive period as it works towards closing it transaction to go public.

The Company assesses its financing requirements and its ability to access equity or debt markets on an ongoing basis. The assessment considers: the stage and success of the Company's evaluation activities to date; the continued participation of the Company's partners in its activities; and financial market conditions. The Company also expects to spend approximately $225,000 in remaining capital expenditures to develop its production facility and acquire and install production equipment. The Company will use existing working capital and raise additional sources of equity or debt capital to fund the expected capital expenditures. It is possible that future economic events and global conditions may result in further volatility in the financial markets which could negatively impact the Company's ability to access equity or debt markets in the future.

As at August 31, 2019, the Company had a working capital deficit of $3,044,323 compared to working capital deficit of $1,835,742 as at August 31, 2018. As at August 31, 2019, the Company had cash of $9,201 compared to cash of $97,249 as at August 31, 2018.

Net cash used in operating activities for the year ended August 31, 2019 was $206,342 compared to $58,828 for the year ended August 31, 2018, consisting primarily of the operating loss for the period and the change in non-cash items.

Net cash used in investing activities for the year ended August 31, 2019 was $682,106 compared to $287,208 used in investing activities for the year ended August 31, 2018, consisting net cash used in the acquisition of Go Green of $nil (2018 - $275,000), acquisition of property and equipment of $659,007 (2018 - $12,208) and long term deposits of $23,099 (2018 - $nil).

Net cash provided by financing activities for the year ended August 31, 2019 was $800,400 (2018 - $443,285) advances on amounts payable of $750,000 (2018 – nil) and on Issuance of common shares $50,400 (2018 – 443,285).

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet transactions.

PROPOSED TRANSACTIONS

On April 20, 2018 the Company entered into a share purchase agreement (the "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 $1,000,000 paid in cash and the issuance of 3,333,333 common shares.

RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities at August 31, 2019 is $11,956 (August 31, 2018 - $nil) owing to current and former directors, companies controlled by directors or companies with directors in common.

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, 2019, the Company incurred management fees of $90,000 (2018 - $Nil) from the former President and director of the Company and consulting fees of $60,000 (2018 - $Nil) from the current President and director of the Company, of which $45,000 (2018 - $Nil) has been recorded within property and equipment on the consolidated statement of financial position.

COMMITMENTS

The Company has entered into an agreement to lease its warehouse and production facility in Kelowna, British Columbia commencing during 2018 and expiring on March 31, 2022. 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 agreement are as follows:

	2019	2018
Less than one year	$ 115,662	$ 115,662
One to five years	173,493	289,154
Greater than five years	-	-
Total	$ 289,154	$ 404,816

CAPITAL MANAGEMENT

The Company's shareholders' equity comprises its capital under management. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue new business opportunities in the area of cannabis production and distribution and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

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, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.
In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

To fund future operating activities, the Company will need to become profitable in perusing its new business and/or raise funds through future share issuances, issue new debt or dispose of assets.

There have been no changes to the Company's approach to capital management during the year ended August 31, 2019. The Company is not subject to externally imposed capital requirements.

FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash and cash equivalents as fair value through profit or loss. The carrying values of accounts payable, amounts payable and consideration payable, which have been classified as financial liabilities at amortized cost, are measured at amortized cost using the effective interest method.

The carrying values of accounts payable, amounts payable and consideration payable approximate their fair values due to the short-term maturity of these financial instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at August 31, 2019 and 2018 are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
August 31, 2019				
Assets				
Cash	$ 9,201	$ -	$ -	$ 9,201
August 31, 2018				
Assets				
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.

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

Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and other receivables.

The Company's credit risk is primarily attributable to cash and cash equivalents. Management believes that the credit risk concentration with respect to cash and cash equivalents is remote as it maintains accounts with highly-rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at August 31, 2019, the Company had current liabilities of $3,118,326 (2018 - $1,952,759). Based on the current funds held, the Company does not have sufficient working capital for the short term, and thus will need to rely upon financing from shareholders and/or debt holders to obtain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to the Company.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk, and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.
The Company is not exposed to significant interest rate risk.

(ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its marketable securities, as they are carried at fair values based on quoted market price

OUTSTANDING SHARE DATA as at February 25, 2020:

a) Authorized Share Capital:
Unlimited number of common shares without par value

b) Issued Share Capital:
10,000,000 common shares with a stated value of $493,685

c) Outstanding stock options: nil

d) Outstanding share purchase warrants: nil

e) Shares held in escrow or pooling agreements: nil

DIRECTORS AND OFFICERS

Alex Field, President and Director

SCHEDULE ”E”

UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE TARGET FOR THREE MONTHS ENDED NOVEMBER 30, 2019

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1157630 B.C. Ltd.

Condensed Interim Consolidated Financial Statements

For the three months ended November 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

1157630 B.C. Ltd.
Condensed Interim Consolidated Statements of Financial Position
As at November 30, 2019 and August 31, 2019
(Expressed in Canadian Dollars)
(Unaudited)

	Note	November 30, 2019	August 31, 2019
ASSETS			
Current			
Cash		$ 3,224	$ 9,201
Amount receivable		63,294	61,743
Prepaid expenses		4,798	3,059
		71,316	74,003
Long term deposits		36,918	36,918
Right-of-use asset	5	219,385	-
Property and equipment	6	680,581	671,215
		$ 1,008,200	**$ 782,136**
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current			
Accounts payable and accrued liabilities		$ 278,961	$ 280,121
Amounts payable	7	1,943,205	1,823,205
Consideration payable	4	1,015,000	1,015,000
Current portion of lease liability	5	65,958	-
		3,303,124	3,118,326
Lease liability	5	156,388	-
		3,459,512	3,118,326
Shareholders' deficiency			
Common Shares	8	493,685	493,685
Deficit		(2,944,997)	(2,829,875)
		(2,451,312)	(2,336,190)
		$ 1,008,200	**$ 782,136**

Nature of operations and going concern (Note 1)
Commitments (Note 10)

On behalf of the Board:

"Alex Field" Director

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

1157630 B.C. Ltd.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Note	Three Months Ended November 30, 2019	Three Months Ended November 30, 2018
EXPENSES			
Accretion and interest	5	$ 9,120	$ 110
Advertising and promotion		1,276	1,450
Amortization of right-of-use asset	5	23,505	-
Consulting fees		34,500	13,950
Insurance		-	1,327
Management fees	9	15,000	22,500
Office and miscellaneous		5,850	5,097
Professional fees		4,464	2,771
Rent		13,044	36,575
Repairs and maintenance		2,724	66,541
Travel		4,439	2,725
Utilities		1,200	3,719
Loss and comprehensive loss for the period		$ (115,122)	$ (156,765)
Basic and diluted loss per share		$ (0.01)	$ (0.02)
Weighted average number of shares outstanding		10,000,000	10,000,000

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

1157630 B.C. Ltd.
Condensed Interim Consolidated Statements of Change in Shareholders' Deficiency
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Common Shares	Amount	Deficit	Total
Authorized:				
Unlimited number common shares without par value				
Balance as at August 31, 2018	10,000,000	$ 443,285	$ (2,253,000)	$ (1,809,715)
Share subscriptions received	-	50,400	-	50,400
Net loss for the period	-	-	(156,765)	(156,765)
Balance as at November 30, 2018	**10,000,000**	**493,685**	**(2,409,765)**	**(1,916,080)**
Balance as at August 31, 2019	10,000,000	493,685	(2,829,875)	(2,336,190)
Net loss for the period	-	-	(115,122)	(115,122)
Balance as at November 30, 2019	**10,000,000**	**$ 493,685**	**$ (2,944,997)**	**$ (2,451,312)**

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

1157630 B.C. Ltd.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended November 30, 2019	Three Months Ended November 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (115,122)	$ (156,765)
Items not affecting cash		
Amortization of right-of-use asset	23,505	-
Interest on lease liability	8,371	-
Changes in non-cash working capital items		
Increase in amount receivable	(1,551)	(8,145)
Increase in prepaid expenses	(1,739)	(5,590)
Decrease in accounts payable and accrued liabilities	(1,160)	(37,513)
Net cash used in operating activities	(87,696)	(208,013)
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term deposits	-	(21,000)
Property and equipment	(9,366)	(40,902)
Net cash used in investing activities	(9,366)	(61,902)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts payable	120,000	250,000
Lease payments	(28,915)	-
Net cash provided by financing activities	91,085	250,000
Change in cash during the period	(5,977)	(19,915)
Cash and cash equivalents, beginning of period	9,201	97,249
Cash and cash equivalents, end of period	$ 3,224	$ 77,334
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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 condensed interim consolidated financial statements

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will be able to continue in operation for the foreseeable future, will be able to realize its assets, discharge its liabilities and commitments in the normal course of business.

Management believes the Company will be successful at securing additional funding to continue its operations and intended to advance its new business opportunities in the area of cannabis production, however, the Company has incurred significant operating losses since inception, has a working capital deficit of $3,231,808, has a deficiency of $2,944,997, has limited resources, no source of operating cash flows and no assurances that sufficient funding will be available to further its goals and objectives. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company's ability to successfully complete its manufacturing process, commercialize its products and receive regulatory approvals for its business, the outcome of which cannot be predicted at this point. As a result, it may be necessary for the Company to obtain additional capital, such as issuance of equity and/or debt securities, or alternative financing sources of financing. There is no assurance that the Company will be able to obtain sufficient funds to continue its operating activities.

These condensed interim 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 condensed interim consolidated financial statements.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements and notes thereto as of and for the year ended August 31, 2019.

These condensed interim consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on February 25, 2019.

2. BASIS OF PREPARATION (Continued)

Basis of measurement and presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the year ended August 31, 2019, except for those noted below.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company and its subsidiary's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

Use of estimates and judgements

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

<u>Critical accounting estimates and judgements:</u>

a) **Recoverability of asset carrying values**
The Company assesses its assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, at each reporting period.

b) **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.

c) **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.

2. BASIS OF PREPARATION (Continued)

Use of estimates and judgements (Continued)

d) 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.

e) 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.

f) Going concern

Management applies judgment in its evaluation of the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The following are a list of significant accounting policies used by the Company.

(a) Basis of Consolidation

These condensed interim 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 4, 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.

(b) Cash and cash equivalents

Cash and cash equivalents includes highly liquid instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For the periods presented, the Company does not have any cash equivalents.

(c) Financial instruments

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

All financial instruments are measured at initial recognition at fair value plus any transaction costs that are directly attributable to the acquisition of the financial instruments except for transaction costs related to financial instruments classified as at fair value through profit or loss (FVPL) which are expensed as incurred.

The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. There are three categories into which the Company can classify its financial assets:

(i) Amortized cost. A financial asset is measured at amortized cost if the contractual cash flows to repay the principal and interest are made at specific dates and if the Company's business model is to collect the contractual cashflows. Subsequent measurement uses the effective interest method, less any provision for impairment.

(ii) Fair value through other comprehensive income (FVOCI). A financial asset is measured at FVOCI if the Company's business model is both to collect the contractual cashflows and sell assets and the contractual terms of the assets give rise on specified dates to cash flows that are solely repayments of principal and interest.

(iii) Fair value through profit or loss (FVPL). A financial asset is measured at FVPL if it cannot be measured at amortized cost or FVOCI. At initial recognition the Company may also irrevocably designate a financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Financial assets at FVPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

A financial asset is derecognized when the Company no longer has the rights to the contractual cash flows due to expiration of that right or the transfer of the risks and rewards of ownership to another party. The Company recognizes a loss allowance for expected credit losses on its financial assets using the simplified approach which permits the use of the lifetime expected loss provision for all amounts receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments (Continued)

At each reporting period date, the Company assesses impairment of amounts receivable on a collective basis as its amounts receivable possess shared credit risk characteristics and have been grouped based on days past due. The loss allowance will be based upon the Company's historical credit loss experience over the expected life of trade receivables and contract assets, adjusted for forward looking estimates. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Company's financial assets consist of cash, which has been classified at FVPL.

A financial liability is initially classified as measured at amortized cost or FVPL. A financial liability is classified as measured at FVPL if it is held for trading, a derivative, contingent consideration of an acquirer in a business combination, or has been designated as FVPL on initial recognition. Financial liabilities at FVPL are measured at fair value with changes in fair value, along with any interest expense, recognized in profit or loss. All other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. The Company's financial liabilities consist of accounts payable, amounts payable, consideration payable and lease liability, which have been classified as financial liabilities at amortized cost and are measured at amortized cost using the effective interest method.

A financial liability is derecognized when the obligation is discharged, cancelled or expired.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices in active markets for identical financial instruments.

Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

(d) 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 consolidated statement of comprehensive loss but increases in intangible asset values are not recognized. As described in Note 4, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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 4 and concluded that the transaction did not qualify as a business combination under IFRS 3, "Business Combinations".

(f) 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 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.

(g) Property and equipment

Property and equipment is measured at cost less accumulated amortization and impairment losses. Property and equipment consists of security equipment and 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Impairment of non-current assets

At each financial position reporting date, the Company's non-current assets are reviewed to determine whether there is any indication that the carrying value of those assets are impaired and may not be recoverable. If any such indication exists, the recoverable amount of the asset is evaluated at the level of a cash-generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(i) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Equity units

The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as units. The proceeds from the issue of units is allocated between common shares and share purchase warrants where the fair value of the common shares is based on the market value on the date of the announcement of the placement and the balance, if any, is allocated to the attached warrants. Share issue costs are netted against common share component.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it will not be recognized. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

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

(l) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as interest expense.

(m) New accounting standards, interpretations and amendments

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 to a contract, the lessee and the lessor. The new standard estimates the classification of leases as either operation or finance leases as it required by IAS 17 and instead introduces a single lessee accounting model. The adoption of IFRS 16 resulted in the recognition of a right-of-use asset and an offsetting lease liability of $242,890 on September 1, 2019. Further information is provided in Note 5.

(Expressed in Canadian Dollars)

4. ASSET ACQUISITION

On April 20, 2018 the Company entered into a share purchase agreement (the "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 (paid); 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 (unissued).

The details of the purchase have been accounted for as follows:

Cash paid	$	500,000
Cash to be paid November 15, 2018		420,000
Fair Value of common shares issued		1,000,000
Total consideration	**$**	**1,920,000**
Intangible asset acquired	**$**	**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 to provide for its current present value. The liability will be accreted up over the payment terms noted above. During the year ended August 31, 2019, the Company recorded an accretion expense of $80,000 and made cash payment of $500,000.

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 condensed interim consolidated financial statements, the approval of the processing and cultivation license has not been granted.

During the year ended August 31, 2019, the Company and 1065703 amended the terms of the Agreement, whereby the Company agreed to increase the share consideration to $1,015,000, payable on the earlier of November 30, 2019 or such time as the Company completes a going public transaction (unissued). Pursuant to the amended Agreement, the market value of the common shares was determined to be $0.30 per common share. The additional $15,000 was impaired and charged to the consolidated statement of comprehensive loss for the year ended August 31, 2019. Currently the Company is in default as it has not delivered the share consideration to 1065703 by November 30, 2019. 1065703 has not taken any legal action as of the date of these condensed interim consolidated financial statements. Both parties continue to negotiate and 1065703 has not executed upon its security as a result of the default. 1065703 has security in the form of all the outstanding shares of Go Green. The balance payable as at November 30, 2019 is $1,015,000 (August 31, 2019 - $1,015,000).

(Expressed in Canadian Dollars)

5. RIGHT-OF-USE ASSET AND LEASE LIABILITY

In accordance with IFRS 16 *Leases*, the Company has recognized certain leases meeting the criteria of IFRS 16 as right-of-use assets, and recognized corresponding lease liabilities. The right-of-use assets and lease liabilities were measured at the present value of the lease payments, discounted using the Company's incremental borrowing rates applied at the date of inception of the leases. The weighted average incremental borrowing rate applied to the right-of-use assets and lease liabilities for the period ended November 30, 2019 was 15% per annum. The details of the right-of-use asset and the corresponding lease liability recognized as at November 30, 2019 are as follows. The lease term remaining as at November 30, 2019 is approximately 2.35 years.

a) Right-of-use assets

The following is the continuity of the cost and accumulated depreciation of right-of-use assets as at and for the period ended November 30, 2019:

	November 30, 2019
Cost	$
Balance, August 31, 2019	-
Additions upon adoption of IFRS 16	242,890
Balance, November 30, 2019	242,890
Accumulated depreciation	
Balance, August 31, 2019	-
Amortization	(23,505)
Balance, November 30, 2019	(23,505)
Carrying amount as at November 30, 2019	219,835

b) Lease liability

The following is the continuity of lease liability as at and for the period ended November 30, 2019:

	November 30, 2019
	$
Balance, August 31, 2019	-
Recognized upon adoption of IFRS 16	242,890
Lease payments	(28,915)
Interest expense on lease liability	8,372
Balance, November 30, 2019	222,346
Less: current portion of lease liability	(65,958)
Lease liability – non current	156,388

(Expressed in Canadian Dollars)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITY (continued)

b) Lease liability (continued)

As at September 30, 2019, minimum lease payments for the lease liabilities are as follows:

Year ending	$
August 31, 2020	86,746
August 31, 2021	115,662
August 31, 2022	57,831
Total undiscounted lease liability at November 30, 2019	260,239
Less: Interest on lease liability	(37,893)
Total present value of minimum lease payments at November 30, 2019	222,346

6. PROPERTY AND EQUIPMENT

During the period ended November 30, 2019, the Company purchased certain equipment and incurred leasehold improvement costs of $9,366 (year ended August 31, 2019 - $659,007) at its Kelowna facility. As at November 30, 2019, the facility is not ready for use and as a result, the Company has not recorded any depreciation for the period ended November 30, 2019.

7. 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. (“MLK”), pursuant to which MLK will acquire 100% of the Company including its subsidiary, Go Green, in exchange for 40,000,000 common shares of MLK (the “Transaction”). The Transaction will result in the Company’s shareholders acquiring control of MLK and as a result will be accounted for as a reverse-take-over.

In contemplation of the close of the Transaction, MLK advanced and paid on behalf of the Company certain expenses and made cash advances to the Company to fund on-going operations. As of November 30, 2019, MLK had made total advances or paid expenses of $1,943,205 net (August 31, 2019 - $1,823,205 net). The amounts are non-interest bearing, unsecured and have no formal terms of repayment. As of the date of approval of these condensed interim consolidated financial statements, the Transaction had not closed.

8. SHARE CAPITAL

Authorized share capital:

- Unlimited number common shares without par value

During the three months ended November 30, 2019 and 2018, there were no share transactions.

9. RELATED PARTY 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.

Included in accounts payable and accrued liabilities at November 30, 2019 is $16,333 (August 31, 2019 - $11,956) owing to current and former directors, companies controlled by directors or companies with directors in common.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer. During the three months ended November 30, 2019, the Company incurred management fees of $15,000 (November 30, 2018 - $22,500) from the former President and director of the Company.

10. COMMITMENTS

The Company has entered into an agreement to lease its warehouse and production facility in Kelowna, British Columbia commencing during 2018 and expiring on March 31, 2022. The minimum lease payments in connection with this lease are detailed in Note 5.

11. CAPITAL MANAGEMENT

The Company's shareholders' equity comprises its capital under management. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue new business opportunities in the area of cannabis production and distribution and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

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, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

(Expressed in Canadian Dollars)

11. CAPITAL MANAGEMENT (Continued)

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

To fund future operating activities, the Company will need to become profitable in perusing its new business and/or raise funds through future share issuances, issue new debt or dispose of assets.

There have been no changes to the Company's approach to capital management during the three months ended November 30, 2019. The Company is not subject to externally imposed capital requirements.

12. FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash as fair value through profit or loss. The carrying values of accounts payable, amounts payable, consideration payable and lease liability, which have been classified as financial liabilities at amortized cost, are measured at amortized cost using the effective interest method.

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at November 30, 2019 and August 31, 2019 are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
November 30, 2019				
Assets				
Cash	$ 3,224	$ -	$ -	$ 3,224
August 31, 2019				
Assets				
Cash	$ 9,201	$ -	$ -	$ 9,201

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

Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and other receivables.

The Company's credit risk is primarily attributable to cash and cash equivalents. Management believes that the credit risk concentration with respect to cash and cash equivalents is remote as it maintains accounts with highly-rated financial institutions.

12. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at November 30, 2019, the Company had current liabilities of $3,303,124 (August 31, 2019 - $3,118,326). Based on the current funds held, the Company does not have sufficient working capital for the short term, and thus will need to rely upon financing from shareholders and/or debt holders to obtain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to the Company.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk.

(ii) Foreign currency risk

The Company is not exposed to foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its investments, as they are carried at fair values based on quoted market prices, and investments, as they are carried at fair values based on quoted market prices.

SCHEDULE “F”

MANAGEMENT’S DISCUSSION AND ANAYLYSIS OF THE TARGET FOR THE THREE MONTHS ENDED NOVEMBER 30, 2019

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1157630 B.C. Ltd.

Management's Discussion and Analysis

For the three months ended November 30, 2019

DESCRIPTION OF BUSINESS AND OVERVIEW OF OPERATIONS AND FINANCIAL CONDITION

The following is management's discussion and analysis ("MD&A"), prepared as of February 25, 2020. This MD&A should be read in conjunction with the unaudited interim Financial Statements for the three months ended November 30, 2019, the Company's audited Financial Statements and the accompanying notes thereto, and the MD&A, for the year ended August 31, 2019, all as prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This report includes certain statements that may be deemed "forward-looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical facts that address such matters as future events or developments that the Company expects, are forward looking statements and, as such, are subject to risks, uncertainties, assumptions and other factors of which are beyond the reasonable control of the Company. You can identify these statements by forward-looking words such as "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimated", "projects", "potential", "scheduled", forecast", "budget", and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur and similar words. Such statements give the Company's current expectations or forecasts of future events and are not guarantees of future performance and actual results or developments may differ materially from those expressed in, or implied by, this forward looking information. With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things anticipated costs and expenditures and the Company's ability to achieve its goals. Although management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward-looking statement or information herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Factors that could cause actual results to differ materially from those in forward-looking statements include, for example, such matters as continued availability of capital and financing and general economic, market or business conditions. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information. Any forward-looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and subject to change after that date and the Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Description of Business

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 originally applied to Health Canada to become a licensed producer of cannabis under *Health Canada's Access to Cannabis for Medical Purposes Regulations* **("ACMPR"). In January of 2020, the Company made a transition to the CTLS system through Health Canada in anticipation of submitting its evidence package for final review. The Company anticipates becoming a license holder through Health Canada under the Cannabis Act. Once a holder, the Company plans to become a premium grower of craft flower in British Columbia.** Operations have not commenced as of the date of these consolidated financial statements.

PERFORMANCE SUMMARY

To date, the Corporation has not generated any revenue. The Corporation's financial success will be dependent on several factors, including its ability to become a license holder issued by Health Canada under the Cannabis Act.

Selected Annual Information

	Year Ended August 31, 2019	Year Ended August 31, 2018
Operating loss	561,875	333,000
Net loss	576,875	2,253,000
Basic and diluted loss per share	0.06	0.34
Total assets	782,136	143,044
Total liabilities	3,118,326	1,952,759

SUMMARY OF QUARTERLY RESULTS

	November 30, 2019	August 31, 2019	May 31, 2019	February 28, 2019
Total assets	1,008,200	782,136	647,109	286,235
Property and equipment	680,581	671,215	369,028	188,650
Working capital (deficit)	(3,231,808)	(3,04,323)	(2,443,536)	(2,151,839)
Shareholders' equity (deficit)	(2,451,312)	(2,336,190)	(2,037,890)	(1,928,371)
Operating expenses	(115,122)	(283,300)	(109,519)	(12,292)
Write-down of intangible asset	-	(15,000)	-	-
Net loss	(115,122)	(298,300)	(109,519)	(12,292)
Basic and diluted loss per share	(0.01)	(0.03)	(0.01)	(0.00)

	November 30, 2018	August 31, 2018	May 31, 2018	February 28, 2018
Total assets	255,977	143,044	474,316	-
Property and equipment	53,110	12,208	-	-
Working capital (deficit)	(2,004,007)	(1,835,742)	198,378	-
Shareholders' equity (deficit)	(1,916,079)	(1,809,715)	473,378	-
Operating expenses	(156,764)	(306,378)	(26,622)	-
Write-down of intangible asset	-	(1,920,000)	-	-
Net loss	(156,764)	(2,226,378)	(26,622)	-
Basic and diluted loss per share	(0.02)	(0.22)	(0.00)	-

Results of Operations

The following discussion addresses the operating results and financial condition of the Company for the three month period ended November 30, 2019 compared with the three month period ended November 30, 2018. The Management's Discussion and Analysis should be read in conjunction with the Company's financial statements and the accompanying notes for the three month period ended November 30, 2019 and 2018.

For the three-month period ended November 30, 2019:

Net loss for the period

The Company had a net loss for the three month period ended November 30, 2019 of $115,122 (2018 - $156,764). The net decrease of $41,642 in the net loss for the three-month period ended November 30, 2019 compared to the three-month period ended November 30, 2018 was primarily due to a decrease in general and administrative expenses of $41,642.

Operating expenses

General and administrative expenses of $115,122 (2018 - $156,764) are primarily comprised of accretion and interest, consulting, management fees, professional fees, rent and utilities and general office expenses. The net decrease was $41,642 compared to the three month period ended November 30, 2018. Items that caused the net increase are noted in the following:

In comparison to the three month period ended November 30, 2018:

- Accretion and interest $9,120 (2018 - $110) increased by $9,010 due to recording of accretion on the consideration payable to Mountain Lake Minerals Ltd.
- Advertising and promotion $1,276 (2018 - $1,450) remained fairly consistent compared to the comparative period.
- Amortization of right-of-use asset of $23,505 (2018 - $nil) increased by $23,505 due to IFRS 16 "Leases" which was adopted on September 1, 2019 and is directly correlated to the decrease in rent.
- Consulting fees of $34,500 (2018 - $13,950) increased by $20,500 due to additional services as the company works through the transaction to go public.
- Insurance of $nil (2018 - $1,327) decreased by $1,327 due to timing.
- Management fees of $15,000 (2018 - $22,500) decreased by $7,500 as it slowed the build out its facility until financing is received on closing of the transactions to go public.
- Office and miscellaneous $5,850 (2018 - $5,097) remained fairly consistent compared to the comparative period.
- Professional fees of $4,464 (2018 - $2,771) remained fairly consistent compared to the comparative period.
- Rent of $13,044 (2018 - $36,575) decreased by 23,531 and is directly related to the increase in the amortization of right-of use asset in accordance to IFRS 16 "Leases" which was adopted on September 1, 2019.
- Travel of $4,439 (2018 - $2,724) remained fairly consistent compared to the comparative period.
- Utilities of $1,200 (2018 - $3,719) remained fairly consistent compared to the comparative period.

LIQUIDITY AND CAPITAL RESOURCES

The Company's activities have been funded to date primarily through the issuance of common shares, and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flow from its cannabis operations. Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in its liquidity either materially increasing or decreasing at present or in the foreseeable future.

Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its exploration programs on its properties, as well as its continued ability to raise capital.

The Company anticipates spending capital resources on the Lake Country, BC Project in the next twelve months. The Company principally engages in option agreements with optionees paying 100% of the exploration costs.

Currently, the Company's overhead expenses, which was averaging approximately $38,000 per month during inactive period as it works towards closing it transaction to go public.

The Company assesses its financing requirements and its ability to access equity or debt markets on an ongoing basis. The assessment considers: the stage and success of the Company's evaluation activities to date; the continued participation of the Company's partners in its activities; and financial market conditions. The Company also expects to spend approximately $225,000 in remaining capital expenditures to develop its production facility and acquire and install production equipment. The Company will use existing working capital and raise additional sources of equity or debt capital to fund the expected capital expenditures. It is possible that future economic events and global conditions may result in further volatility in the financial markets which could negatively impact the Company's ability to access equity or debt markets in the future.

As at November 30, 2019, the Company had a working capital deficit of $3,231,808 compared to working capital deficit of $3,044,323 as at August 31, 2019. As at November 30, 2019, the Company had cash of $3,224 compared to cash of $9,201 as at August 31, 2019.

Net cash used in operating activities for the three months ended November 30, 2019 was $87,696 compared to $208,013 for the three month period ended November 30, 2018, consisting primarily of the operating loss for the period and the change in non-cash items.

Net cash used in investing activities for the three months ended November 30, 2019 was $9,366 compared to $61,902 used in investing activities for the three month period ended November 30, 2018, consisting net cash used in the acquisition of property and equipment of $9,366 (2018 - $40,902) and long term deposits of $nil (2018 - $21,000).

Net cash provided by financing activities for the three months ended November 30, 2019 was $91,085 (2018 - $250,000) advances on amounts payable of $120,000 (2018 – $250,000) and on payments of lease of $28,915 (2018 – $nil) to due the adoption of IFRS 16 *Leases*.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet transactions.

PROPOSED TRANSACTIONS

On April 20, 2018 the Company entered into a share purchase agreement (the "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 $1,000,000 paid in cash and the issuance of 3,333,333 common shares.

RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities at November 30, 2019 is $16,333 (August 31, 2019 - $11,956) owing to current and former directors, companies controlled by directors or companies with directors in common.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer. During the three months ended November 30, 2019, the Company incurred management fees of $15,000 (November 30, 2018 - $22,500) from the former President and director of the Company.

COMMITMENTS

The Company has entered into an agreement to lease its warehouse and production facility in Kelowna, British Columbia commencing during 2018 and expiring on March 31, 2022. 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 agreement are as follows:

	2019	2018
Less than one year	$ 115,662	$ 115,662
One to five years	173,493	289,154
Greater than five years	-	-
Total	$ 289,154	$ 404,816

CAPITAL MANAGEMENT

The Company's shareholders' equity comprises its capital under management. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue new business opportunities in the area of cannabis production and distribution and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

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, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.
In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

To fund future operating activities, the Company will need to become profitable in perusing its new business and/or raise funds through future share issuances, issue new debt or dispose of assets.

There have been no changes to the Company's approach to capital management during the three month period ended November 30, 2019. The Company is not subject to externally imposed capital requirements.

FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash as fair value through profit or loss. The carrying values of accounts payable, amounts payable, consideration payable and lease liability, which have been classified as financial liabilities at amortized cost, are measured at amortized cost using the effective interest method.

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at November 30, 2019 and August 31, 2019 are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
November 30, 2019				
Assets				
Cash	$ 3,224	$ -	$ -	$ 3,224
August 31, 2019				
Assets				
Cash	$ 9,201	$ -	$ -	$ 9,201

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

Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and other receivables.

The Company's credit risk is primarily attributable to cash and cash equivalents. Management believes that the credit risk concentration with respect to cash and cash equivalents is remote as it maintains accounts with highly-rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at November 30, 2019, the Company had current liabilities of $3,303,124 (August 31, 2019 - $3,118,326). Based on the current funds held, the Company does not have sufficient working capital for the short term, and thus will need to rely upon financing from shareholders and/or debt holders to obtain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to the Company.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk, and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.
The Company is not exposed to significant interest rate risk.

(ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its marketable securities, as they are carried at fair values based on quoted market price

OUTSTANDING SHARE DATA as at February 25, 2020:

a) Authorized Share Capital:
Unlimited number of common shares without par value

b) Issued Share Capital:
10,000,000 common shares with a stated value of $493,685

c) Outstanding stock options: nil

d) Outstanding share purchase warrants: nil

e) Shares held in escrow or pooling agreements: nil

DIRECTORS AND OFFICERS

Alex Field, President and Director

SCHEDULE "G"

PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER AS AT NOVEMBER 30, 2019

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MOUNTAIN LAKE MINERALS INC.

Pro-forma Consolidated Statement of Financial Position
(Prepared by Management)
(Expressed in Canadian dollars)
(Unaudited)

November 30, 2019

MOUNTAIN LAKE MINERALS INC.
UNAUDITED PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2019
(Expressed in Canadian Dollars)
(Unaudited)

	Mountain Lake Minerals Inc. $	1157630 BC Ltd. $	Notes	Pro-forma Adjustments $	Pro forma Consolidated $
ASSETS					
Current assets					
Cash	255	3,224	3(b)	(200,000)	643,840
			3(c)	1,450,068	
			3(c)	(59,707)	
			3(d)	(550,000)	
Restricted cash	103,422	-			103,422
Receivables	64,475	63,294			127,769
Prepaid expenses and other	23,094	4,798			27,892
	191,246	71,316			902,923
Non-current					
Advances receivable	2,243,216	-	3(g)	(2,243,216)	-
Deposits	-	36,918			36,918
Property and equipment	4,286	219,385			223,671
Exploration and evaluation assets	211,516	-	3 (d)	(211,516)	-
Right-of-use asset	-	680,581			680,581
Intangible assets	-	-	3 (e)	3,170,875	3,170,875
	2,650,264	1,008,200			5,014,968
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	599,183	278,961	3(b)	(175,000)	703,133
Amount payable	-	1,943,205	3(g)	(1,943,205)	-
Consideration payable	-	1,015,000	3 (f)	(1,015,000)	-
Notes payable	66,000	-			66,000
Loan payable	300,000	-	3(g)	(300,000)	-
Current portion of lease liability	-	65,958			65,958
	965,183	3,303,124			835,091
Lease liabilities	-	156,388			156,388
Amounts payable - Phenome	-	-	3 (e)	170,875	170,875
	965,183	156,388			1,162,354
SHAREHOLDERS' EQUITY					
Share capital	7,690,508	493,685	3(a)	(7,690,508)	7,584,867
			3(a)	3,684,889	
			3(a)	(328,000)	
			3(c)	1,650,000	
			3(c)	(59,707)	
			3(c)	(9,000)	
			3(e)	750,000	
			3(f)	1,075,000	
Share subscription receivables	199,932	-	3(c)	(199,932)	
Contributed surplus	583,565	-	3(a)	(583,565)	2,578,000
			3(a)	319,000	
			3(c)	48,000	
			3(e)	2,250,000	
Deficit	(6,788,924)	(2,944,997)	3(a)	6,788,924	(6,310,253)
			3(a)(b)	(2,718,740)	
			3 (d)	(761,516)	

			3 (f)	(60,000)	
	(1,685,081)	(2,451,312)			3,852,614
	2,650,264	1,008,200			5,014,968

The accompanying notes are an integral part of this unaudited pro-forma consolidated statement of financial position.

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 June 7, 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 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 November 30, 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 $550,000 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**")

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 $1,650,000 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 5,500,000 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 and (ii) a number of MLK Common Share purchase warrants . For the purposes of these pro-forma adjustments the Company has recorded $59,707 in cash costs and $9,000 in non-cash costs related to the issuance of 199,023 Share purchase warrants. The Share purachse warrants are 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:

- The Company's audited financial statements for the years ended November 30, 2019 and 2018; and
- 1157630's unaudited consolidated financial statements for the periods ended November 30, 2019 and 2018.

(Expressed in Canadian Dollars)

3. UNAUDITED PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro-forma consolidated statement of financial position gives effect had the Transactions been completed on November 30, 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 $319,000.

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	(191,246)
Other assets	(2,459,018)
Current liabilities assumed	965,183
Other	199,932
Net assets acquired	(1,485,149)
Consideration given	4,028,889
	2,543,740
Consideration given:	
Value of common shares issued by the	3,684,889
Stock purchase warrants deemed to be issued by the Company	319,000
Legal and other transaction costs	25,000
	4,028,889

There will be an elimination of MLK's pre-acquisition equity of $1,685,081.

3. UNAUDITED PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS (continued)

b) The Company has estimated the transaction costs to be $200,000 of which $175,000 had been accured as of November 30, 2019.

c) The pro-forma statement of financial position assumes MLK completes its Financing for 5,500,000 Units. (the **"Financing"**) prior to the Transaction noted above. In connection with the Financing, MLK. will pay the Finders $59,707 cash commission and will issue to the Finders 199,023 common share purchase warrants with a fair value of $9,000, exercisable for a period of 12 months following the closing date of the Financing, to acquire. 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 $550,000 in cash to Newco. The carrying costs of its exploration and evaluation assets was $211,516.

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 evlaution 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 over a 30 month period 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 10,000,000 common shares at a fair value of $3,000,000 of which $750,000 was recorded as share capital and the remainder was recorded in contributed surplus as common shares issuable. In addition the Company discounted the cash payments, using a discount rate of 20% to reflect the time value of money related to the future cash payments. The first cash payment of $50,000 is due 18 months from the regulatory approval date, the second cash payment of $100,000 is due 24 months from the regulatory approval date and the remaining cash payment of $100,000 is due 30 months from the regulatory approval date.

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 3,383,333 common shares were valued at $1,015,000 or $0.30 per share. 1157630 had recorded consideration payable of $1,015,000 related to the issuance of the common shares and as a result the consideration payable was reduced by the equivalent amount. In addition the Company issued 200,000 common shares with a fair value of $60,000 related to a Finders Fee agreement for the Acquisiton.

g) The inter-company accounts were eliminated upon consolidation.

(Expressed in Canadian Dollars)

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 November 30, 2019 is comprised of the following:

		Share Capital				
	Notes	Shares	Capital Stock ($)	Contributed Surplus ($)	Deficit ($)	Total ($)
Balance at November 30, 2019		12,249,629	7,890,440	$583,565	(6,788,924)	1,685,081
RTO transaction	3(a)	-	(7,890,440)	(583,565)	6,788,924)	(1,685,081)
1157630 equity accounts – Nov 30, 2019	3(a)	-	493,685	-	(2,944,997)	(2,451,312)
Issuance of common shares for 1157630	3(a)	40,000,000	3,684,889	319,000	-	4,003,889
Listing costs	3(a)(b)	-	-	-	(2,543,740)	(2,543,740)
Financing	3 (c)	5,500,000	1,650,000	-	-	1,650,000
Agent's Cash Commission	3(c)	-	(68,707)	-	-	(68,707)
Agent's Warrants	3(c)	-	(9,000)	9,000	-	-
Spin out transaction charged to deficit	3 (d)	-	-	-	(761,516)	(761,516)
Common shares issued for license	3(e)	2,500,000	750,000	2,250,000	-	3,000,000
Common shares for the acquit ions	3(f)	3,383,333	1,015,000	-	-	1,015,000
Common shares issued for finders fee	3(f)	200,000	60,000	-	60,000	-
		63,832,962	7,584,867	2,578,000	(6,310,253)	3,852,614

4. INCOME TAXES

The effective income tax rate applicable to the consolidated operations is estimated to be 26%.

CERTIFICATE OF THE ISSUER

The foregoing contains full, true and plain disclosure of all material information relating to the Issuer. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia

this 28th day of April, 2020.

Patrick Elliott (signed)	*William Fleming (signed)*
Chief Executive Officer	Chief Financial Officer
Marc Geen (signed)	*Matthew McGill (signed)*
Director	Director

CERTIFICATE OF THE PROMOTERS

The foregoing contains full, true and plain disclosure of all material information relating to the Issuer. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia

this 28th day of April, 2020.

Patrick Elliott (signed)	*Matthew McGill (signed)*

CERTIFICATE OF THE TARGET

The foregoing contains full, true and plain disclosure of all material information relating to the Target It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Kelowna, British Columbia

this 28th day of April, 2020.

Alex Fields (signed)

President and Director