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

Dated as at August 22, 2018

Global Health Clinics Ltd. (formerly Leo Resources Inc.)
(the "Issuer")

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TABLE OF CONTENTS

ITEM 1: GENERAL **1**
1.1 EFFECTIVE DATE OF INFORMATION 1
1.2 FORWARD LOOKING STATEMENTS 1
1.3 CURRENCY 3
1.4 ACCOUNTING PRINCIPLES 3
1.5 INFORMATION CONCERNING THE TARGET 3
1.6 MARKET AND INDUSTRY DATA 3
1.7 GLOSSARY OF TERMS 4

ITEM 2: CORPORATE STRUCTURE **8**
2.1 NAMES, ADDRESS AND INCORPORATION 8
2.2 INTERCORPORATE RELATIONSHIPS 9
2.3 FUNDAMENTAL CHANGE 9
2.4 NON-CORPORATE ISSUERS AND ISSUERS INCORPORATED OUTSIDE OF CANADA 10

ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS **10**
3.1 THREE YEAR HISTORY 10
3.2 SIGNIFICANT ACQUISITIONS AND DISPOSITIONS 28
3.3 TRENDS, COMMITMENTS, EVENTS OR UNCERTAINTIES 28

ITEM 4: NARRATIVE DESCRIPTION OF THE BUSINESS **29**
4.1 GENERAL 29
4.2 ASSET BACKED SECURITIES 38
4.3 COMPANIES WITH MINERAL PROPERTIES 38
4.4 COMPANIES WITH OIL AND GAS OPERATIONS 38

ITEM 5: SELECTED CONSOLIDATED FINANCIAL INFORMATION **38**
5.1 ANNUAL INFORMATION 38
5.2 QUARTERLY INFORMATION 40
5.3 SUMMARY PRO FORMA FINANCIAL INFORMATION – RESULTING ISSUER 40
5.4 DIVIDENDS 41
5.5 FOREIGN GAAP 41

ITEM 6: MANAGEMENT'S DISCUSSION AND ANALYSIS **41**
6.1 MD&A OF THE TARGET FOR THE NINE MONTHS ENDED MARCH 31, 2018 42
6.2 MD&A OF MCRCI FOR THE YEAR ENDED DECEMBER 31, 2016 52

ITEM 7: MARKET FOR SECURITIES **63**

ITEM 8: CONSOLIDATED CAPITALIZATION **63**

ITEM 9: OPTIONS TO PURCHASE SECURITIES **63**

ITEM 10: DESCRIPTION OF CAPITAL STRUCTURE **65**
10.1 GENERAL DESCRIPTION OF CAPITAL STRUCTURE 65
10.2 DEBT SECURITIES 66
10.3 OTHER SECURITIES 66
10.4 MODIFICATION OF TERMS 66
10.5 OTHER ATTRIBUTES 66
10.6 PRIOR SALES 66
10.7 STOCK EXCHANGE PRICE 67

ITEM 11: ESCROWED SECURITIES **67**

ITEM 12: PRINCIPAL SHAREHOLDERS **70**

ITEM 13: DIRECTORS & OFFICERS....70
13.1 NAME, OCCUPATION AND SECURITY HOLDING....70
13.2 COMMITTEES....72
13.3 CEASE TRADE ORDERS AND BANKRUPTCIES....72
13.4 PENALTIES AND SANCTIONS....72
13.5 CONFLICTS OF INTEREST....73
13.6 MANAGEMENT....73
ITEM 14: CAPITALIZATION....74
14.1 ISSUED CAPITAL....75
14.2 PUBLIC SECURITYHOLDERS (REGISTERED)(1)(2)(3)....76
14.3 PUBLIC SECURITYHOLDERS (BENEFICIAL)(1)(2)....76
14.4 NON-PUBLIC SECURITYHOLDERS (REGISTERED)....77
14.5 CONVERTIBLE SECURITIES....77
ITEM 15: EXECUTIVE COMPENSATION....77
15.1 EXECUTIVE COMPENSATION OF THE ISSUER....77
15.2 EXECUTIVE COMPENSATION OF THE RESULTING ISSUER....81
ITEM 16: INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS....84
ITEM 17: RISK FACTORS....84
17.1 GENERAL....84
17.2 RISK RELATED TO THE TARGET'S BUSINESS....84
17.3 GENERAL OPERATIONAL RISKS....90
ITEM 18: PROMOTERS....93
ITEM 19: LEGAL PROCEEDINGS....94
19.1 LEGAL PROCEEDINGS....94
19.2 REGULATORY ACTIONS....94
ITEM 20: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS....94
ITEM 21: AUDITORS, TRANSFER AGENTS AND REGISTRARS....95
ITEM 22: MATERIAL CONTRACTS....95
ITEM 23: INTERESTS OF EXPERTS....95
23.1 NAMES OF EXPERTS....95
23.2 INTERESTS OF EXPERTS....95
ITEM 24: OTHER MATERIAL FACTS....95
ITEM 25: FINANCIAL STATEMENTS....95
ITEM 26: ADDITIONAL INFORMATION....96

SCHEDULES

Schedule "A"	-	Audited Financial Statements of the Issuer for the years ended July 31, 2017 and July 31, 2017
Schedule "B"	-	Management's Discussion & Analysis of the Issuer for the year ended July 31, 2017
Schedule "C"		Interim Financial Statements of the Issuer for the nine months ended April 30, 2018
Schedule "D"		Management's Discussion & Analysis of the Issuer for the nine months ended April 30, 2018
Schedule "E"	-	Audited Financial Statements of the Target for the period from incorporation on May 15, 2017 and ended June 30, 2017
Schedule "F"		Interim Consolidated Financial Statements of the Target for the nine months ended March 31, 2018
Schedule "G"	-	Audited Financial Statements of PAP for the period from incorporation on February 23, 2017 ended June 30, 2017
Schedule "H"		Interim Financial Statements of PAP for the nine months ended March 31, 2018
Schedule "I"		Audited Consolidated Financial Statements of MCRCI for the years ended December 31, 2016 and December 31, 2015
Schedule "J"		Pro Forma Financial Statements of the Resulting Issuer as at March 31, 2018

ITEM 1: GENERAL

1.1 Effective Date of Information

All information in this Listing Statement is as of August 22, 2018 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 Acquisition;
- the Closing Date;
- the obtaining of all required regulatory approvals in connection with the Acquisition;
- estimates of the Resulting Issuer's or the Target's future revenues and profits;
- treatment under government regulatory and taxation regimes;
- expectations regarding the Resulting Issuer's ability to raise capital;
- the timing of the listing of the Resulting Issuer Shares on the CSE;
- The Resulting Issuer's and the Target's business strategies, objectives and plans, including its plans for commercial revenue generation;
- The Resulting Issuer's and the Target's estimates of the size of the potential markets for its services and the rate and degree of market acceptance of such services
- The Resulting Issuer's ability to successfully integrate the businesses of the Target Subsidiaries;
- statements and information concerning the Acquisition;
- the timing for the implementation of the Acquisition and the potential benefits of the Acquisition;
- the likelihood of the Acquisition being completed;
- the principal steps of the Acquisition;

- statements relating to the business and future activities of, and developments related to the Resulting Issuer after the date of this Listing Statement and thereafter;
- Shareholder approval of the Acquisition;
- regulatory approval of the Acquisition;
- market position, and future financial or operating performance of the Resulting Issuer; and
- liquidity of the Common Shares following the completion of the Acquisition.

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 Acquisition;
- the legislative and regulatory environment;
- the timing and receipt of governmental approvals;
- 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 such products;
- 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:

- whether the Target's business can be successfully commercialized;
- limited operating history;
- risks and liabilities inherent in health clinic operations;
- unfavourable publicity or consumer perception;
- the ability of the Resulting Issuer to expand and retain its patient base;
- competition for, among other things, patients, capital, capital acquisitions of products and skilled personnel;
- risks relating to the development of the Resulting Issuer's business;
- uninsurable risks;
- treatment under government regulatory and taxation regimes and potential changes thereto in light of recent court decisions and federal announcements;
- ability to obtain referrals to the Target's clinics from physicians;
- changes to provincial heath care funding and other changes in legislation affecting operations;
- the early stage of the industry and its growth potential;
- the ability of the Resulting Issuer to protect its intellectual property and technologies;
- fluctuations in operating results and financial condition;
- acquisition and development risks;
- availability of financing opportunities and lack of cash flow;
- dependence on skilled personnel and critical illness or death of the Principals of the Resulting Issuer's;
- the Resulting Issuer's holding company status;
- risks relating to global financial and economic conditions;
- conflicts of interest;
- failure to realize the benefits of the Acquisition and any future acquisitions;
- failure to successfully integrate the businesses of the Target Subsidiaries and realize the anticipated benefits of the Acquisition;
- 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 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.

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 and the Target Subsidiaries, both individually and collectively, has been furnished by the Target and the Target Subsidiaries. In preparing this Listing Statement, the Issuer has relied upon the Target and Target Subsidiaries to ensure that the Listing Statement contains full, true and plain disclosure of all material facts relating to the Target and the Target Subsidiaries. Although the Issuer has no knowledge that would indicate that any statements contained herein concerning the Target and the Target Subsidiaries are untrue or incomplete, neither the Issuer nor any of its principals assumes any responsibility for the accuracy or completeness of such information or for any failure by the Target or the Target Subsidiaries 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) which came into force on August 24, 2016 and replaced MMPR, issued pursuant to the CDSA
Acquisition	The acquisition of all of the issued and outstanding securities of the Target by the Issuer pursuant to the Amalgamation Agreement
Amalco	The company resulting from the amalgamation of Subco and the Target pursuant to the Amalgamation Agreement
Amalco Shares	The common shares without par value in the capital of Amalco.
Amalgamation	The three-corner amalgamation of the Issuer, Subco and the Target pursuant to the provisions of the BCBCA and pursuant to which (a) all of the securityholders of the Target will become securityholders of the Resulting Issuer and (b) Amalco will become a wholly-owned subsidiary of the Resulting Issuer
Amalgamation Agreement	The amalgamation agreement made as of July 5, 2017, as amended, between the Issuer, the Target and Subco pursuant to which the Issuer will acquire all of the issued and outstanding Target Shares by way of a three-corner amalgamation, a copy of which is available on the Issuer's profile on SEDAR at www.sedar.com, and any amendments made thereto
Affiliate	Unless specified otherwise, has the meaning ascribed to such term in NI 45-106.
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	As used in this Listing Statement refers to the meaning ascribed thereto in the ACMPR

CDSA	*Controlled Drugs and Substances Act* (Canada).
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 Acquisition, being the effective date of the Amalgamation
Closing Date	The date on which the Closing occurs, as agreed by the Issuer and the Target
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.
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 Resulting Issuer;
CSE	Canadian Securities Exchange
Escrow Agreement	The escrow agreement pursuant to which certain securities held by principals of the Resulting Issuer, will be deposited with the Transfer Agent, in accordance with the policies of the CSE.
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 Targets or the Resulting Issuer.
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 Leo Resources Inc., a corporation incorporated under the OBCA listed on the CSE under the trading symbol "LEO".

Letter Agreement The non-binding letter of intent entered into between the Issuer and the Target dated May 8, 2017

Licensed Producer (or LP) The holder of a license issued under section 35 of the ACMPR.

Listing Statement This listing statement dated August 22, 2018

MCRCI MCRCI Medicinal Cannabis Research Resource Centre Inc., a private company incorporated under the BCBCA and a wholly-owned subsidiary of the Target.

MCRCI Acquisition The acquisition by the Target of MCRCI through a share exchange of all of the issued and outstanding shares of MCRCI

MCRCI Agreement The share exchange agreement dated June 22, 2017 between the Target, MCRCI, the then shareholders of MCRCI and Anthony Jackson pursuant to which the Target acquired all of the issued and outstanding securities of MCRCI

MCRCI Subsidiary CRX Cannabisrx Laboratories Inc., a private company incorporated under the BCBCA and a wholly-owned subsidiary of MCRCI, which entity will change its name prior to the Amalgamation.

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.

MMPR *Marijuana for Medicinal Purposes Regulations* (Canada), SOR/2013-119, as amended

Name Change The change of the Issuer's name from "Leo Resources Inc." to "Global Health Clinics Ltd."

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.
NI 45-106	National Instrument 45-106 Prospectus Exemptions as adopted the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time
NI 52-110	National Instrument 52-110 Audit Committees as adopted the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time
NP 46-201	National Policy 46-201 Escrow for Initial Public Offerings as adopted the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time
Options	Stock options outstanding in the Issuer
PAP	Patient Access Pavilions Ltd., a private company incorporated pursuant to the BCBCA.
PAP Acquisition	The proposed acquisition by the Target of PAP through a share exchange of all of the issued and outstanding shares of PAP.
PAP Agreement	The share exchange agreement dated July 3, 2018 between the Target, PAP and the shareholders of PAP pursuant to which the Target acquired all of the issued and outstanding securities of PAP
Parties	The Issuer, the Target and Subco
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.
Resulting Issuer	The Issuer, which is currently a resource issuer, following the completion of the Acquisition and Name Change.
Resulting Issuer Shares	Common Shares, following completion of the Acquisition, in the capital of the Resulting Issuer.
Resulting Issuer Stock Option Plan	The stock option plan of the Resulting Issuer
Schedules	The schedules to this Circular which are incorporated herein and form an integral part of this Circular.
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.
Shareholder Loan	The unsecured loan of an aggregate of $1,255,000 made to the Target by the holders of the Target Class B Shares for the purposes of completing the MCRCI Acquisition.
Shareholders	Holders of one or more Common Shares.
Stock Option Plan	The current incentive stock option plan of the Issuer.
Subco	1125076 B.C. Ltd., a wholly owned subsidiary of the Issuer incorporated pursuant to the BCBCA for the purposes of completing the Amalgamation.
Target	Green Life Clinics Ltd., a private company incorporated pursuant to the BCBCA
Target Shareholders	The holders of the Target Shares.
Target Class A Shares	The Class A common shares without par value in the capital of the Target, which are held by the former shareholders of MCRCI.
Target Class B Shares	The Class B common shares without par value in the capital of the Target
Target Class C Shares	The Class C common shares without par value in the capital of the Target
Target Shares	Collectively, the Target Class A Shares, the Target Class B Shares and the Target Class C Shares.
Target Subsidiaries	Collectively, MCRCI and PAP.
Transfer Agent	Computershare Trust Company of Canada.
Valuation Report	The independent valuation report dated September 5, 2017 as prepared by Theoni Pilarinos, CFA regarding the Target and the Target Subsidiaries.

ITEM 2: CORPORATE STRUCTURE

2.1 Names, Address and Incorporation

The Issuer was incorporated under the BCBCA on March 18, 2013 as "Leo Resources Inc.", initially as a wholly owned subsidiary of Zara Resources Inc. On August 16, 2013, the Issuer completed a plan of arrangement pursuant to the BCBCA resulting in it being spun-off to the shareholders of Zara Resources Inc. and becoming a reporting issuer. On May 21, 2014 the Issuer completed a five old for one new consolidation of its common shares. On May 2, 2017, the Issuer completed a five old for one new consolidation of its common shares.

On August 20, 2018, in connection with the Acquisition, the Issuer changed its name to "Global Health Clinics Ltd."

The head office and registered and records offices of the Issuer is located at Suite 800 – 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5.

The Issuer is a reporting issuer in British Columbia, Alberta and Ontario.

The Target was incorporated under the BCBCA on May 15, 2017 as "Green Life Clinics Ltd." On June 22, 2017, the Target amended its authorized capital structure from an unlimited number of common shares to an unlimited number of Class A Shares, an unlimited number of Class B Shares and an unlimited number of Class A Shares.

The Target maintains a head office at Suite 678- 1333 West Broadway, Vancouver, British Columbia, V6H 4C1 and a registered and records office at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4.

MCRCI was incorporated under the BCBCA on January 29, 2011 as "MCRCI Medicinal Cannabis Research Centre Inc." Since the date of its incorporation, MCRCI has not materially amended its constating documents. MCRCI was acquired by the Target on June 23, 2017.

MCRCI maintains a head office at 200-460 Nanaimo Street, Vancouver, British Columbia and a registered and records office at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4.

PAP was incorporated under the BCBCA on February 23, 2017 as "Patient Access Pavilions Ltd.". Since the date of incorporation, PAP has not materially amended its constating documents. PAP was acquired by the Target on July 3, 2018.

PAP maintains a head and a registered and records office at Suite 800-1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5.

Upon completion of the Acquisition, the Target will amalgamate with Subco to form Amalco, which will become a wholly owned subsidiary of the Issuer. The Target Subsidiaries will become wholly owned subsidiaries of Amalco.

2.2 Intercorporate Relationships

Upon completion of the Acquisition, the Issuer will have four wholly-owned subsidiaries, being Amalco, which will be directly owned by the Issuer, the Target Subsidiaries, which will be wholly owned by Amalco and MCRCI Subsidiary, which will remain a wholly owned subsidiary of MCRCI. The Issuer and all of its subsidiaries will be governed by the BCBCA.

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

2.3 Fundamental Change

The Issuer is requalifying for listing on the CSE following the Acquisition, which constitutes a "Fundamental Change" under Policy 8 of the CSE. Following the Acquisition, the Resulting Issuer will re-

classify itself from solely being a resource issuer to a life science issuer operating in the medical marijuana industry.

Summary of the Acquisition

The Issuer has entered into the Amalgamation Agreement with the Target, whereby the Issuer will acquire all of the issued and outstanding securities of the Target, which the result that the Target will become a wholly-owned subsidiary of the Issuer. Pursuant to the Amalgamation Agreement, the Target shall amalgamate with Subco to form Amalco, in consideration of the issuance of Common Shares on the basis of one Common Shares for each Target Share held. Additionally, the Issuer advanced to the Target, an aggregate of $3,225,000 in cash, which funds were utilized to repay the Shareholder Loan and to secure and complete the PAP Acquisition.

The Amalgamation Agreement is available on SEDAR at www.sedar.com. The completion of the Acquisition is conditional upon the receipt of the approval of the CSE and certain other closing conditions as more particularly described in the Amalgamation Agreement.

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

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 Closing Date, the Issuer was a largely inactive mineral exploration issuer. On March 20, 2013, the Issuer entered into a purchase agreement with its then parent company, Zara Resources Inc. (“Zara”), whereby the Issuer agreed to purchase from Zara, all of Zara’s rights, interests, obligations and benefits of the Riverbank property for $358,000 satisfied by the issuance of 2,747,500 Common Shares. The Riverbank property consists of 8 unpatented mining claims comprising 87 claim units. The claims are subject to a pre-existing 2% NSR payable to Melkior Resources Inc. On the same date, Zara announced a proposal to spin-off to its shareholders, 100% of the Common Shares via plan of arrangement (the “Plan”).

On August 2, 2013, the Plan was approved by the Supreme Court of British Columbia and the purchase by the Issuer of the Riverbank property and the spin off to Zara shareholders was completed. Accordingly, Leo ceased to be a subsidiary of Zara.

During the year ended July 31, 2015, the Issuer allowed six out of seven Riverbank claims to lapse. As a result, $268,455 of the carrying value of the Riverbank property was written off and the amount was

On May 24, 2014, the Issuer completed a private placement of 2,500,000 units at a price of $0.05 per unit raising gross proceeds of $125,000. Each unit comprised one Common Share and one share purchase warrant entitling the holder to acquire an additional Common Share at a price of $0.05 per share until May 23, 2017.

On March 11, 2017, the Issuer completed a private placement of 12,000,000 pre-consolidation units at a price of $0.05 per unit raising gross proceeds of $600,000. Each unit comprised one pre-consolidated Common Share and one share purchase warrant entitling the holder to acquire an additional pre-consolidated Common Share at a price of $0.065 per share until March 11, 2019.

On April 27, 2017, the Issuer completed a private placement of 10,000,000 pre-consolidation units at a price of $0.10 per unit raising gross proceeds of $1,000,000. Each unit comprised one pre-consolidated Common Share and one share purchase warrant entitling the holder to acquire an additional pre-consolidated Common Share at a price of $0.12 per share until April 27, 2018. On April 27, 2018, the Issuer extended the expiry date of such warrants an additional six months to October 27, 2018.

On May 2, 2017, the Issuer consolidated its issued and outstanding share capital on the basis of one post-consolidation Common Share for each five pre-consolidation common shares.

On May 9, 2017, the Issuer entered into the Letter Agreement with the Target. On July 5, 2017, the Issuer entered into the Amalgamation Agreement with the Target and Subco in respect of the Acquisition, as further described below.

On July 24, 2017, the Issuer completed a private placement of an aggregate of 24,664,500 units (of which 3,397,600 units were issued July 24, 2017 and 21,266,900 units were sold June 21, 2017) at a price of $0.50 per unit for aggregate gross proceeds of $12,332,250. Each unit comprised one Common Shares and one share purchase warrant entitling the holder to acquire an additional Common Share at a price of $0.85 per share until June 21, 2018 and July 24, 2018, respectively, provided however that in the event the closing price of the Common Shares is $1.40 or greater for a period of 10 consecutive trading days, the Issuer has the option to provide notice to the warrantholders to accelerate the term of the warrants to a period of 30 days following such notice. On April 27, 2018, the Issuer extended the expiry date of such warrants an additional six months to December 21, 2018 and January 24, 2019, respectively.

Finder's fees representing 7% of the proceeds raised were paid in cash and finder's warrants representing 7% of the units sold, bearing the same terms as the warrants forming part of the units, were issued. An aggregate of 465,675 finder's warrants were issued of which 443,695 finder's warrants expire June 21, 2018 and the balance of 21,980 finder's warrants expire on July 24, 2018. The expiry dates of these warrants were extended for an additional six-month period ended December 21, 2018 and January 24, 2019 respectively.

History of the Target

The Target was incorporated on May 15, 2017. On May 1, 2017, the Target entered into a letter agreement with MCRCI outlining the terms of the proposed acquisition of MCRCI. On June 22, 2017, the Target entered into the MCRCI Agreement pursuant to which the Target would acquire all of the issued and outstanding shares of MCRCI for the aggregate purchase price of $3,000,000 of which $1,000,000 was paid in cash and the balance of which was paid through the issuance of 3,999,995 Target Class A Shares at a deemed price of $0.50 per Target Class A Share. The $1,000,000 in cash and 3,999,995 Target Class A Shares were distributed pro rata to the shareholders of MCRCI in proportion with the percentage of the shares of MCRCI held by them. In addition, the Target agreed to pay to MCRCI, a further cash payment of an aggregate of $255,000 in cash for the purposes of repaying shareholder loans in MCRCI and other short-term debts of MCRCI so that MCRCI would be acquired by the Target without debt.

The shareholders of MCRCI, being the current holders of the Target Class A Shares, agreed pursuant to the MCRCI Agreement, to pool or escrow their Target Class A Shares, as well as any Common Shares issued to them, for a period of not less than three years. As a result, the Common Shares issued to those Target

Shareholders holding Target Class A Shares will be subject to the Escrow Agreement (as described at *"Item 11- Escrowed Securities*" below. MCRCI was also granted the right to appoint one member to the Target Board, which was Terry Roycroft.

Pursuant to the MCRCI Agreement, the Target and Mr. Anthony Jackson provided their joint and several covenants to the holders of the MCRCI shares that any Common Shares received by them pursuant to the Acquisition would represent not less than between 6.7% and 11% of the issued and outstanding Common Shares. Assuming that there is no further issuance of either Common Shares or Target Class A Shares until the Closing Date, the Common Shares to be issued to the holders of the Target Class A Shares pursuant to the Amalgamation will represent 7.16% of the issued and outstanding Common Shares.

On June 22, 2017, certain private individuals (who are now the holders of the Target Class B Shares) advanced the Shareholder Loan to the Target for the sole purposes of completing the MCRCI Acquisition. The Shareholder Loan was payable on demand, bear no interest and was unsecured. The Shareholder Loan was repaid in full on July 6, 2017 following the execution of the Amalgamation Agreement and the advance made by the Issuer to the Target of $3,255,000.

The MCRCI Acquisition was formally completed on June 23, 2017.

On June 24, 2017, the Target completed a private placement of an aggregate of 16,000,000 Class B Shares at a price of $0.025 per Class B Share for aggregate gross proceeds of $400,000. On July 3, 2018, an aggregate of 6,400,000 Class B Shares were surrendered to the Target as a gift and the cost base of 800,000 Class B Shares was adjusted from $0.025 per Class B Shar to $0.25 per Class B Share. Additionally, holders of 9,600,000 Class B Shares contributed an additional $2,000,000 in cash to the Target to adjust the cost base of such Class B Shares to $0.25 per Class B Share. The result of these capital adjustments was that the Target received an aggregate of $2,400,000 for the issuance of an aggregate of $9,600,000 Class B Shares, which funds will remain in the treasury of the Target at the time of its acquisition by the Issuer.

On May 15, 2017, the Target entered into a letter agreement with PAP outlining the terms of the proposed acquisition of PAP, being the payment of an aggregate of $2,000,000 in cash and the issuance of an aggregate of 5,000,0000 Target Class B Shares at a deemed price of $0.50 per share.

On July 6, 2017, the Target advanced to PAP the payment of $1,000,000 in cash as a refundable deposit in furtherance of the PAP Acquisition.

On July 3, 2018, the Target entered into the formal PAP Agreement pursuant to which the Target would acquire all of the issued and outstanding shares of PAP for the aggregate purchase price of $4,500,000 of which $2,000,000 is to be paid in cash and the balance of which is to be paid through the issuance of 5,000,000 Target Class B Shares at a deemed price of $0.50 per Target Class B Share.

PAP had approximately $150,000 in short terms debts in the form of shareholder loans which were forgiven upon the completion of the PAP Acquisition such that the Target acquired PAP without debt. PAP was also entitled upon the closing of the PAP Acquisition to nominate two persons to the Target Board, which it elected to forego as of the date of this Listing Statement

The PAP Acquisition was formally completed on July 3, 2018.

History of MCRCI

MCRCI, a British Columbia company, was incorporated on January 29, 2011 with the intent of assisting patients who benefit or may benefit from the use of cannabis, as well as educating patients, physicians and

the community in the field of medical marijuana The principal business carried on by MCRCI is the operation of medical clinics which guides patients through the process of becoming legal users of medical marijuana in accordance with ACMPR, connecting them with qualified physicians with an understanding of cannabis and cannabis-derived medicine and with Licensed Producers . MCRCI's first clinic was located in Vancouver, British Columbia, and MCRCI currently operates five clinics in British Columbia via affiliate agreements with doctors. MCRCI reviews interested parties through its affiliate clinic network and assist them in navigating through ACMPR by determining eligibility, assisting with the completion of required forms, providing physician consultants and referring parties to Licensed Producers. MCRCI also provides information and advice in the use of marijuana as medicine.

The below is a summary of the significant material events in the Target's last three financial years:

Month	**Event**
September 2014	MCRCI enters into an affiliate agreement with Dr. Roop Randhawa in relation to MCRCI's Vancouver location
October 2015	MCRCI enters into an affiliate agreement with Dr. Ian Mitchell and a new clinic location is opened in Kamloops
November 2015	MCRCI is voted number one clinic at the Canadian Cannabis Awards
July 2016	MCRCI enters into a joint venture agreement for the opening of a clinic located in Winnipeg, Manitoba
October 2016	MCRCI enters into an affiliate agreement with Dr. William Fair MCRCI enters into a joint venture agreement for the opening of a clinic in Calgary, Alberta.
November 2016	MCRCI is voted number one clinic for the second time in a row at the Canadian Cannabis Awards
January 2017	MCRCI enters into an affiliate agreement with Dr. Zaid Mohamedali and a new clinic location is opened in Qualicum Beach. New clinic locations are opened in Kelowna and Vernon, British Columbia. MCRCI enters into a joint venture agreement with S&L Consulting Services for the collaboration and development of a clinic location in Calgary.
May 2017	MCRCI expands to a larger location in Vancouver and hires three new staff members
June 2017	MCRCI is acquired by the Target
September 2017	MCRCI receive notice of termination of joint venture agreement in relation to the Winnipeg clinic.
January 2018	MCRCI begins offering free basic membership services, with production membership services bearing a rate of $199.

February 2018	MCRCI commences joint venture with Flower of Life Integrative Health Centre and Apothecary in Vernon British Columbia

History of PAP

PAP, a British Columbia company, was incorporated on February 23, 2017 with the intent of developing a customer database for uses of medicinal marijuana. PAP is a marketing technology company that utilizes a digital platform generating qualified leads through storefront kiosks operating in, among other areas, marijuana dispensaries in British Columbia. PAP offers sorting and recording of patient information as well as verification, and allows a gateway between health service providers and ACMPR patients. PAP places its platform in areas of high interest to cannabis users and people with health ailments that match Health Canada's ailment list for ACMPR patients and is seeking to expand its patient outreach to other types of health clinics such as physiotherapists, massage clinics and pharmacies. PAP currently has 48 kiosks in locations in British Columbia, Saskatchewan and Ontario, of which two kiosks located in British Columbia are currently operational generating approximately 80 leads per day.

PAP anticipates that its business model is adaptable and scalable to the legislative framework concerning cannabis, including lead generation in the recreational market.

Proposed Acquisition of the Target

On May 9, 2017, the Issuer entered into the Letter Agreement with the Target pursuant to which the Issuer would acquire all of the issued and outstanding securities of the Target in consideration of the payment of $5,000,000 in cash and the issuance of 25,000,000 Common Shares.

On July 5, 2017, the Issuer entered into the Amalgamation Agreement with Subco, which was incorporated for the sole purpose of completing the Amalgamation, and the Target. The Amalgamation is being conducted pursuant to the provisions of the BCBCA and in accordance with the terms of the Amalgamation Agreement, a copy of which is available on SEDAR at www.sedar.com. On the date of the execution of the Amalgamation Agreement, the Issuer advanced to the Target an aggregate sum of $3,255,000, of which $855,000 was utilized by the Target to repay certain shareholder loans incurred by the Target to complete the MCRCI Acquisition, $2,000,000 was to be utilized to complete the PAP Acquisition. The PAP Acquisition was completed by the Target on July 3, 2018. (See *"History of the Target"* above).

On July 3, 2018, the Target, Subco and the Issuer entered into an amendment agreement dated July 3, 2018, which among other things, extend the time for the completion of the Amalgamation, required the Target to complete certain capital re-adjustments in relation to the Target Class B Shares and amended the consideration due to the holders of the Target Class B Shares on the Amalgamation. The Target completed the capital re-adjustments required by the amendment agreement on July 3, 2018 with the aggregate result that the number of Target Class B Shares issued and outstanding was reduced from 16,000,000 to 9,600,000 and certain of the holders of the Target Class B Shares contributed to the Target a further $2,000,000, with the result that the consideration paid for the Target Class B Shares was adjusted from $0.025 per Target Class B Shares to $0.25 per Target Class B Shares. The additional capital contributed to the Target will remain with the Target at the time of the Amalgamation and will, together with the working capital of the Target held prior to the contribution from the holders of the Target Class B Shares, be added to the working capital of the Issuer. On August 3, 2018, the Target, Subco and the Issuer entered into a further amendment agreement of the same date extending the time for the completion of the Amalgamation to August 31, 2018.

The Amalgamation is subject to the approval of the Target Shareholders. Pursuant to the BCBCA, in order for the Amalgamation to proceeds, the Amalgamation must be approved by holders of at least 2/3s of the

issued and outstanding Target Shares at a meeting. The Target obtained unanimous consent from the Target Shareholders in writing in lieu of holding a meeting to approve the Amalgamation. Anthony Jackson, the President and a director of the Target, was granted a limited power of attorney expiring on December 23, 2017 to vote all of the outstanding Target Class A Shares in favor of the Amalgamation and to execute any and all shareholder resolutions or consents on behalf of such holders, as well as to execute the Escrow Agreement on behalf of such shareholders The holders of the Target Class A Shares expressly waived their right to receive notice of or attending any meeting of the Target Shareholders held for the purposes of approving the Amalgamation.

The Amalgamation Agreements grants to registered Target Shareholders a right to dissent pursuant to the BCBCA. A Target Shareholder validly exercising such dissent right is entitled to be paid by the Issuer the fair value for their Target Shares as at the close of business on the day prior to the Closing Date. Immediately prior to the Amalgamation, any Target Shares held by Target Shareholders validly exercising a right of dissent will be deemed to be transferred back to Leo, and the dissenting Target Shareholders will cease to have any rights as Target Shareholders other than the right to be paid fair value for their Target Shares in accordance with the terms of the BCBCA and the Amalgamation Agreement. No Target Shareholders exercised a right of dissent.

On November 28, 2017, the Target Shareholders, with Mr. Jackson acting in furtherance of the power of attorney granted by the holders of the Target Class A Shares, as well as the holders of the Target Class B Shares, approved the Amalgamation via a unanimous consent resolution. At the time of such approval, there were no Target Class C Shares outstanding, as the PAP Acquisition had not yet completed. On July 3, 2018, following the acquisition by the Target of PAP, the holders of the Target Class C Shares executed a unanimous consent resolution approving the Amalgamation and the holders of the Target Class B Shares executed a unanimous consent resolution approving the amendments to the Amalgamation under the amendment agreement dated July 3, 2018, as the sole class of Target Shares impacted by the amendments.

Under the Amalgamation, the Target and Subco will amalgamate as one corporation, being Amalco, under the name "1125076 B.C. Ltd.." or such other name as the Parties may agree, and, among other things, each issued and outstanding Target Share will be exchanged for Common Shares on the basis of one Common Shares for each Target Share held.

As a result of the amendment agreement dated July 3, 2018 to the Amalgamation Agreement, all holders of Target Shares are treated the same pursuant to the Amalgamation and no cash payments will be made to the holders of the Target Class B Shares as previously contemplated. Based on the Target having 18,599,995 Target Shares outstanding, an aggregate of 18,599,995 Common Shares will be issued as a result of the Amalgamation, being a reduction from the 25,000,000 Common Shares originally contemplated by the Amalgamation Agreement.

As a result of the Amalgamation, the Issuer will acquire all of the outstanding Target Shares and Amalco will become a wholly owned subsidiary of the Issuer.

Assuming that there are 30,838,916 Common Shares and on the basis of 18,599,995 Target Shares being outstanding as at the Closing Date, the Resulting Issuer will have approximately 49,438,911 Common Shares issued and outstanding upon the completion of the Amalgamation. Based upon the foregoing assumptions, upon the completion of the Amalgamation, former Target Shareholders will own approximately 37.62% of the then outstanding Common Shares on a non-diluted basis and Shareholders will own approximately 62.39% of the then outstanding Common Shares.

Upon completion of the Amalgamation, the board of directors of the Issuer will be re-constituted to have seven members as follows: David Schmidt, Stanley Lu, Dr. Stephanie Liu, Sarah Donald, Suzette

Ramcharan, Anthony Jackson, who will also act as Chairman, and Terry Roycroft, who will also act as President and Chief Executive Officer.

Amalgamation Agreement

The Amalgamation Agreement contains certain representations and warranties made by each of the Issuer and the Target in respect of their assets, liabilities, capital, financial position and operations. The assertions embodied in those representations and warranties are solely for the purposes of the Amalgamation Agreement. Certain representations and warranties may not be accurate or complete as of any specified date because they are qualified by certain disclosure provided by the Parties or 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 Amalgamation Agreement should not be relied on as statements of factual information. In addition, each of the Issuer and the Target provide covenants which govern the conduct of their operations and affairs prior to the completion of the Amalgamation.

The respective obligations of the Issuer and the Target to complete the transactions contemplated by the Amalgamation Agreement are subject to a number of conditions which must be satisfied or waived in order for the Amalgamation to become effective. There is no assurance that these conditions will be satisfied or waived on a timely basis. The conditions to the Amalgamation becoming effective are set out in the Amalgamation Agreement. Upon the conditions being fulfilled or waived, documents, records and information will be filed with the Registrar as required pursuant to the BCBCA in order for the Registrar to give effect to the Amalgamation as of the Effective Time. The following significant conditions, in addition to other conditions, are contained in the Amalgamation Agreement:

(a) all consents, waivers, permits, exemptions, orders and approvals required to permit the completion of the Amalgamation, the failure of which to obtain could reasonably be expected to have a material adverse effect on the Issuer or the Target or materially impede the completion of the Amalgamation shall have been obtained;

(b) no temporary restraining order, preliminary injunction, permanent injunction or other order preventing the consummation of the Amalgamation shall have been issued by any federal, state, or provincial court having jurisdiction and remain in effect;

(c) The Acquisition and all related transactions shall have been approved by the CSE and the Common Shares issuable pursuant to the Amalgamation shall have been approved for listing on the CSE;

(d) on the Closing Date, no cease trade order or similar restraining order of any other provincial securities administrator relating to the Common Shares, the Target Shares or the Amalco Shares shall be in effect;

(e) there shall not be pending or threatened any suit, action or proceeding by any governmental entity, before any court or governmental authority, agency or tribunal, domestic or foreign, that has a significant likelihood of success, seeking to restrain or prohibit the consummation of the Amalgamation or any of the other transactions contemplated by this Agreement or seeking to obtain from the Issuer, Subco or the Target any damages that are material in relation to the Issuer, Subco and the Target; and

(f) no inquiry or investigation in relation to the Issuer or its proposed directors or officers shall have been commenced or threated by the CSE, any relevant securities commission or similar regulatory body having jurisdiction, such that the outcome of such inquiry or investigation could have a material adverse effect on the Issuer after giving effect to the Acquisition.

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

(a) the Target shall have performed and complied in all material respects with all covenants or obligations to be performed by it provided by the Amalgamation Agreement and the representations and warranties of the Target in the Amalgamation Agreement shall be true in all material respects as of the Closing Date with the same effect as though made at and as of such time;

(b) the Target Shareholders shall have approved the Amalgamation;

(c) the Target shall have completed the PAP Acquisition;

(d) the holders of the Target Class B Shares and the Target shall have completed the adjustments to the capitalization of the Target Class B Shares contemplated by the amendment agreement dated July 3, 2018 as described above;

(e) there shall not have occurred any material adverse change in the Target since the date of the Amalgamation Agreement;

(f) rights of dissent shall not have been exercised in respect of more than 10% of the total number of Shares outstanding at such time;

(g) the Issuer shall have received an independent valuation of the business and assets of the Target, in form and substance satisfactory to the Issuer, acting reasonably, and the CSE if required; and

(h) any Target Shareholder required by the CSE or any agreement of the Target or the Issuer to enter into an escrow agreement shall have done so.

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

(a) the Issuer shall have performed and complied in all material respects with all covenants or obligations to be performed by it provided by the Amalgamation Agreement and the representations and warranties of the Issuer in the Amalgamation Agreement shall be true in all material respects as of the Closing Date with the same effect as though made at and as of such time;

(b) there shall not have occurred any material adverse change in the Issuer since the date of the Amalgamation Agreement;

(c) the Issuer, as sole shareholder of Subco, shall have approved the Amalgamation prior to the Closing Date;

(d) the Shareholders shall have approved the Acquisition in the manner as may be required by the CSE or applicable securities laws, if any; and

(e) the Common Shares to be issued to the Target Shareholders on the Closing Date shall be issued as fully paid and non-assessable shares in the capital of the Issuer, free and clear of all encumbrances.

The Amalgamation Agreement may, prior to the Effective Date, be terminated by mutual agreement of the Issuer and the Target and by:

(a) mutual written consent of the Issuer, Subco, and the Target;

(b) a Party if a condition in its favour or a mutual condition is not satisfied by August 31, 2018 (or any earlier date by which such condition is required to be satisfied) except where such failure is the result of a breach of the Amalgamation Agreement by such Party;

(c) by the Issuer or the Target if there has been a breach of the Amalgamation Agreement on the part of the other Party (the "Breaching Party"), which breach has or is likely to result in the failure of the conditions set forth in the Amalgamation Agreement, to be satisfied and in each case, has not been cured within ten (10) Business Days following receipt by the Breaching Party of notice of such breach from the non-breaching Party;

(d) any Party if any permanent order, decree, ruling or other action of a court or other competent authority restraining, enjoining or otherwise preventing the consummation of the Amalgamation shall have become final and non-appealable;

(e) by the Issuer if the Amalgamation is not approved by the Target Shareholders;

(f) by the Target if Subco fails to approve the Amalgamation; or

(g) by the Issuer or the Target if the Amalgamation is not completed by August 31, 2018 provided that the Party then seeking to terminate this Agreement is not then in default of any of its obligations hereunder.

The Amalgamation Agreement provides that the Issuer will be responsible for the payment of all of its costs and expenses and the costs and expenses of the Target incurred in connection with the Amalgamation Agreement and the Amalgamation.

Valuation Report

The services of Theoni Pilarinos, CFA were retained by the Issuer in connection with the provision of the comprehensive valuation report related to the Acquisition. Pursuant to the engagement, Ms. Pilarinos delivered a Valuation Report dated September 5, 2017 to the Issuer as to the fair market value of the Target (assuming the completion of the PAP Acquisition) as at October 10, 2017 (the "Valuation Date"). Ms. Pilarinos has expressed no opinion, nor was Ms. Pilarinos requested to, as to the expected trading price of the Resulting Issuer (if the Acquisition is completed).

A summary of the comprehensive Valuation Report is as follows, which is derived directly from the comprehensive Valuation Report:

Scope of the Valuation Report

The author of the Valuation Report has reached the assessments contained herein by relying on the following:

- Phone interviews with members of management of each of MCRCI, the Target and PAP to gain an understanding of the current operations and plans going forward.

- Reviewed the management prepared financial statements of MCRCI for the financial year ended December 31, 2016.

- Reviewed various LP websites to understand product type and pricing.

- Researched average cannabis usage and reviewed studies posted on Health Canada's website to determine average expected consumption per patient.

- Assessment of research reports and press releases of publicly listed companies in the marijuana industry.

Conditions of the Valuation Report

The author of the Valuation Report has consented to the inclusion in this Listing Statement of this summary of the Valuation Report, but the Valuation Report is not issued to any stock exchange or regulatory authority and may not be used or relied upon in any legal proceeding and or court matter.

Assumptions of the Valuation Report

In arriving at its conclusions, Ms. Pilarinos has made the following assumptions:

- An audit of the Target's financial statements would not result in any material changes to the compiled financial statements provided to the author.

- There are no previous formal valuation reports on the Target within the past 24 months of the Valuation Date.

- The Target's financial information, as provided by the representatives of the Target, is assumed to be accurate and complete. The author has not verified the accuracy or completeness of such financial data.

- The Target and all of its related parties and its principals had no current and/or contingent liabilities, unusual contractual arrangements, or substantial commitments, other than in the ordinary course of business, nor litigation pending or threatened, nor judgments rendered against, other than those disclosed by management and included in the Valuation Report that would affect the evaluation or comments.

- The Target has complied with all government taxation, import and export and regulatory practices as well as all aspects of its contractual agreements that would have an effect on the Valuation Report, and there are no other material agreements entered into by the Target that are not disclosed in the Valuation Report.

- The book value of the Target's assets and liabilities stated on the Target's balance sheet at the Valuation Date approximates its fair market value unless otherwise noted.

- At the Valuation Date, no specific special purchaser(s) was/were identified that would pay a premium to purchase 100% of the issued and outstanding shares of the Target.

Competitive Positioning

The competitive positioning of the Target's two assets are best assessed within the context of the strategy being pursued by the Target.

Despite a historical focus on growth through independent clinic locations, management of the Target has deemed this approach to not be the best use of the Target's resources. Instead, the Target intends to shift to an approach where growth can be accelerated through strategic partnerships with pre-existing clinics that do not currently offer medical marijuana services. This approach will permit physicians with existing connections to the communities that they serve to extend their product offering and leverage their trusted relationships. Educating physicians on the benefits and medical developments related to medicinal marijuana and getting them to buy-in is a critical component to this approach.

Additionally, MCRCI has focused increasingly on telehealth consultations that reduce the reliance on having a local presence in order to increase MCRCI's client base. The Target sees MCRCI primarily as a method of converting leads that are obtained through the PAP database, though any additional client recruitment is welcomed. In consideration of this strategy, MCRCI's main objective will be to increase capacity enough to be able to convert leads as they come in through PAP.

It is worth noting that once a client has enrolled through MCRCI and begins purchasing medicinal marijuana through a licensed producer, MCRCI will continue to receive royalties for the life of that patient, regardless of the retail channel they choose, unless that patient actively cancels their enrollment. There are also no apparent incentives for the patient to cancel their enrollment, as the costs to purchase their medicinal marijuana are standardized, there is no ongoing fee to maintain registration, and a concerted effort is required to transition to another clinic. The 'stickiness' of clients is expected to be very high as a result of this regulatory structure.

Due to the stickiness of clients, and the lifetime royalty fees that are associated with each client, the value of customer acquisition is very high. In addition, the potential market is large and unexplored; This combination leads to an environment where market entrants will be scrambling to gain as much market share as possible as quickly as possible.

In this type of market environment, PAP is very well positioned. Management reports that it has a licensing agreement in place that allows PAP to operate 48 kiosks in stores across Canada where potential clients are proactively indicating their interest in enrolment. What is important is that the Target is able, through both PAP and MCRCI, to give the clients what they are searching for as quickly as possible, before these clients can enroll with a competing provider.

This point is important particularly in the medical market which differs from the retail market – i.e. while the retail market is rapidly progressing through its growth phase (despite lack of concrete legislation), clinical support for medicinal marijuana is only just beginning. First mover advantage carries great weight.

Finally, speaking more broadly, the author believes it is important to highlight the competitive advantages of the medical marijuana market vs. the retail market. The most obvious benefit is that when a medical doctor is prescribing marijuana to address a medical need, it helps bring in new users who don't otherwise feel comfortable using marijuana and it helps existing users better use marijuana to treat any ailments. As well, it allows users to (for now) operate in legal framework. More specifically, only producers licensed by Health Canada can legally supply medical cannabis at present. These LPs must comply with extensive quality, safety and security requirements. Dispensaries which are unregulated cannot provide the same assurances regarding purity or quality, which could be detrimental to some potential users. In addition, medical marijuana can be expensed on personal income tax statements and while most health insurance plans do not yet cover the cost of medical marijuana, there is the potential for this to change.

Financial Overview

The medical marijuana industry can be fairly described as being in the early in growth stage. As might be expected in a burgeoning industry, there has been significant variability in MCRCI's both top line revenues and profitability. While MCRCI is currently unprofitable, this is not uncommon for clinics in the industry and of a company in its early years of operations.

Membership fees have historically been MCRCI's only revenues, but this changed in 2016 with the introduction of LP grants. LP grants allow patients to purchase medical marijuana products directly from LPs. When patients purchase products from LPs, MCRCI collects a 15% referral fee on the gross purchase value over the customer's lifetime. This is currently MCRCI's second major revenue source. We believe MCRCI's future profitability depends largely on its ability to scale up its education credits or LP related earnings.

MCRCI's cost of goods sold consists of doctor's fees which were $226,000 and roughly 50% membership-related revenues. Operating expenses totaled $610,000 in 2016 and related to running its clinics which are focused on acquiring patients and connecting them to licensed doctors. MCRCI's two larger expense categories were (i) wages and benefits ($210,000) and (ii) general and administrative expenses ($190,000).

MCRCI has a relatively aggressive balance sheet, with current liabilities larger than current assets at June 30, 2017. The largest component of current liabilities is deferred revenues, and this relates to membership fees paid in full at the start of their annual term. The current working capital ratio is 0.14.

Several years of losses have resulted in a shareholder's deficit of $551,000 making any debt to equity or debt to EBITDA calculation not materials. Finally, cash flow for MCRCI has been negative and capital injections made by shareholders have allowed MCRCI to remain solvent to date.

Valuation

To derive a value for the Target, the author examined its two components separately (being MCRCI and PAP) and used a sum-of-parts analysis.

I) MCRCI

Valuation Approach

When looking for comparables to MCRCI, the publicly-listed marijuana companies the author was able to identify were primarily licensed producers (LPs). While all LPs seek out clients to use their product, their focus is on production vs. patient recruitment, counselling, etc. provided by MCRCI. That said, one of the industry's largest LPs, Aurora (CSE:ACB) purchased a business similar to MCRCI's earlier in 2016. Specifically, Aurora acquired CanvasRX, a medical cannabis patient outreach and counselling service. Aurora announced the deal quoting the number of patients, which at the time was 7,000, and locations it had gained due to its acquisition. Aurora's strategic rationale for the purchase was to establish a solid footprint into cannabis clinics and to expedite its onboarding of patients this fall (which has been reportedly been successful according to the company's press releases and analyst commentary). In addition, data regarding customer behaviour and preferences generated could help drive Aurora's growth strategy and future direction, particularly regarding strain selection. The author assumes in her calculations that a similar buyer would purchase MCRCI's business to augment its existing client list by 4,500, learn its onboarding process, and facilitate future growth.

Revenue / Income Sources: Membership fees and LP Grants

In 2016, membership fees were $300 to $350 per year depending on services provided and client type and location (i.e. out of province patients pay more than in province, etc.). The company has since lowered the fee and management estimates the average cost of membership to be approximately $250 a year on a go forward basis. Income associated with LP grants (reported below the line on MCRCI's income statement) can be broken down into price x volume, with volume measured as a patient's average consumption of medical marijuana per day.

Client consumption range (g/day)

To back into what the average MCRCI patient purchased from and LP last year, the author divides other income by the total number of patients and gross up by 15% (the royalty or fee LPs pay to MCRCI on its referred patients purchases). Last year (2016) was MCRCI's first full year of education related revenues and management reported that LPs would be sold out of a product, in some cases, for months at a time. This makes it difficult to estimate exactly how much medical marijuana MCRCI members would have purchased through LPs without interruptions. In cases of supply shortages, patients would have likely purchased product elsewhere to meet their needs, and some future sales may have been lost to these alternate sources. The author has tried to adjust for these shortages to derive an estimate of what MCRI's patients would have consumed had supply been more readily available. The author estimates the average amount purchased per day would have been to 0.25 g per day per day

Estimated grams purchased per day by MCRCI patients (2016)

LP related revenues	$240,885
Commission paid to MCRCI by LP (divided)	15%
Gross LP purchases by MCRCI patients	$1,605,900
MCRCI # of patients (divided)	3,200
Annual spend per patient per year	$502
Estimated # days LP supply available	365
Value of consumption per day	$1.37
Average cost per gram (mid-point) (divided)	$8.75)
Estimated consumption per patient per day (g)	**0.16**

Per management, the average grams per day consumed by a patient could be as high as 1.25g; however, a 100% capture rate on this assumption is unreasonable given that most patients will continue to purchase at least some proportion of their marijuana from other sources, such as the gray market and dispensaries. Note that the benefits of purchasing marijuana through and LP and for medical purposes include (i) quality control including purity and dose accuracy (dispensaries and gray market are illegal and therefore unregulated) and (ii) costs can be claimed on a personal tax return.

Going forward, the author expects patient consumption to increase as LPs improve inventory management and are better able to respond to demand, MCRCI becomes more established, and marijuana consumption for medical purposes becomes more mainstream (i.e. more medical coverage).

In addition, the author believes management's estimate of 1.25g could be conservative given studies cited by Health Canada which estimate patient consumption ranges from 1.0g to 3.0g per day (see Health Canada Dosing Amounts for more details).

Accordingly, the author has assumed purchases by MCRCI's patients per day through LPs per to range from 0.85g in a 'low' scenario up to 1.15g in a 'high' scenario. This factors in an improvement from its first full year of operations (i.e. up from 0.25g) but does not assume a 100% capture rate on patient consumption. Note that this is the only variable that changes in our three scenarios.

Price per gram

Patients purchase medical marijuana in either dry form or oils. In dry form, the average revenue per gram ranges from $6.50 to $11.00 depending on product type and quality. In oil form, the average price per gram runs $12.00 to $20.00. MCRCI estimates that about half of purchases are in oil vs. dry form, with oil use becoming increasingly popular. The author expects that oil form will continue to outpace dry cannabis given the stigma associated with smoking, but have kept the ration at 50/50% for the purposes of our model. The result is in average price of $12.38/g.

Total Revenues

Combining the figures above with the total number of patients, the author gets to the following total revenue figures:

	Low	**Mid-Point**	**High**
Grams consumed per patient per day	0.85 g	1.00 g	1.15g
Average revenue per gram (50% dry and 50% oil)	**$12.38/g**	**$12.38/g**	**$12.38/g**
Referral percentage	15%	15%	15%
Annual value of LP purchases per patient	$576	$678	$779
Annual Membership Fee per patient	$250	$250	$250
Total patients	4,500	4,500	4,500
Annual value of LP purchases (other income)	$2,591,557	$3,048,891	$3,506,224
Annual membership fees	$1,125,000	$1,125,000	$1,125,000
Total Revenues	**$3,716,557**	**$4,173,891**	**$4,631,224**

Profitability

The payment from LPs is essentially a royalty, which once established, costs nothing to maintain. The margin in our model on the LP royalty is therefore 100%. To establish the royalty stream, MCRCI must acquire its patients ensure they start (and stay) purchasing through its LP partners. The cost to acquire customers is essentially what is labelled 'membership loss' in the model. If we look at MCRCI's 2016 statements, its operating costs are ~$600K. The author has assumed that the run rate today is ~$1M after normalizing for salaries of key management. This translates into an equivalent 'membership' margin of ~-90%.

Combining these profitability assumptions and calculating the present value the author arrives at an initial total value range of between $10mln to $16mln for MCRCI's business.

	Low	**Mid-Point**	**High**
Grams consumed per patient per day	0.85 g	1.00 g	1.15g
Average revenue per gram (50% dry and 50% oil)	**$12.38/g**	**$12.38/g**	**$12.38/g**
Referral percentage	15%	15%	15%
Annual value of LP purchases per patient	$576	$678	$779
Annual Membership Fee per patient	$250	$250	$250
Total patients	4,500	4,500	4,500
Annual value of LP purchases (other income)	$2,591,557	$3,048,891	$3,506,224
Annual membership fees	$1,125,000	$1,125,000	$1,125,000
Total Revenues	**$3,716,557**	**$4,173,891**	**$4,631,224**
Margin on LP purchases (other income)	100%	100%	100%
Margin on membership	-89%	-89%	-89%
Annual LP Earnings	$2,591,557	$3,048,891	$3,506,224
Membership earnings	($1,000,000)	($1,000,000)	($1,000,000)
Total	$1,591,557	$2,048,891	$2,506,224
Future earnings (%)	49%	49%	49%
PV of Future Earnings at 21%	**$10,438,003**	**$13,437,361**	**$16,436,719**
PV of Future Earnings per client at 21%	**$2,320**	**$2,986**	**$3,653**

Converting the value of the business back to a per client basis would equate to range of $2,320 on the low end to $3,653 on the high-end.

The author notes that this range is consistent with the price Aurora initially announced it would pay a per patient basis of $2,143 for CanvasRx, which at the time of acquisition had 7,000 patients and 17 locations1. The initial transaction value was $15 mln. Following certain performance, Aurora paid an additional $8.8 mln equating to $23M2 (CanvasRx then had 10,000 patients) or $2,300 per patient. However, if certain (undisclosed) milestones are met over a 3-year period, the total purchase price could go up to $37.5M.

This range is consistent with the low end of our calculations. Having said this, the author believes MCRCI's business model could easily argue for a premium to the price paid per patient for CanvasRx given that CanvasRx only provided patient counselling and not prescriptions through medical doctors. The latter service greatly increases the 'stickiness' factor discussed above of MCRCI's model. By contrast, CanvasRx patients would have monthly memberships and go to a doctor every several months for a new prescription. The patients would then return for counselling services and new LP recommendations. Given this 'premium' the author is inclined to drop the 'low' scenario bringing the base value of MCRCI's business (i.e. it's existing 4,500 patients) to $13 mln to $16 mln.

Finally, the author notes that there are numerous patients that have either provided their medical records directly to MCRCI (437) or have provided direct consent to MCRCI (937) to retrieve their files from their doctor. These patients are awaiting an appointment with a doctor get a prescription. A certain percentage of these patients will go on to qualify for prescriptions and make LP purchases. The author has assumed a 'conversion rate' of between 50-80% and applied the value per patient ranges from the model above. Depending on scenario and conversion rate, incremental value assigned to these patients could amount to an additional $2mln to $4 mln bringing total potential value to $15 mln to $20 mln.

Conversion Rates/Incremental Patients					
		50%	60%	70%	80%
		687	824	962	1,099
Value/Patient	$2,320	$ 1,593,840	$ 1,912,608	$ 2,231,376	$ 2,550,144
	$2,986	$ 2,051,382	$ 2,461,658	$ 2,871,935	$ 3,282,211
	$3,653	$ 2,509,611	$ 3,011,533	$ 3,513,455	$ 4,015,378

(II) Patient Access Pavilions

As noted above, the Target's second—and separable—component of value is its customer database. The Target, through PAP, has currently set up storefront kiosks at 48 locations at a national marijuana dispensary (note: the dispensary is operated separately but has agreed to have these pavilions on premise at no charge). Walk-in customers can sign up at the pavilion to be part of a marketing database and agree to be contacted for future sales. Currently, there are two storefront locations in British Columbia where the pavilions have been 'turned on'. However, all storefronts could serve as future pavilion locations (pavilions have not been turned on at all locations given limited capacity to service these potential clients).

Management reports its combined 48 locations have 55,000 unique visitors per month but estimates unique visitors per year could be as high as 75,000. In a conservative scenario, the author has assumed a recurring client base resulting in 55,000 unique visitors per year as well. In an aggressive scenario, the author has assumed unique visitors of 75,000 per year. In both scenarios, the author models 10% of all visitors elect

to sign up at a pavilion. The author believes this is reasonable unless dispensary employees are somehow incented to sign up visitors to their store, which could in turn increase sign-up rates.

Management also estimates half of its visitors are purchasing product for medical reasons and the author factored that into her model. The author has also assumed a present value per client noted in the ‘low’ scenario above of $4,186. Finally, the author built in a 25% conversion rate – i.e. 25% of medical users on the list will be converted into a long-term client subscribing to MCRCI’s services—which is based on telephone interviews management conducted on a sample list. Using these assumptions, and three stages of growth rates (10% annual growth in 2017-2019, 5% in 2020-2026 and 3% for 2026 and thereafter), a conservative scenario yields a valuation of $4.3 million while the more aggressive scenario yields a valuation of $5.8 million.

Combined Business Value

Using the range of values from MCRCI’s client database and PAP’s database yields a combined value range of $19 million to $26 million for the Target’s combined business.

	Low	**High**
MCRCI Base	$13,437,361	$16,436,719
MCRCI Incremental	$1,593,840	$4,015,378
PAP	$4,283,709	$5,841,421
Combined Target Value	**$19,314,910**	**$26,393,518**

Risks and Considerations

The largest risk to the Target’s business model, in our view, is for marijuana to become commonly prescribed by all doctors. Today, MCRCI has created a niche business model by connecting patients with medical doctors who prescribe medical marijuana. If medical marijuana becomes like any other prescription drug, then MCRCI’s ability to provide access to doctors will no longer be unique or required.

The Target has a short operating history with no profitability to date and there is no assurance of profitability going forward. The author’s forecasts assume MCRCI would achieve profitability if its patients purchase most of their medical marijuana needs through recommended LPs, and these recommended LPs continue to agree to pay a 15% royalty rate back to MCRCI. In the case of PAP, the author has assumed that the current licensing agreement described by management will continue to be in place indefinitely.

More broadly, the medical marijuana industry is still evolving and is subject to a variety of laws and regulations which could change and negatively affect the Target’s business. Medical marijuana is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to medical marijuana will be favourable. A negative change in sentiment may have a material adverse effect on the Target’s operational results, consumer base and financial results and may negatively impact industry valuations.

A copy of the Valuation Report will be available for inspection at the registered office of the Target located at Suite 2080-777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1S4, during ordinary business hours from the date hereof until completion of the Acquisition.

Business of the Target

On the Closing Date, the Issuer will acquire 100% of the outstanding securities of the Target. The Target is a company incorporated and operating in the province of British Columbia and is not listed on any stock exchange. The Target has acquired MCRCI, a private company operating in British Columbia and Alberta and PAP, a private company with kiosks located in British Columbia, Ontario and Saskatchewan.

The principal business to be carried on by the Target, following the acquisition of MCRCI and PAP, is a two-part system of customer lead generation and conversion, though the Target's network of pavilions and the ownership and operation of medical clinics that aim to connect Canadians with Licensed Producers by advancing the understanding of medical cannabis and its applications, and the provision of related services and products for patients suffering from illness from which they may find relief with medical cannabis, including facilitating access to qualified health care practitioners, independent medical cannabis evaluations and related advice, and facilitating access to Licensed Producers. Through its pavilions, the Target is developing a substantive consumer database of persons interested in both medicinal and recreational use.

The Target, through MCRCI owns and operates five clinics, located in Vancouver, B.C., two in Vernon, B.C. and two in Kamloops, B.C. MCRCI's first clinic was opened in Vancouver, British Columbia in September 2014. The Target has plans to open additional clinics in Alberta, Ontario and Quebec within the next 12 months. MCRCI helps patients find and manage medical cannabis treatment options for their medical conditions by providing information to patients, physicians and the community, and simplifying choice of and communication with Licensed Producers.

The Target's pavilion operations, owned through PAP, have been placed in locations across Canada. Currently, two pavilions have been turned on for a test rollout conducted over a two-month period. The remaining 46 pavilions have not yet been turned on due to concerns over the ability to quickly convert clients into MCRCI members. Once staffing levels at MCRCI are high enough to be able to process leads, the pavilions will be rolled out in stages. Each pavilion is a kiosk program which allows the user to indicate their interest in medicinal and recreational marijuana products. The kiosk allows a user to swipe identification cards and the kiosk program will retrieve information from such card and save into cloud-based storage.

The ACMPR requires that medical marijuana must be prescribed by a health care practitioner; however, the Target does not and has no plans to sell cannabinoid products or medical marijuana at its clinics.

The Target does not expect any material changes to its proposed business model, as described herein, to occur in the current or following financial year, but does expect it will seek to expand its lead generation model in anticipation of the legalization of recreational marijuana use in 2018.

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 research and development costs 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 3.2 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

Medical Marijuana Legislation

In 2001, Canada became the second country in the world to recognize the medicinal benefits of marijuana and to implement a government-run program for medical marijuana access. Health Canada replaced the prior regulatory framework and issued the MMPR in June 2013 to replace government supply and home-grown medical marijuana with highly secure and regulated commercial operations capable of producing consistent, quality medicine. The MMPR regulations issued in June 2013 covered the production and sale of dried cannabis flowers only. A court injunction in early 2013 preserves the production and access methods of the prior legislation for those granted access prior to the injunction. Under the MMPR, patients were required to obtain a medical approval from their healthcare practitioner and provide a medical document to the LP from which they wished to purchase marijuana.

On February 24, 2016, the Federal Court of Canada rendered a decision in the Allard et al v the Federal Government of Canada case. This case began as a result of the government's decision to repeal the Marihuana Medical Access Regulations (Canada), SOR/2001-227 and enact the MMPR. The plaintiffs in the Allard case argued that the MMPR violates their Charter rights and the court, in a lengthy and detailed judgment, agreed with the plaintiffs. This decision found that requiring individuals to get their marijuana only from licensed producers violated liberty and security rights protected by section 7 of the Canadian Charter of Rights and Freedoms. The Court found that individuals who require marijuana for medical purposes did not have "reasonable access".

As of August 24, 2016, the ACMPR replaced the MMPR. The ACMPR is Canada's response to the Federal Court of Canada's February 2016 decision in *Allard v. Canada*. The ACMPR are designed to provide an immediate solution required to address the Court judgement. Moving forward, Health Canada will evaluate how a system of medical access to cannabis should function alongside the Government's commitment to legalize, strictly regulate and restrict access to marijuana.

Legalization of Recreational Use of Marijuana in Canada

On April 13, 2017, the Government of Canada introduced Bill C-45: An Act Respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts (otherwise known as the “Cannabis Act” or “Bill C-45”). Bill C-45 as drafted will de-schedule cannabis from the CDSA and create a regulated adult use market for cannabis. Bill C-45 also allows provinces to regulate storefront sale of cannabis. While Bill C-45 does not regulate any additional cannabis products for sale, beyond those currently available under the ACMPR, Bill C-45 does include a schedule of saleable products that may be expanded to include additional products. Bill C-45 received royal assent on June 21 2018 and will become law on October 17, 2018. The Resulting Issuer’s current business model is unrelated to the recreational use of marijuana and it is unclear at this time what the impact of the legalization of such recreational use will have on the Resulting Issuer’s business.

The Issuer is not currently aware of any trends, events or uncertainty that reasonably can be expected to have material adverse effect on the Issuer’s business, financial condition or results of operations, other than as described 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”*.

ITEM 4: NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 General

On the Closing Date, the Target will become a wholly owned subsidiary of the Resulting Issuer and the Resulting Issuer will be a life sciences company capitalizing on opportunities in the medical marijuana industry. The principal business to be carried on by the Target will be customer lead generation and conversion for LPs, via the provision of medical services and (non-cannabinoid) products for patients suffering from chronic pain and disabling illnesses through health clinics operated by qualified health care practitioner. The Target operates a total of five clinics in British Columbia and maintains a network of 48 pavilions located across Canada, of which two pavilions are currently operational.

Stated Business Objectives

Key elements of the Target's growth strategy include: (i) acquisitions of additional clinics; (ii) expanding its network and consumer database via partnerships and strategic arrangements with other existing health clinics that do not currently offering medical marijuana services, which will require educating physicians on the benefits and medical developments of medicinal marijuana; (iii) adding additional health care practitioners to increase its clinic growth levels; (iv) expanding its pavilion network to additional strategic locations; and (iv) supplementary educational programs to help other health care practitioners book more appointments.

The Target's primary business involves the registration of patients with License Producers and the collection of user information of both medicinal and recreational users, including market demographics, preferences and life-style.

The Target's short-term objectives for the next 12 months are to continue its development of clinic and pavilion network as further outlined below.

Milestones	Target Date	Cost
Rendering all pavilions operational	September 2018	Nominal(1)
Expanding the Target's clinic locations in to Alberta, Ontario and Quebec	November 2018	$100,000 (approximately $30,000 per clinic)
Entering into additional agreements with LPs	November 2018	Nominal(2)
Expansion of clinic network into Europe	January 2019	$300,000

Notes:

(1) To date only two pavilions have been 'turned on'. The remaining pavilions will be rolled out as the Issuer expands its clinic network to and has adequate staffing to address anticipated demands. All capital expenditures for the creation and placement of the pavilions has been previously incurred.
(2) Anticipated to consist of professional costs only associated with documenting such agreements.

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 Acquisition, the Resulting Issuer anticipates it will have an estimated $4,820,000 in funds available, comprised of:

Description	Amount
(a) approximate working capital of the Issuer as at May 31, 2018	$2,720,000
(b) approximate working capital of the Target as at May 31, 2018	$200,000
(c) approximately working capital of PAP as at May 31, 2018	$nil
(d) additional working capital of Target contributed after May 31, 2018 following the capital re-adjustment to the Target Class B Shares	$2,000,000
(e) less estimated remaining transaction costs of the Issuer and the Target associated with the Acquisition (including legal fees, audit fees, fees of the CSE and other expenses)	($100,000)
TOTAL	**$4,820,000**

A pro forma consolidated balance sheet of the Resulting Issuer as at March 31, 2018, giving effect to the Acquisition, is attached to this Listing Statement as Schedule "J".

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 Acquisition as follows:

Principal Purpose	Budgeted Expenditures if Minimum Financing Completed
Short-Term Expansion Objectives[(1)]	$400,000
Marketing and Advertising Costs relating to clinic locations	$500,000
General and Administrative Expenses for the next 12 months [(2)]	$1,230,000
Unallocated [(3)]	$2,690,000
Total	**$4,820,000**

Notes:

(1) Comprised of the clinic expansion plans, in both Canada and Europe, as outlined in the table above regarding short-term business objectives.

(2) Includes the costs of clinic operations and staffing. General and administrative costs for the next 12 months are expected to be comprised of: salaries and employee benefits of MCRCI of $320,000, management fees of $215,000, comprised of salaries and fees payable to Terry Roycroft, proposed President and CEO ($175,000), Sarah Donald, proposed director ($80,000) and Konstantin Lichtenwald, CFO ($60,000), investor relations fees of $150,000, leasing costs of $240,000, professional expenses, including audit and legal fees of $150,000, transfer agent and listing and commission fees of $35,000 and miscellaneous office expenses of $120,000. During the year ended July 31, 2017, the Issuer expended approximately $575,000 on marketing and branding awareness fees most of which were one-time fees. The Issuer has budgeted $500,000 for marketing and advertising pertaining to MCRCI's operations during the following 12 months for the purposes of increasing patient membership. During the year ended July 31, 2017, the Issuer expended approximately $1,640,000 on financial advisory services associated with the private placements completed by the Issuer. All of these fees were considered one-time fees associated with such private placements.

The Resulting Issuer anticipates that it will require additional funds in order to complete its expansion plans for 2018.

The Resulting Issuer intends to spend the funds available to it upon completion of the Acquisition 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. Due to the Resulting Issuer's aggressive growth strategy, the Resulting Issuer's negative operating cash flow and losses are expected to continue in the short term. The Issuer cannot predict when it will reach positive operating cash flow. Due to the expected continuation of negative operating cash flow, the Issuer anticipates its initial funds will be used to fund future negative operating cash flow.

Principal Products and Services

The Target plans to capitalize on the medicinal marijuana opportunities through its clinics and pavilions by providing education services for patients, medical professional and Licensed Producers.

The main components of the Target's proposed business are:

1) Patient and Physician Support

Patients who make application and are eligible are invited to discuss their medical condition with MCRCI caregivers, who will educate the patient on cannabis. If the patient is interested in learning more, seeing a doctor or placing a prescription with a Licensed Producer, then the caregiver will assist the patient in navigating the different paths. A patient can enter the into the MCRCI education process by asking their health care provider to provide a referral form for the patient that provides an MCRCI health care provider with an understanding of the patient's condition to help the MCRCI health care provider assess the patient's eligibility for medical cannabis. MCRCI also arranges patients with a knowledgeable physician who will evaluate a patient for prospective prescription of medical cannabis. If the physician determines that medical cannabis is an appropriate medication for the patient, the physician will prescribe the medication. This prescription is written by the physician at the MCRCI clinic. Once prescribed, MCRCI provides the patient an in-depth education session and will direct the patient to the Licensed Producers.

Historically, MCRCI charged patients for its services in the form of a one-time membership fee. The charge to patients covered the cost of uninsured medical services performed by the doctor. Following the acquisition of MCRI by the Target, MCRCI began in January 2018 to offer basic membership services at no cost to the patient. It continues to charge a fee to patients seeking to obtain a 'production' related membership (i.e. where the patient intends to grow their own supply).

Currently there are approximately 4,500 patients who have gone through the process and become MCRCI members. A further approximately 430 patients are waiting to be seen by an MCRCI doctor and approximately 930 patients are under evaluation for eligibility.

The Resulting Issuer anticipates that the use of the pavilions will increase its patient network by providing a potential user database to MCRCI, which will determine if the user is eligible and will assist them through the process described above.

2) Licensed Producer Liaison Service

MCRCI provides a liaison service with Licensed Producers that assists patients in selecting strains of medical cannabis and transmits the patient's order to a Licensed Producer. MCRCI helps patients choose different types of cannabis or cannabis oil, and select a Licensed Producer based on the patient's condition and medical needs. MCRCI evaluates all Licensed Producers in Canada, cataloguing strains and oils, reviewing quality, consistency, reliability, and product availability. All Licensed Producers have met rigorous licensing requirements under the ACMPR. However, available strains and cannabis oil products, product quality and the ability to fulfill orders consistently vary. MCRCI maintains up-to-date information on all Licensed Producers – information supplemented by feedback from MCRCI's membership base. This ensures that MCRCI's patients receive the cannabis products that the patient has some understanding of with respect to their specific conditions, and from a Licensed Producer who are matched with the patient's needs and expectations.

The liaison service is made possible through agreements with Licensed Producers across Canada. Currently, MCRCI has agreements in place with 14 Licensed Producers. For each patient referral to the specific Licensed Producers, MCRCI receives a grant pursuant to the agreement with the applicable Licensed Producer. Under MCRCI's existing agreements as negotiated with LPs, the grants vary based on negotiations with each Licensed Producer but are typically equivalent to 15% of the patient spend at the Licensed Producer. Revenues from referring patients to LPs accounted for nil of MCRCI's revenues in 2015 and 40% of revenues in 2016.

The Resulting Issuer intends to focus on this revenue stream and by eliminating patient fees anticipates strong lead growth to Licensed Producers.

Operations

MCRCI operates clinics in British Columbia intended to improve the quality of life of its patients by creating a network of responsible care centres throughout Canada to help connect Canadians with medical cannabis. Working in consultation with physicians, MCRCI facilitates safe and informed access to medical cannabis within the laws and guidelines promulgated by Health Canada. MCRCI provides membership, education and referral services to assist Canadians in navigating an often-complex system in order to help them access the medication they need.

PAP currently has placed pavilions in 48 locations across Canada, of which two pavilions are currently in operation. PAP anticipates 'turning on' the remaining pavilions as it grows its clinic and physician network to handle the anticipated demand.

Specialized Skills and Knowledge

In the operations of the clinics, MCRCI employs trained assistants and clinic managers. Assistants are responsible for greeting all patients & ensuring that all patient data is accurate and entered correctly into the system. They support the day to day operations by improving overall productivity and engagement with clients. The clinic manager is responsible for developing a strong & positive work force within his/her clinic by supporting operations and improving overall productivity and engagement through effective leadership and mentorship. The clinic manager's role is critical in ensuring proper patient care as well as effectively coordinating and scheduling operations to meet the daily needs of the business.

Although physicians support the clinics and the patients that go through the clinics, the physicians are not employees of MCRCI. The physicians come with their own medical know-how and MCRCI attempts to

further their education. MCRCI provides consulting compensation to its physicians under affiliate agreements.

Expenditures on staff and related fees are expected to be the Resulting Issuer's primary expenditure.

The Target does not anticipate difficulties in locating qualified labour for its clinics.

Components

The components for the Target's medical and consulting services can be sourced from a wide variety of well-established medical suppliers.

Cycles

The business of medical marijuana and patient services is neither cyclical or seasonal. Patient demand is based on medical need and this need is not a factor of season or markets. However, the business is subject to physician availability.

Economic Dependence

The main contracts held by MCRCI include; employment contracts, consulting agreements, leases and referral agreements. No major lease is up for negotiation or is subject to termination in the next 12 months. MCRCI's employment agreements and consulting agreements face the same risk as any company. MCRCI has 14 agreements with Licensed Producers. If MCRCI was to lose these agreements, then MCRCI would lose a significant portion of its revenue. The Target plans to seek to enter into additional agreements with other LPs as the Target expands business development activities and as more Licensed Producers are legally producing cannabis of purchase by patients.

Locations and Employees

MCRCI currently operates five clinics in British Columbia. MCRCI operates clinics in three cities being: (i) one in Vancouver; (ii) two in Vernon; and (ii) two in Kamloops. The Target anticipates few barriers to identifying new clinic locations, requiring only population, referring physicians and qualified staff as the material requirements. The largest source of MCRCI's cost of doing business is staff salaries.

MCRCI employs an aggregate of ten full time and part-time employees across British Columbia and has seven affiliate physicians. All MCRCI clinics are operated at locations either leased by MCRCI or a joint venture or affiliate partner. All leases are in good standing.

Market and Trends

Market

The Canadian cannabis industry is tightly regulated. The Canadian cannabis industry currently serves a medical market only, which is regulated by the ACMPR, which are promulgated under the CDSA.

Canada's multi-participant regulated commercial medical cannabis industry began in June of 2013, with introducing the MMPR promulgated under the CDSA. The MMPR created a commercial and industrial market for medical cannabis production through Licensed Producers and a need for specialized health care providers and centres. The MMPR were struck down as unconstitutional in response to a Court action alleging that the MMPR contravened the Charter of Rights and Freedoms (2016 FC 236). On August 24,

2016, the ACMPR replaced the MMPR. The ACMPR maintained the commercial system for purchasing cannabis from Licensed Producers and also reintroduced an option for holders of a Medical Document to grow their own cannabis, similarly to the Marihuana Medical Access Regulations (Canada), SOR/2001-227 ("MMAR"), which were repealed on March 31, 2014.

Under the ACMPR, a physician or other health care practitioner defined in the ACMPR may write a medical document (a "Medical Document") for a patient. A Medical Document authorizes a patient to possess a daily quantity of cannabis defined in grams of dried cannabis ("dried marihuana" in the ACMPR). The Medical Document may be sent to a Licensed Producer, making the patient a client of the Licensed Producer. The patient may then order from the Licensed Producer as a client. The ACMPR allow Licensed Producer to sell dried cannabis, cannabis oil, or fresh cannabis to the Client. No Licensed Producers currently offer fresh cannabis for sale. The ACMPR also allow Licensed Producers to sell plants and seeds for clients to cultivate their own cannabis. All products purchased from Licensed Producers must be delivered by mail – the ACMPR do not provide for storefront sale of cannabis.

Forecasted Growth and Changes in Cannabis Regulations

As of August 16 2018, there were 115 Licensed Producers producing cannabis, selling cannabis or both, some producing and selling only dried cannabis, with others also producing and selling cannabis oil. Use of medical cannabis is estimated to grow considerably in Canada.

Health Canada estimates that 40,000 patients in Canada used doctor prescribed medical marijuana in 2015, establishing a market worth $80 million. By 2024, Health Canada estimates that the number of patients using medical marijuana will grow to 450,000, creating a market worth an estimated $1.3 billion.

Once the *Cannabis Act* becomes law on October 17, 2018, additional opportunities may become available for the Target. The Target will consider any potential opportunities to benefit from such legislative changes, which might include storefront sales. The Target has not incorporated any such potential opportunities into its current business model. The success of the Target's current business plan, which forms the merits of the Acquisition, is not dependent upon the creation or potential size of a legalized adult use cannabis market within the Canadian cannabis industry.

Marketing Plans and Strategies

Patient Acquisition

The Target's planned expansion is contingent upon its patient member growth. Thus, the Target's patient acquisition strategy is a critical component of its future success.

The Target plans to focus the use of the PAP platform to generate patient leads.

Physician Referrals

The Target also markets and promotes itself to general practitioners, as the persons who provide the patient referrals. The Target focuses on the education of physicians via its website and through referral development programs.

Over the next 12 months, the Target has budgeted approximately $500,000 for marketing and advertising, which is anticipated to be utilized primarily in relation to the opening of and advertisement for new clinics to be opened by the Target.

MCRCI has already commenced changing its pricing policy to remove patient basic consulting fees and memberships, in order to make the Target more competitive and increase conversion from prospective members to members. Since a majority of future revenue will come from LP grants, the Target's policy is to try and maximize the percentage of LP grant, ideally targeting 20% of the patient's order. The percentage of the applicable grant is determined through negotiations between the Target and the LPs and is not subject to any regulatory requirements.

Business Model

The Target's business model will focus primarily on revenue consisting of LP grants. After diagnosing a patient's cannabis strain requirements, the Target spends time educating the patient on the different Licensed Producers and their respective products. After the education the Target refers the patient to an appropriate Licensed Producer to purchase medication. The Target receives a grant from the Licensed Producer for the patient support and education provided.

Licensing Requirements

No municipal license or occupancy permits are required to begin clinical operations of MCRCI's apart from standard business operating requirements. The ACMPR requires that medical marijuana must be authorized by a health care practitioner; however, no cannabinoid products or medical marijuana is sold at MCRCI's clinics.

Referral Structure

Patients require a prescription in order to obtain medical marijuana, but many general practitioners are reluctant to prescribe it, citing lack of efficacy research and liability issues. A referral-only cannabinoid medical clinic allows general practitioners to refer a patient to a fellow medical practitioner and be assured that the patient will receive a comprehensive assessment in order to obtain a proper prescription and education on options available.

Published efficacy studies for cannabinoid treatments are not available or substantive as medical research studies to be considered generally or widely accepted by medical practitioners. In addition, there can be significant variance in suitability of a cannabinoid prescription based on appropriate strain given the patient condition, severability, and other associated medications. Many general practitioners will opt to refer their patients to a research-based clinic, which will ensure patients receive the most informed level of care, and reduce the liability for referring doctors.

Competitive Conditions

The medicinal marijuana industry is intensely competitive. The Target faces direct competition to attract medical patients to its clinic locations. The Target competes with other companies that may have greater financial resources and technical facilities. In addition to existing competitors, other businesses are expected to compete in the clinic space and provide additional patient servicing under the ACMPR regulatory regime. The main competitors of the Target's clinics include similar clinics, illegal dispensaries, individual prescribing physicians, and possibly Licensed Producers.

Clinics

Aleafia Health Inc. (formerly Canabo Medical Inc.) ("CMC") is a provider of medical services and (non-cannabinoid) products for patients suffering from chronic pain and disabling illnesses through health clinics operated by qualified health care practitioners. CMC currently operates 23 clinics and partner clinics across

Canada. The company has a nationwide footprint, with further expansion planned. CMC provides independent medical marihuana evaluations for employers and insurers as well as medical marihuana scientific research. CMC currently has a database of over 30,000 patients with full medical profiles for each, including individual cannabinoid consumption. This proprietary database assists in the advancement of research for the benefit of insurers, medical practitioner, clinical research and the pharmaceutical industry. Each CMC clinic is staffed by a qualified health practitioner legally permitted to prescribe medicinal marihuana for pain therapy or treatment of disabling illnesses. All new physicians who join a Canabo practice complete training specifically related to the assessment, treatment and use of cannabinoid therapies. A significant amount of CMC's revenue (53% during FY2017) is derived from medical consultation fees, which are contingent upon third-party physician referrals to CMC Clinics, who may choose to write the prescriptions directly in the future.

Canadian Cannabis Clinics ("CCC") is another clinic provider with a dedicated staff committed to helping patients with managing their symptoms from a variety of conditions though the use of medical cannabis. CCC also provides patient, physician and general public educational services on the effective use of medical cannabis. CCC also collaborates with academic researchers to advance the state of the science regarding the medical use of cannabis. CCC was the first "fee-free" medical marihuana clinic and offers free visits for patients with a valid provincial health card, eliminating a major patient barrier to adoption. An on-site counsellor assists patients with a prescription to choose proper strains and select a licensed producer. CCC operates 32 clinics, including affiliate clinics, in Canada, including nine in the Greater Toronto Area planned. CCC currently has the largest market penetration among the Target's competitors.

Trauma Healing Centres ("THC") is another clinic specializing in medical marijuana, operating four locations in three provinces Ontario, New Brunswick and Nova Scotia. THC offer more services beyond prescription cannabinoids, such as massage therapy, diet consultation and counseling services. Patients are required to have a referral or their medical history with a proper diagnosis to be seen.

Dispensaries

In addition to clinics, illegal dispensaries are a main competitor for the Target's business. There are many dispensaries in areas such as Toronto and Vancouver such as Cannawide, The Medicinal Cannabis Dispensary, and Urban Earth Med. These are not clinics with physicians prescribing marijuana, mostly require memberships, and sell the marijuana on site.

Physicians

Individual physicians are able to prescribe medical marijuana directly with their own patients as there is no requirement for either general practitioners or specialists to refer patients to a specialized cannabinoid clinic. Several clinics that operate specialized medicine are investigating medical marijuana prescription services.

Other

Several "Compassionate Clubs" exist and operate in grey areas of the legal framework around marijuana legislation throughout Canada. These clubs provide a safe access and resource area for patients with medical documentation under the MMAR, but they are not considered medical clinics or medical practices. These clinics do not prescribe cannabinoids and are not developing any research with a patient base.

Proprietary Protection

The Target does not hold any patents or have any patent applications pending. The Target intends to develop and protect tradenames and trademarks, as well as patents and copyrights relating to the PAP pavilion kiosks and the software utilized within to the extent possible under applicable laws and in proportion to the use of time and resources that management determines is appropriate in the best interests of the Resulting Issuer.

Environmental Protections

The Resulting Issuer's business does not materially impact environmental conditions. The Resulting Issuer does not expect that there will be any financial or operational effects as a result of environmental protection requirements on its capital expenditures, profit or loss, or the competitive position of the Resulting Issuer in the current fiscal year or in future years.

Foreign Operations

The Resulting Issuer does not anticipate having any operations outside of Canada at this time, due to differences in the foreign legal frameworks and regulations governing both the medical profession and medicinal marijuana use.

Lending

Neither the Issuer nor the Target currently hold any investments or owe any material long term liabilities. Neither the Issuer nor the Target has adopted any specific policies or restrictions regarding investments or lending, but will ensure any investment or debt activities incurred are in the best interests of the Resulting Issuer and its shareholders. The Resulting Issuer expects that in the immediate future in order to develop its business plan, it will need to raise additional capital through a combination of debt and equity. If the Resulting Issuer unable to raise the necessary capital to meet its obligations as they become due, the Resulting Issuer may have to curtail its operations or obtaining financing at unfavourable terms.

Bankruptcy and Similar Procedures

There are no bankruptcies, receivership or similar proceedings against either of the Issuer or the Target, nor are the Issuer or the Target aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceedings by either the Issuer or the Target during the last three financial years.

Reorganization

Neither the Issuer nor the Target has completed any reorganizations in its last three financial years.

Social and Environmental Policies

The Resulting Issuer is not expected 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 Resulting Issuer's management, with the assistance of its contractors and advisors, will ensure its ongoing compliance with local environmental laws in the jurisdictions in which it does business.

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 will continue to hold one of the claims formerly comprising the Riverbank property, located in Ontario. The Resulting Issuer expects it will seek to dispose of such interest at its fair market value or allow the claim to lapse.

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 annual financial statements for the years ended July 31, 2017 and July 31, 2016 and Schedule "C' for the Issuer's unaudited interim financial statements for the nine months ended April 30, 2018.

	Nine months ended April 30, 2018	Year ended July 31, 2017	Year ended July 31, 2016	Year ended July 31, 2015
	$	$	$	$
Total Administrative Expenses	1,484,854	2,097,701	31,918	90,706
Net Income (Loss)	(1,484,854)	(2,142,496)	(31,918)	(359,161)
Basic and Diluted Loss per Share	(0.048)	(0.42)	(0.01)	(0.07)
Total Assets	8,365,418	5,886,247	47,006	105,607
Total Liabilities	71,467	400,962	28,702	55,385
Shareholder's Equity	8,293,951	9,771,805	18,304	50,222
Dividends	N/A	N/A	N/A	N/A

The following table sets out certain selected financial information of the Target for the period from incorporation until June 30, 2017 and for the nine months ended March 31, 2018. Please refer to Schedule "E" for the Target's audited financial statements for the year end June 30, 2017 and Schedule "F" for the Target's interim financial statements for the nine months ended March 31, 2018.

	Nine months ended 03/31/2018 unaudited	Period from incorporation and ended 06/30/17 (audited)
Total revenues	563,097	838
Cost of sales	189,228	3,453
Gross profit	373,869	(2,615)
Total expenses	1,345,462	570,344
Net income (loss) before income taxes	(974,173)	(572,959)
Total assets	6,724,552	4,055,577
Total liabilities	5,875,395	2,228,536
Working capital (deficit)	(4,637,723)	(1,622,883)
Shareholder Equity (Deficiency)	849,157	1,827,041
Dividends	-	-

The following table sets out certain selected consolidated financial information of PAP for the period from incorporation until June 30, 2017 and for the nine months ended March 31, 2018. Please refer to Schedule "G" for PAP's audited financial statements for the year ended June 30, 2017 and Schedule "H" for PAP's interim financial statements for the nine months ended March 31, 2018.

	Nine months ended 03/31/2018 unaudited	Period from incorporation and ended 06/30/17 (audited)
Total revenues	0	0
Cost of sales	0	0
Gross profit	0	0
Total expenses	480,500	512,500
Net income (loss) before income taxes	(480,500)	(512,500)
Total assets	Nil	Nil
Total liabilities	1,380,499	899,999
Working capital (deficit)	(1,380,499)	(899,999)
Shareholder Equity (Deficiency)	(1,380,499)	(899,999)
Dividends	-	-

The following table sets out certain selected consolidated financial information of MCRCI for the periods indicated. Please refer to Schedule "I" for MCRCI's audited financial statements for the years end December 31, 2016 and December 31, 2015 . MCRCI was acquired by the Target on June 23, 2017 and is consolidated with the Target's audited financial statements for the year ended June 30, 2017 and the unaudited interim financial statements for the nine months ended March 31, 2018.

	Year ended 12/31/2016 (audited)	Year ended 12/31/2015 (unaudited)
Total revenues	649,824	244,938
Cost of sales	226,420	122,492
Gross profit	423,404	122,446
Total expenses	609,905	273,190
Net income (loss) before income taxes	(190,072)	(150,744)
Total assets	45,624	11,028
Total liabilities	594,375	399,156
Working capital (deficit)	(558,993)	(393,231)
Shareholder Equity (Deficiency)	(549,111)	(388,128)
Dividends	-	-

5.2 Quarterly Information

The quarterly information presented below is for the Issuer prior to the completion of the Acquisition of the Target:

	Third Quarter ended April 30, 2018	Second Quarter ended January 31, 2018	First Quarter ended October 31, 2017	Fourth Quarter ended July 31, 2017	Third Quarter ended April 30, 2017	Second Quarter Ended January 31, 2017	First Quarter Ended October 31, 2016	Fourth Quarter ended July 31, 2016
Net Sales or Total Revenues	-	-	-	-	-	-	-	-
Income from operations	-	-	-	-	-	-	-	-
Comprehen-sive loss	(453,619)	(1,031,235)	(529,906)	(1,226,397)	(669,520)	(44,867)	(6,503)	(20,507)
Loss per share	(0.015)	(0.03)	(0.11)	(0.397)	(0.272)	(0.00)	(0.00)	(0.00)

Quarterly information is not available for the Target or PAP, other than in relation to the nine months ended March 31, 2018, as presented above and attached as Schedules “F” and “H” respectively, as they are recently incorporated. No quarterly information is available for MCRCI.

5.3 Summary Pro Forma Financial Information – Resulting Issuer

Pro forma financial statements for the Resulting Issuer giving effect to the Acquisition as at March 31, 2018 are attached to this Listing Statement as Schedule “J”.

The following table sets forth certain pro forma financial information for the Resulting Issuer, on a consolidated basis, after giving effect to the Acquisition 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 financial statements have been prepared based on the assumption that, among other things, the Acquisition occurred on March 31, 2018.

	Resulting Issuer Pro Forma March 31, 2018 (unaudited) ($)
Operations Data	
Comprehensive (Loss)	(33,333,616)
Income (Loss) per Share (basic and fully diluted)	(0.05)
Balance Sheet Data	
Current Assets	3,780,853
Total Assets	**12,027,123**
Current Liabilities	1,634,015
Total Liabilities	**1,634,015**
Shareholders' Equity	**10,393,108**

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 Acquisition. 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 July 31, 2017 and 2016 which are attached hereto as Schedule "A" and the unaudited interim financial statements and notes thereto for the nine months ended April 30, 2018 which are attached hereto as Schedule "C") and which are available on SEDAR at www.sedar.com. The Issuer's MD&A for the year ended July 31, 2017 is attached hereto as Schedule "B" and for the nine months ended April 30, 2018 is attached hereto as Schedule "D".

As the Target's sole activity since its incorporation has been the negotiation and completion of the MCRCI Acquisition and the negotiation of the PAP Agreement, MD&A of the Target is only provided for the nine months ended March 31, 2018 and is set out below and is primarily based on the operations of MCRCI as subsidiary of the Target. The MD&A is prepared as of the date of this Listing Statement. The Target had minimal expenses from incorporation to June 30, 2017 except as pertaining to the acquisition of MCRCI pursuant to the MCRCI Agreement, which required a cash payment of $1,255,000 and advances made to PAP in connection with the PAP Agreement.

As PAP's sole activity since its incorporation has been the development of the kiosk platform and the negotiation of the PAP Agreement, MD&A of PAP has also not been provided. The sole expenditures of PAP since incorporation have been management fees of the principal of PAP, being Justin Liu, of $650,000 and contractor and consulting fees of $326,250 relating to operational support, set up and delivery and installation services relating to the pavilions. The majority of these expenses are considered non-recurring now that the pavilions are in place, but as the Resulting Issuer expands its pavilion location base, additional costs may be expended in this area in the future.

MD&A of MCRCI for the year ended December 31, 2016 is set out below, and should be read in conjunction with the audited consolidated annual financial statements and notes thereto for MCRCI for the year ended December 31, 2016, which are attached hereto as Schedules "I". The MD&A is prepared as of the date of this Listing Statement.

The MD&A may contain forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Target to be materially different from actual future results. Please see "*Forward Looking Statements*" above.

6.1 MD&A of the Target for the nine months ended March 31, 2018

The Target is a private company which was incorporated on May 15, 2017 under the BCBCA. The Target had no active operations until it completed the acquisition of MCRCI on June 23, 2017.

Corporate Update

On June 22, 2017, the Target amended its corporate structure from an unlimited number of common shares to an unlimited number of Target Class A Shares, an unlimited number of Target Class B Shares and an unlimited number of Class C Shares.

Acquisition of MCRCI

On June 22, 2017, the Target entered into the MCRCI Agreement with MCRCI and its shareholders whereby it agreed to purchase all the issued shares outstanding of MCRCI, being 237.5 Class A shares and 237.5 Class B shares, for an aggregate purchase price of $3,000,000, consisting of cash of $1,000,000 and 3,999,995 Target Class A shares with a fair value of $0.50 per share. In addition to the purchase price at closing, the Target was to pay MCRCI a further $185,000 cash together with a non-refundable deposit of $40,000 which shall be exclusively used to repay MCRCI shareholder loans; and a further payment of $30,000 payable in cash. The Target completed the MCRCI Acquisition on June 23, 2017.

For accounting purposes, the acquisition of MCRCI was considered a business combination and accounted for using the acquisition method.

The fair value of the total consideration has been allocated as below:

Fair value of shares issued (4,000,000 shares at $0.50 per share)	$	2,000,000
Cash consideration		1,255,000
Total consideration	$	3,255,000

Allocated as follows:		
Identified fair value of net assets:		
Cash	$	8,545
Accounts receivable		28,926
Contributed surplus		40,000
Investment in joint venture		2,746
Property and equipment		6,524
Due to Green Life Clinic Ltd.		185,000
Intangible asset - client list		1,912,500
Goodwill		2,059,501
Trade and other payables		(54,080)
Due to shareholder		(225,000)
Deferred revenue		(193,287)
Deferred income tax		(516,375)
	$	3,255,000

The MCRCI client list acquired had a fair value of $1,912,500, and an expected life of three years. During the period ended March 31, 2018 the Target recognized amortization relating to the client list of $478,562 (June 30, 2017 $12,226).

The Target recognized goodwill of $2,059,501 as the excess of the fair value of consideration transferred over the fair value of identifiable assets acquired and liabilities assumed.

The following unaudited supplemental pro-forma data presents consolidated information as if the acquisition been completed on January 1, 2017. The pro-forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of 2017.

Pro-forma information	**2017**
Revenue	$ 446,030
Gross profit	$ 259,084
Net and comprehensive income	$ 39,045

For the period from June 23, 2017 to June 30, 2017, MCRCI contributed revenue of $838 and realized a net loss of $15,562.

Acquisition of Patient Access Pavilions ("PAP")

The Target entered into the PAP Agreement for the acquisition of PAP, a marketing technology company used to verify, sort and compile possible ACMPR patients. Pursuant to the agreement, the Target agreed to acquire PAP in consideration of the payment of an aggregate of $2,000,000 in cash and the issuance of 5,000,000 Target Class C Shares. The PAP Acquisition completed subsequent to March 31, 2018.

During the period ended March 31, 2018, the Target advanced $680,500 to PAP for operating costs, and paid $2,000,000 in cash to the shareholders of PAP towards the acquisition of PAP.

Investment in joint venture

On July 20, 2016, MCRCI entered a joint venture agreement with 7343303 Manitoba Inc, in order to collaborate on the development and operation of a medicinal cannabis resources centre in Winnipeg, Manitoba trading as Medical Cannabis Resources Centres of Manitoba (MCRCM).

Upon execution of this agreement, the parties shall own the following interests in the joint venture:

(a) MCRCI 60%
(b) 7343303 Manitoba Inc. 40%

MCRCI contributed a total of $12,500 to June 30, 2017, and incurred losses which brought the investment in joint venture to a balance of $2,746. In July 2017, MCRCI cancelled the joint venture agreement with 7343303 Manitoba Inc. and recorded a loss from joint venture of $3,711 during the nine months ended March 31, 2018.

On January 2, 2017, MCRCI entered a joint venture agreement with S&L Consulting Services, in order to collaborate on the development and operation of a medicinal cannabis resource center in Calgary, Alberta, trading as Medical Cannabis Resource Centres of Alberta (MCRCA).

Upon execution of the Agreement, the parties shall own the following interest in the joint venture:

(a) MCRCI 60%
(b) S&L Consulting 40%

There has been no activity in this joint venture to March 31, 2018.

Equity

At March 31, 2018, there were 3,999,995 Target Class A Shares and 16,000,000 Target Class B Shares issued and outstanding.

On June 22, 2017, the Target completed a private placement of an aggregate of 16,000,000 Target Class B Shares at a price of $0.025 per Target Class B Share for aggregate gross proceeds of $400,000.

On June 23, 2017, pursuant to the MCRCI Acquisition, the Target issued 3,999,995 Target Class A Shares valued at $2,000,000 or $0.50 per Target Class A Share to MCRCI shareholders.

There were no shares issued during the nine months ended March 31, 2018

Amalgamation Agreement

During the period ended March 31, 2018, the Target entered into an Amalgamation Agreement, as amended, with the Issuer under which the Issuer will acquire 100 percent of the issued and outstanding shares of the Target pursuant to a three-corner amalgamation by which the Target will amalgamate with Subco, and the shareholders of the Target will receive one common share of the Issuer for each Target Share held, resulting in the aggregate issuance of 18,599,995 Common Shares pursuant to the Amalgamation.

On July 3, 2018, the number of Target Class B Shares of the Issuer was reduced to adjust the cost base from $0.025 to $0.25. Two shareholders returned enough of their Target Class B Shares so as to bring their cost from $0.025 to $0.25 per share (from 4,000,000 Target Class B Shares each to 400,000 Target Class B

Shares each). Two other shareholders elected to pay up their shares by paying additional consideration of $2,000,000. As a result of the re-capitalization, there are now 9,600,000 Target Class B Shares outstanding with a value of $2,400,000.

The Amalgamation must be approved by a special majority (66-2/3rds per cent) of the votes cast by Target Shareholders.

Additionally, pursuant to the Amalgamation Agreement, the Issuer has advanced to the Target $3,225,000 in cash. This payment was utilized by the Target to repay shareholder loans incurred in relation the Target's acquisition of MCRCI and to be incurred to complete the acquisition of PAP.

Overall Performance

Since its inception in May 2017, the Target has accumulated a deficit of $1,550,843 as at March 31, 2018 (June 30, 2017: $572,959).

The Target generated net loss of $977,884 for the nine months ended March 31, or $0.05 per share. The net loss is mainly comprised of expenses relating to accounting, legal and professional fees of $76,183, advertising and promotion of $24,018, amortization of $481,240, consulting and referral fees of $262,334, management fees of $67,621, office and general expenses of $129,847, and salary and wages of $282,148.

During the nine months ended March 31, 2018, the Target generated revenues of $563,097 comprised of membership fees, LP grants, and revenue from joint venture. The changes in the Target's overall performance relate to the increase of patient base, and thereby membership revenues and the introduction of revenues relating to LP grants.

Revenue

Revenue during the nine months ended March 31, 2018 of $563,097 is comprised of $305,238 of membership fees, LP grants of $255,500 and revenue from joint venture of $2,315.

Expenses

Expenses for the nine months ended March 31, 2018 total to $1,345,462. Amortization amounted to $481,240 representing 36% of the overall expenses. Salary and wages amounted to $282,148 representing 21% of the overall expenses. Consulting and referral expenses amounted to $262,334 representing 19% of the overall expenses. Office and general expenses amounted to $129,847 representing 10% of the overall expenses.

Selected Financial Information

The following table provides selected financial information that should be read in conjunction with the audited Consolidated Financial Statements and Notes and the unaudited Condensed Consolidated Interim Financial Statements of the Target for the applicable period:

Summary of Results	**Nine months Ended March 31, 2018**	**Period from May 15, 2017 (date of incorporation) to June 30, 2017**
Net Loss	**$ 977,884**	$ 572,959
Current Assets	**$ 1,237,672**	$ 89,278
Total Assets	**$ 6,724,552**	$ 4,055,577
Total Liabilities	**$ 5,875,395**	$ 2,228,536
Shareholders' Equity	**$ 849,157**	$ 1,827,041

Liquidity and Capital Resources

The continuing operations of the Target are dependent upon its generation of revenues from membership fees and LP grants and raising additional capital during the next twelve months to support current operations and planned development. As at March 31, 2018, while the Target generates revenue, the Target has an accumulated deficit of $1,550,843 (June 30, 2017: $572,959).

The Target's cash balance as of March 31, 2018 was $508,557 compared to $67,030 as of June 30, 2017. As of March 31, 2018, the Target had current assets of $1,237,672, current liabilities of $5,875,395, and working capital deficit of $4,637,723 compared to a working capital deficit of $2,139,258 as of June 30, 2017. The change in working capital deficit is primarily due to significant increase of liabilities. The Target anticipates that working capital deficit will continue to increase as MCRCI seeks to expand its clinic network.

Operating Activities

During the nine months ended March 31, 2018, the Target's operating activities generated increase in liquidities of $22,402. The cash provided by operating activities for the nine months ended March 31, 2018 is mainly attributable to the inflow of $517,156 from the changes in non-cash operating assets and liabilities.

Investing Activities

During the nine months ended March 31, 2018, the Target's investing activities generated a decrease in liquidities of $2,000,000 in relation to the acquisition of PAP.

Financing Activities

During the nine months ended March 31, 2018, the Target's financing activities generated an increase in cash liquidities of $2,419,125. The increase in liquidities generated from financing activities during the period are mainly due to advances from the Issuer pursuant to the Amalgamation Agreement.

Off-Balance Sheet Arrangements

The Target does not have any off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as "special purpose entities".

Share Capital

At March 31, 2018, there were 3,999,995 Target Class A Shares and 16,000,000 Target Class B Shares issued and outstanding.

At July 19, 2018, there were 3,999,995 Target Class A Shares and 9,600,000 Target Class B Shares and 5,000,000 Target Class C Shares issued and outstanding.

On June 22, 2017, the Target completed a private placement of an aggregate of 16,000,000 Target Class B Shares at a price of $0.025 per Target Class B Share for aggregate gross proceeds of $400,000. As a result of the re-capitalization pursuant to the amendment to the Amalgamation Agreement dated July 3, 2018, there are now 9,600,000 Target Class B Shares outstanding.

On June 23, 2017, pursuant to the MCRCI Acquisition, the Target issued 3,999,995 Target Class A Shares valued at $2,000,000 or $0.50 per share to MCRCI shareholders.

There were no shares issued during the nine months ended March 31, 2018.

Subsequent to March 31, 2018, the Target issued 5,000,000 Target Class C Shares pursuant to the PAP Acquisition.

Related Party Transactions

Key management compensation

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. During the nine months ended March 31, 2018, compensation to key management personnel and related parties were as follows:

		March 31, 2018
Management fees	$	50,458
	$	**50,458**

During the period ended June 30, 2017, the Target received a total of $880,000 loan from related parties. These loans were repaid by the Target during the nine months ended March 31, 2018.

As at March 31, 2018, a $74,125 loan was payable to a related party. These amounts were unsecured, non-interest bearing and have no specific terms of repayment.

Proposed Transactions

The Target continues to engage in discussions to expand its clinic network. There are no proposed transactions that will materially affect the performance of the Target other than those disclosed in this MD&A.

Subsequent Events

Subsequent to March 31, 2018, the Target issued 5,000,000 Target Class C Shares as part of the completion of the PAP Acquisition.

Significant Accounting Estimates

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in both the period of revision and future periods if the revision affects both current and future periods.

Significant estimates and assumptions about the future and other sources of estimation uncertainty that management has made, could result in a material adjustment to the carrying amounts of assets and liabilities. Significant estimates used in the preparation of these financial statements include, but are not limited to, the following:

- Allowance for doubtful accounts

The Target must make an assessment of whether account receivables are collectible from debtors. Accordingly, management establishes an allowance for estimated losses arising from non-payment, taking into consideration customer credit, current economic trends and past experience. If future collections differ from estimates, future earnings would be affected.

- Impairment

Assets, including property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed their recoverable amounts.

- Estimated useful lives of property and equipment

The Target makes estimates and utilizes assumptions in determining the useful lives of property and equipment, and the related depreciation. Uncertainties in these estimates relate to technical obsolescence that may change the utilization of certain assets.

While management of MCRCI believes the estimates contained within these financial statements are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Significant Judgements

Significant accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments used by the Target include, but are not limited to, the following:

a. Income taxes

The Target is subject to income taxes in various jurisdictions and subject to various rates and rules of taxation. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

The Target recognizes liabilities for anticipated tax audit issues based on the Target's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

In addition, the Target has not recognized deferred tax assets relating to tax losses carried forward. Future realization of the tax losses depends on the ability of MCRCI to satisfy certain tests at the time the losses are recouped, including current and future economic conditions and tax law.

b. Going concern

The Target's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

c. Impairment of non-financial assets

Judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

New Accounting Standards Not Yet Adopted

Accounting standards issued but not yet applied

The IASB issued the following new and revised accounting pronouncements. The Company does not anticipate early adoption of these standards at this time and they are not expected to have a material impact on the Company's financial statements.

IFRS 9 *Financial Instruments* – replaces IAS 39. IFRS 9 introduces limited amendments to classification and measurement for financial assets, a new expected loss impairment model and a new hedge accounting model. It is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 "*Revenue from Contracts with Customers*" – This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

Financial Instruments and Risks

Classification of financial instruments

Financial assets and liabilities included in the statement of financial position are as follows:

	March 31, 2018	**June 30, 2017**
Financial Assets	$	$
Held-for-trading		
Cash	508,557	67,030
Loans and receivables		
Accounts receivable	48,615	19,502
	557,172	86,532
Financial Liabilities		
Other financial liabilities		
Trade and other payables	37,723	626,639
Loans payable	74,125	880,000
	111,848	1,506,639

Determination of Fair value

In accordance with IFRS, financial instruments are classified into one of the five following categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. Investments with quoted prices in active markets are designated as held-for-trading. Investments without quoted prices in active markets designated as available for sale and are carried at cost.

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

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. from derived prices); and

Level 3 inputs for the asset or liability that are not based upon observable market data.

The Target has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At March 31, 2018, cash of $508,557 (June 30, 2017: $67,030) have been measured and recognized in the balance sheet using Level 1 inputs. At March 31, 2018, there were no financial assets or liabilities measured and recognized in the balance sheet at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

Credit risk

Credit risk is the risk of potential loss to the Target if counterparty to a financial instrument fails to meet its contractual obligations. The Target's credit risk is primarily attributable to its cash.

The Target has assessed its exposure to credit risk on its cash and has determined that such risk is minimal. The majority of the Target's cash are held with financial institutions in Canada.

Liquidity risk

Liquidity risk is the risk that the Target will not meet its financial obligations as they fall due. The Target monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Target's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Target's reputation. Liquidity risk is assessed as high.

The Target maintained cash at March 31, 2018 in the amount of $508,557 (June 30, 2017: $67,030), in order to meet short-term business requirements. At March 31, 2018, the Target had current liabilities of $5,875,395 (June 30, 2017: $2,228,536).

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, commodity price risk.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Target's financial instruments. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Target considers this risk to be minimal.

Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Target's financial instruments will fluctuate because of changes in foreign exchange rates. The Target's financial instruments are denominated on Canadian dollars which is the Target's functional currency. Management has assessed that the Target's current exposure to currency risk is low, but acknowledges this may change in the future.

Capital Management

The Target's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue its operations and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Target considers its capital for this purpose to be its shareholders' equity.

The Target's primary source of capital is through the issuance of equity. The Target manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Target may seek additional funding. The Target may require additional capital resources to meet its administrative overhead expenses in the long term. The Target believes it will be able to raise capital as required in the long term, but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital.

Risks and Uncertainties

Please see Item 17 below for an outline of the anticipated risk factors relating to the Target's proposed business model. The Target will face a number of challenges in the development of its business. The risks and uncertainties outlined in this Listing Statement are not the only ones facing the Target. Additional risks and uncertainties not presently known to the Target or which are currently deemed immaterial, may also impair the operations of the Target. If any such risks actually occur, the financial condition, liquidity and

results of operations of the Target could be materially adversely affected and the ability of the Target to implement its growth plans could be adversely affected.

Contractual Obligations and Commitments

None.

Claims and Lawsuits

None.

Contingent Liability

None.

Approval

The Board of Directors of the Target has approved the disclosure contained in this MD&A.

6.2 MD&A of MCRCI for the year ended December 31, 2016

MCRCI is a private company which was incorporated on January 29, 2011 under the BCBCA. MCRCI operates clinics which guide patients through the process of becoming legal users of medical marijuana in accordance with the ACMPR, connecting them with qualified physicians with an understanding of cannabis and cannabis-derived medicine and with Licensed Producers.

MCRCI's first clinic was located in Vancouver, British Columbia, and MCRCI now operates five clinics in British Columbia. MCRCI reviews interested parties through its affiliate clinic network and assist them in navigating through ACMPR by determining eligibility, assisting with the completion of required forms, providing physician consultants and referring parties to Licensed Producers. MCRCI also provides information and advice in the use of marijuana as medicine. MCRCI allows patients access to licensed medical doctors that provide consultations for medical cannabis.

MCRCI's primary source of revenues has been annual membership fees charged to its patients. MCRCI also generates revenues through the receipt of grants paid by Licensed Producers to MCRCI when its patients purchase medical marijuana products from such Licensed Producers.

Medical Marijuana

In June 2013, the Government of Canada modified the laws in Canada surrounding the production and distribution of medical marijuana, and in doing so created a free market in medical marijuana production through Licensed Producers and a need for specialized health care. Revised legislation effective April 1, 2014 (the Marihuana for Medical Purposes Regulations, or "MMPR", promulgated under section 55(1) of the CDSA), subsequently replaced by the Access to Cannabis for Medical Purposes Regulations – Canada or "ACMPR" effective August 26, 2016, states that legal sources to obtain medical marijuana in Canada are from a Licensed Producer approved by Health Canada after receiving a medical document (as defined under the MMPR) from a health care practitioner, or from a health care practitioner in the course of treatment of a medical condition. Medical marijuana use is estimated to grow considerably in Canada (Source: Health Canada, List of Authorized Licensed Producers under the Marihuana for Medicinal Purposes Regulations). Long-term estimates show market growth from current levels of about 37,000 users

to over 433,638 users by 2024, a growth factor of 11.72 times over the next ten years (Source: Globe and Mail, “By the Numbers: Canada’s Medical Marijuana Use”, October 3, 2013).

Legalization of marijuana for recreational use has become an issue on the federal political agenda in Canada, and outright legalization may become a reality in 2018. MCRCI’s business plan does not predicate its success on this potential outcome, legalization is unlikely to impact the Target’s long-term growth plans.

Corporate Updates

On June 10, 2016, MCRCI issued an aggregate of eight class A shares and eight class B shares at $0.10 per share.

On July 20, 2016, MCRCI entered a Joint Venture Agreement with 7343303 Manitoba Inc, in order to collaborate on the development and operation of a medicinal cannabis resources centre in Winnipeg, Manitoba trading as Medical Cannabis Resources Centres of Manitoba (MCRCM). MCRCI retained a 60% interest in the joint venture while 7343303 Manitoba Inc. held a 40% interest. During the period ended September 30, 2017, MCRCI contributed $5,000 to the joint venture (December 31, 2016 – $7,500). During the nine months ended September 30, 2017, the Company incurred a loss of $1,288 (year ended December 31, 2016 - $9,920) from the joint venture.

On January 2, 2017, MCRCI entered a joint venture agreement with S&L Consulting Services, in order to collaborate on the development and operation of a medicinal cannabis resource center in Calgary, Alberta, trading as Medical Cannabis Resource Centres of Alberta (MCRCA). MCRCI retained a 60% interest in the joint venture while S&L Consulting Services held a 40% interest.

On January 19, 2017, MCRCI entered into a subscription and patient referral agreement with a private investment entity pursuant to which MCRCI issued a further 9.5 class A and 9.5 class B shares for $5,263.16 per share, for aggregate gross proceeds of $100,000 and the subscriber identifies Licensed Producers to MCRCI for use by its patients and the subscriber pays to MCRCI a 15% service fee in connection with the purchase of products by MCRCI patients. Under the agreement, MCRCI is to originate 2,000 referral patients to the subscriber over a 30-month period and upon the achievement of certain referral-based milestones is entitled to receive further cash or share payments (in the aggregate amount of $375,000) from the subscriber.

On June 23, 2017, MCRCI and its shareholders entered into the MCRCI Agreement with the Target with the result that MCRCI became a wholly-owned subsidiary of the Target in consideration of the aggregate payment of $1,000,000 in cash and the issuance of 3,999,995 Target Class A Shares to the shareholders of MCRCI. The Target also repaid certain shareholder loans due from MCRCI in the aggregate amount of $255,000.

During the year ended December 31, 2016, MCRCI increased its patient base from 2,243patients to 3,265 patients.

Key Management Change

On June 23, 2017, following the acquisition of all of the issued and outstanding shares of MCRCI by the Target, Anthony Jackson was appointed a director of MCRCI.

Equity

Following the year ended December 31, 2016, the following transactions occurred in connection with the share capital of MCRCI:

On January 24, 2017, MCRCI issued a further 9.5 class A and 9.5 class B shares for $5,263.16 per share, for aggregate gross proceeds of $100,000.

During the year ended December 31, 2016, the following transactions occurred in connection with the share capital of MCRCI:

On June 10, 2016, MCRCI issued an aggregate of eight class A shares and eight class B shares at $0.10 per share.

Loans Payable

Prior to June 23, 2017, MCRCI received advances from a shareholder in the aggregate amounts of $255,000. The advances were non-interesting bearing, unsecured and payable on demand. On June 23, 2017, in connection with the MCRCI Acquisition, the Target paid $255,000 towards the repayment of the shareholder loan.

Material Events

During the period ended September 30, 2017, the Target entered into the Amalgamation Agreement, pursuant to which the Target will be amalgamated with Subco to form Amalco and all of the holders of Target Shares will receive Common Shares in exchange for their Target Shares, as well as, in the case of holders of Target Class B Shares, a cash payment.

On September 24, 2017, MCRCI received notice of 7343303 Manitoba Inc.'s withdrawal from the joint venture agreement relating to a clinic in Winnipeg, which clinic was closed during the period ended September 30, 2017.

Overall Performance

Since its inception in January 2011, MCRCI has accumulated a deficit of $849,149 as at December 31, 2016 (December 31, 2015: $631,022).

MCRCI generated net losses of 218,127 for the year ended December 31, 2016, December 31, 2015: $(150,744)) or $(458.81) per share (December 31, 2015: ($342.60)).

The losses in MCRCI's fiscal year ended December 31, 2016 are mainly comprised of expenses relating to doctor fees of $224,000 (December 31, 2015: $122,492), wages and benefits of $210,116 (December 31, 2015: $106,143) and general and administrative expenses of $189,419 (December 31, 2015: $55,856).

During the year ended December 31, 2016, MCRCI generated revenues of $649,824 (December 31, 2015: $244,938) comprised of membership fees and LP grants, and revenue from joint venture. The changes in MCRCI's overall performance relate to the increase of patient base, and thereby membership revenues and the introduction in 2016 of revenues relating to LP grants.

The following table provides selected audited financial information for the year ended December 31, 2016 ('Fiscal 2016'), and the comparable fiscal year ended December 31, 2015 ('Fiscal 2015'), and 2014 ('Fiscal

2014’). The selected financial information set out below has been derived from the Annual Audited Financial Statements and accompanying notes, in each case prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of Financial Reporting Interpretations Committee (“IFRIC”). The selected financial information set out below may not be indicative of MCRCI’s future performance. The following discussion should be read in conjunction with the Annual Financial Statements.

		2016		2015		2014
REVENUE						
Sales	$	649,824	$	244,938	$	91,643
COST OF SALES						
Doctor fees		226,420		122,492		57,646
		423,404		122,446		33,997
EXPENSES						
Advertising		23,548		8,499		29,262
Amortization		2,341		1,090		1,179
Bank charges and interest		3,441		4,262		3,728
Consulting and referral fees		14,286		20,394		53,571
Credit card commissions		8,639		4,780		2,653
General and administration		189,991		55,856		82,408
Management fees		72,000		60,000		42,500
Professional fees		58,876		12,166		25,494
Share-based payment		26,667		-		-
Wages and benefits		210,116		106,143		82,647
		(609,905)		(273,190)		(323,442)
OTHER ITEMS						
Write-off of intangible assets		(3,571)		-		-
		(3,571)		-		-
NET LOSS FOR THE YEAR	**$**	**(190,072)**	**$**	**(150,744)**	**$**	**(289,445)**
Basic and diluted loss per share	**$**	**(423.32)**	**$**	**(342.60)**	**$**	**(736)**
Weighted average number of shares outstanding		**449**		**440**		**393**

Revenue

Revenue during the year ended December 31, 2016, 2015 and 2014 was $649,824, $244,938 and $91,643 respectively, comprised of membership fees (2016: $411,720, 2015: $189,319, 2014: $81,643) and LP grants and joint venture income, and other income (2016: $238,104, 2015: 55,619, 2014: 10,000). Revenue increased in 2016 from 2015 as MCRCI increased its patient base from 2,243 to 3,265 patients and commenced receiving revenues generated from LP Grants.

Expenses

Expenses for the year ended December 31, 2016, 2015 and 2014 were $617,522, $273,190 and $407,727 respectively. The increase of 123% from 2015 to 2016 was due to increased general and administrative

costs associated with additional clinic, as well as increases in wages and benefits and decrease of 16% from 2014 to 2015 was primarily due to reductions in general and administrative expenses and consulting fees. Wages and benefits amounted to $210,116 in the year ended December 31, 2016 (December 31, 2015: $106,143) representing 34% of MCRCI's overall expenses for the fiscal year (December 31, 2015: 39%).

Other comprehensive gain (loss)

Net gain (loss) for the year ended December 31, 2016, 2015 and 2014 was ($218,127), ($150,744) and ($373,730) respectively. The change in the gain (loss) was primarily due to increased expenses for general and administrative expenses as well as wages and benefits in 2016 and the reduction of those expenses from 2014 to 2015.

Liquidity and Capital Resources

The continuing operations of MCRCI are dependent upon its generate LP grant revenues and raise additional capital during the next twelve months to support current operations and planned development. As December 31, 2016, while MCRCI generates revenue, MCRCI has an accumulated deficit of 849,149 (December 31, 2015– $631,022).

MCRCI's cash balance as of December 31, 2016 was $Nil compared to $358 as of December 31, 2015. As of December 31, 2016, MCRCI had current assets of $37,802, current liabilities of $594,375, and working capital deficit of $556,573 compared to a working capital deficit of $388,128 as of December 31, 2015. The change in working capital deficit is primarily due to the increases to short term trade and other liabilities and increases in deferred revenues. The Target anticipates that MCRCI's working capital deficit will continue to increase as the Target seeks to expand MCRCI's clinic network.

Operating Activities

During the financial years ended December 31, 2016 and 2015, MCRCI's activities generated increases in liquidities of ($29,202 and ($4,133) respectively. The increase in cash flows used in operating activities for the year ended December 31, 2016 is mainly attributable to deferred revenues and repayment of shareholder loans. The increase in cash flows provided during the year ended December 31, 2015 were due to repayment of shareholder loans.

Investing Activities

During the financial years ended December 31, 2016 and 2015, MCRCI's investing activities generated a decrease in liquidities of ($4,700) and ($1,480), respectively. These variations are due to equipment and intangibles purchases and an investment in the Manitoba joint venture.

Financing Activities

During the financial years ended December 31, 2016 and 2015, MCRCI's financing activities generated an increase in cash liquidities of $33,544 and $nil, respectively. The increase in liquidities generated from financing activities during the financial year ended December 31, 2016, are due to the sale of common shares.

Off-Balance Sheet Arrangements

MCRCI does not have any off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as "special purpose entities".

Related Party Transactions

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of MCRCI as a whole. The remuneration of key management personnel were as follows:

	December 31, 2016	December 31, 2015
Management fees	$ 72,000	$ 60,000
	$ 72,000	**$ 60,000**

Due to related parties

As of December 31, 2016, MCRCI had $219,129 (December 31, 2015 - $220,287) due to related parties. The outstanding amounts are non-interest bearing, unsecured and due on demand. The change in the amount due was related primarily to the repayment of shareholder loans completed in connection with the MCRCI Acquisition. The outstanding amounts were as follows:

	December 31, 2016	December 31, 2015
Due to an officer and director	$ 12,014	7,446
Due to a Company with common director	207115	212,841
	$ 219,129	**$ 220,287**

Due to Shareholders

During the years ended December 31, 2016 and 2015, amounts owed to shareholders were as follows:

	December 31, 2016	December 31, 2015
Due to Croft Entertainment [(i)]	$ 207,115	$ 212,841
Due to Philmar Development	32,936	-
	$ 240,051	**$ 212,841**

(i) company with a common director

These amounts are unsecured, non-interest bearing and have no specific terms of repayment. The reduction in shareholder loans during the nine months ended September 30, 2017 was related to the repayment and forgiveness of shareholder loans completed in connection with the MCRCI Acquisition.

Issuance of common shares

During the financial year ended December 31, 2016, MCRCI issued an aggregate of eight class A shares and class B shares at $0.10 per share.

Proposed Transactions

MCRCI continues to engage in discussions to expand its clinic network.

Significant Accounting Estimates

Significant Estimates and Assumptions

The preparation of financial statements requires management of MCRCI to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in both the period of revision and future periods if the revision affects both current and future periods.

Significant estimates and assumptions about the future and other sources of estimation uncertainty that management has made, could result in a material adjustment to the carrying amounts of assets and liabilities. Significant estimates used in the preparation of these financial statements include, but are not limited to, the following:

- Allowance for doubtful accounts

MCRCI must make an assessment of whether account receivables are collectible from debtors. Accordingly, management establishes an allowance for estimated losses arising from non-payment, taking into consideration customer credit, current economic trends and past experience. If future collections differ from estimates, future earnings would be affected.

- Impairment

Assets, including property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed their recoverable amounts.

- Estimated useful lives of property and equipment

MCRCI makes estimates and utilizes assumptions in determining the useful lives of property and equipment, and the related depreciation. Uncertainties in these estimates relate to technical obsolescence that may change the utilization of certain assets.

While management of MCRCI believes the estimates contained within these financial statements are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Significant Judgements

Significant accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments used by MCRCI include, but are not limited to, the following:

a. Income taxes

MCRCI is subject to income taxes in various jurisdictions and subject to various rates and rules of taxation. Significant judgment is required in determining the provision for income taxes. There are many transactions

and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

MCRCI recognizes liabilities for anticipated tax audit issues based on MCRCI\s current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

In addition, MCRCI has not recognized deferred tax assets relating to tax losses carried forward. Future realization of the tax losses depends on the ability of MCRCI to satisfy certain tests at the time the losses are recouped, including current and future economic conditions and tax law.

b. Going concern

MCRCI's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

- Impairment of non-financial assets

Judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

New Accounting Standards Not Yet Adopted

<u>Accounting standards issued but not yet applied</u>

MCRCI has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. MCRCI has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

The IASB issued the following new and revised accounting pronouncements. MCRCI does not anticipate early adoption of these standards at this time and they are not expected to have a material impact on MCRCI's financial statements.

IFRS 10, Consolidated Financial Statements ("IFRS 10") and IAS 28, Investment in Associates and Joint Ventures ("IAS 28") – amended to require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business and to require partial recognition of gains and losses where the assets do not constitute a business. It is effective for annual periods beginning on or after January 1, 2016.

IFRS 7, Financial Instruments - Disclosure – amended to clarify whether a servicing contract is continuing involvement in a transferred asset and to clarify offsetting disclosure requirements in condensed interim financial statements. It is effective for annual periods beginning on or after July 1, 2016.

IFRS 9 Financial Instruments – replaces IAS 39. IFRS 9 introduces limited amendments to classification and measurement for financial assets, a new expected loss impairment model and a new hedge accounting model. It is effective for annual periods beginning on or after January 1, 2018.

IFRS 10, IFRS 12, Disclosure of Interests in Other Entities, and IAS 28 – amended to address issues that have arisen in the context of applying the consolidation exception for investment entities. It is effective for annual periods beginning on or after January 1, 2016.

IFRS 15 "Revenue from Contracts with Customers" – This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

Financial Instruments and Risks

Classification of financial instruments

Financial assets and liabilities included in the statement of financial position are as follows:

	December 31, 2016	December 31, 2015
Financial Assets	$	$
Held-for-trading		
Cash	-	358
Accounts receivable	37,802	5,567
	37,802	5,567
Financial Liabilities		
Other financial liabilities		
Bank indebtedness	606	-
Trade and other payables	88,454	36,822
Due to shareholders	240,051	212,841
	329,111	249,662

Fair value

In accordance with IFRS, financial instruments are classified into one of the five following categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. Investments with quoted prices in active markets are designated as held-for-trading. Investments without quoted prices in active markets designated as available for sale and are carried at cost.

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 quoted prices 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. from derived prices); and

Level 3 inputs for the asset or liability that are not based upon observable market data.

MCRCI has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At December 31, 2016, cash of $nil (December 31, 2015 – $358) have been measured and recognized in the balance sheet using Level 1 inputs. At December 31, 2016 and December

31, 2015, there were no financial assets or liabilities measured and recognized in the balance sheet at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. MCRCI's cash, cash held in trust and trade and other receivables are exposed to credit risk. MCRCI reduces its credit risk on cash and cash equivalents by placing these instruments with institutions of high credit worthiness. As at December 31, 2016 and 2015, MCRCI's exposure is the carrying value of the financial instruments.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. MCRCI manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

MCRCI maintained cash at December 31, 2016 in the amount of $Nil (December 31, 2015 – $358), in order to meet short-term business requirements. At December 31, 2016, MCRCI had accounts payable of $88,454 (December 31, 2015 – $36,822). All accounts payable and advance payables are current.

Market risk

The significant market risks to which MCRCI is exposed are interest rate risk and currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the year in the financial statements is interest income on Canadian dollar cash and cash equivalents and term deposits. MCRCI is not exposed to significant other price risk.

Currency risk

MCRCI is exposed to currency risk to the extent that monetary assets and liabilities held by MCRCI are not denominated in Canadian dollars. MCRCI has not entered into any foreign currency contracts to mitigate this risk.

Capital Management

MCRCI defines capital that it manages as its shareholders' equity. When managing capital, MCRCI's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of MCRCI's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of MCRCI, is reasonable. There were no changes to MCRCI's approach to capital management during the nine months ended September 30, 2017.

Risks and Uncertainties

Please see Item 17 below for an outline of the anticipated risk factors relating to the Target's proposed business model. The Target will face a number of challenges in the development of its business. The risks and uncertainties outlined in this Listing Statement are not the only ones facing the Target. Additional risks and uncertainties not presently known to the Target or which are currently deemed immaterial, may also impair the operations of the Target. If any such risks actually occur, the financial condition, liquidity and results of operations of the Target could be materially adversely affected and the ability of the Target to implement its growth plans could be adversely affected.

Contractual Obligations and Commitments

As at December 31, 2016, MCRCI had the following commitments:

Year	Commitment
2017	Nil
2018	Nil
2019	Nil
Total	Nil

On April 18, 2014, MCRCI entered into an office lease agreement for its premises at 300-460 Nanaimo Street, Vancouver, BC V5L 4W3. The lease commenced on May 1, 2014 and expired on April 30, 2017 for a monthly rent of $3,024 including GST. Subsequent to April 30, 2017, the Company is committed to pay monthly rent of $4,560 including GST.

On January 19, 2017, MCRCI entered into a subscription and patient referral agreement with a private investment entity pursuant to which MCRCI issued a further 9.5 class A and 9.5 class B shares for $5,263.16 per share, for aggregate gross proceeds of $100,000 and the subscriber identifies Licensed Producers to MCRCI for use by its patients and the subscriber pays to MCRCI a 15% service fee in connection with the purchase of products by MCRCI patients. Under the agreement, MCRCI is to originate 2,000 referral patients to the subscriber over a 30-month period and upon the achievement of certain referral-based milestones is entitled to receive further cash or share payments (in the aggregate amount of $375,000) from the subscriber.

On January 23, 2017, MCRCI entered into a clinic rental agreement with Paradigm Naturopathic Medicine. The rental commences on January 2, 2017. MCRCI commits to pay a minimum of three half-day (four hours) blocks every month for an agreed term of one year. During the term of the agreement, MCRCI has to pay $50 plus GST per block. For the year 2017, MCRCI is committed to pay a minimum amount of $1,800 plus GST.

Claims and Lawsuits

None.

Contingent Liability

None.

Approval

The Board of Directors of the Target has approved the disclosure contained in this MD&A.

ITEM 7: MARKET FOR SECURITIES

The Common Shares of the Issuer are listed on the CSE under the symbol "LEO" and are expected to recommence trading under the symbol "MJRX" following the Issuer's requalification for listing in connection with the acquisition of the Target. In connection with the Closing, the Resulting Issuer intends to change its name from "Leo Resources Inc." to "Global Health Clinics Ltd."

ITEM 8: CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Issuer as at July 31, 2017, July 31, 2016 and the expected consolidated share capital of the Resulting Issuer following completion of the Acquisition:

	Authorized	**Outstanding following completion of the Acquisition**	**Outstanding as at dated of this Listing Statement**	**Outstanding as at July 31, 2017**	**Outstanding as at July 31, 2016**
Common Shares [(1)]	Unlimited	49,438,911	30,838,916 [(2)(3)]	30,838,916	5,449,416
Series A Preferred Shares	Unlimited	100,000	100,000	100,000	100,000
Options	10% of issued and outstanding capital [(4)]	Nil	Nil [(5)]	Nil	Nil
Warrants	N/A	16,975,977	16,975,977 [(5)]	4,900,000	4,900,000

Notes:

(1) Pursuant to the pro forma financial statements included as Schedule "J" of this Listing Statement, the Resulting Issuer will have a deficit of ($31,941,221) as at March 31, 2018.

(2) On May 2, 2017, the Issuer consolidated its issued and outstanding share capital on the basis of one post-consolidation Common Share for each five pre-consolidation shares.

(3) Of these shares, 3,999,995 shares will be subject to the Escrow Agreement. See Part 11 "*Escrowed Securities*" below. The Issuer had 30,838,916 Common Shares issued and outstanding prior to giving effect to the Acquisition.

(4) The number of stock options that the Resulting Issuer may grant is limited by the terms of the Stock Option Plan and Exchange Policies. See Part 9 "*Options to Purchase Securities"*.

(5) Comprised of 1,723,832 warrants exercisable at $0.85 per Common Share until January 24, 2019 11,077,145 warrants exercisable at $0.85 per Common Share until December 21, 2018, 2,175,000 warrants exercisable at $0.325 per Common Share until March 11, 2019 and 2,000,000 share purchase warrants exercisable at $0.60 per Common Share until October 27, 2019.

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 Options outstanding and has no immediate plans to grant any Options.

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

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

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

The Stock Option Plan provides that the number of Common Shares which may be made the subject of options cannot exceed 10% of the issued and outstanding Common Shares on a non-diluted basis at any time. The stock options granted under the Stock Option Plan together with all of the Issuer's other previously established plans or grants, shall not result at any time in: (a) the number of Common Shares reserved for issuance pursuant to stock options granted to Insiders exceeding 10% of the issued and outstanding Common Shares; (b) the grant to Insiders within a 12 month period, of a number of stock options exceeding 10% of the outstanding Common Shares; (c) the grant to any one Optionee within a 12-month period, of a number of stock options exceeding 5% of the issued and outstanding Common Shares unless the Issuer obtains the requisite disinterested shareholder approval; (d) the grant to all persons engaged by the Issuer to provide investor relations activities, within any twelve-month period, of stock options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Issuer's issued and outstanding Common Shares; or (e) the grant to any one consultant, in any twelve-month period, of stock options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Issuer's issued and outstanding Common Shares.

The board of directors determines the price per Common Share and the number of Common Shares that may be allotted to each eligible person and all other terms and conditions of the options, subject to the rules of the CSE, provided however that price per share set by the board of directors must be at least equal to the Discounted Market Price of the Common Shares. "Discounted Market Price" means the last per share closing price for the Common Shares on the CSE before the date of grant of a stock option, less any applicable discount under CSE policies. In addition to any resale restrictions under securities laws, any stock option granted under the Stock Option Plan and any Common Shares issued upon the due exercise of any such stock option so granted will be subject to a four-month hold period commencing from the date of grant of the stock option, if the exercise price of the stock option is granted at less than the Market Price. "Market Price" means the closing price of the Common Shares on any exchange (and if listed on more than one Exchange, then the highest of such closing prices) on the last business day prior to the date of grant. In the event that such Common Shares did not trade on such business day, the Market Price shall be the average of the bid and asked prices in respect of such Common Shares at the close of trading on such date.

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

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

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

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 30,838,916 Common Shares are issued and outstanding as fully paid and non-assessable, and an unlimited number of Series A preferred non-voting, non-retractable, non-redeemable shares without par value, of which 100,000 Series A preferred shares are issued and outstanding.

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

Voting Rights. The holders of the Common Shares are entitled to receive notice of, attend and vote at any meeting of the shareholders of the 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 Class A Shares, Target Class B Shares and Target Class C Shares all without par value. There are currently 3,999,995 Target Class A Shares, 9,600,000 Target Class B Shares, and 5,000,000 Target Class C Shares currently issued and outstanding.

There are no special rights or restrictions of any nature attached to the Target Shares. The holders of Target Shares are entitled to receive notice of and to attend and vote at all meetings of shareholders of the Target and each Target Share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Target. The holders of the Target Shares are entitled to receive dividends if, as and when declared by the directors and, subject to the rights of holders of any shares ranking in priority to or on a parity with the Target Shares, to participate 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 a directors' resolution, in accordance with the requirements of the BCBCA and the Issuer's articles.

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 11, 2017	2,400,000 units (1)(2)	Private Placement	$0.25	$600,000	Cash
April 27, 2017	2,000,000 units (1)(3)	Private Placement	$0.50	$1,000,000	Cash
June 21, 2017	21,266,900 units (4)	Private Placement	$0.50	$10,633,450	Cash
July 24, 2017	3,397,500 units (5)	Private Placement	$0.50	$3,397,600	Cash
Total	**29,064,400 units**			**$15,631,050**	

(1) Presented post-consolidation though the securities issued were issued prior to the effective date of the Issuer's share consolidation.
(2) Units comprised one Common Share and one share purchase warrant exercisable at $0.325 per Common Share until March 11, 2019.
(3) Units comprised one Common Share and one share purchase warrant exercisable at $0.60 per Common Share until October 27, 2018.
(4) Units comprised of one Common Share and one half of one share purchase warrant, each whole warrant exercisable at $0.85 per Common Share until December 21, 2018.

(5) Units comprised of one Common Share and one half of one share purchase warrant, each whole warrant exercisable at $0.85 per Common Share until January 24, 2019.

10.7 Stock Exchange Price

The Common Shares have been listed and posted for trading on the CSE since August 16, 2013. 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 July 31, 2016	0.02	0.02	0.02	Nil
Quarter ended October 31, 2016	0.02	0.02	0.02	Nil
Quarter ended January 31, 2017	0.30	0.30	0.30	1,001
Quarter ended April 30, 2017	0.80	0.80	0.80	1,000
Quarter ended July 31, 2017 (2)	1.19	1.09	1.09	361,609
Quarter ended October 31, 2017	-	-	-	0
Quarter ended January 31, 2018	-	-	-	0
Quarter ended April 30, 2018	-	-	-	0
Month ended May 31, 2018	-	-	-	0
Month ended June 30, 2018	-	-	-	0
Month ended July 31, 2018	-	-	-	0

Notes:
(1) Trading of the Common Shares on the CSE commenced on August 16, 2013
(2) The Common Shares were halted on June 27, 2017 pending the announcement of the execution of the Amalgamation Agreement. The last trade of the Common Shares prior to the trade halt was on June 26, 2017 at a price of $1.09.

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

ITEM 11: ESCROWED SECURITIES

The Issuer has no securities currently held in escrow. No securities are otherwise subject to any contractual restrictions on transfer.

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

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

(a) the partners, directors and senior officers of the Issuer or any of its material operating subsidiaries;

(b) promoters of the 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 7,198,972 Common Shares representing 14.56% of the issued and outstanding Common Shares on the Closing Date will be deposited into escrow pursuant to the Escrow Agreement (the "**Escrowed Securities**"). All of the Resulting Issuer Shares issuable in exchange for the Target Class A Shares will be escrowed as agreed by the shareholders of MCRCI pursuant to the MCRCI Agreement.

The particulars of the holders of the Escrowed Securities pursuant to the Escrow Agreement is as outlined in the table below:

Name of Shareholder	**Number of Resulting Issuer Shares to be held**	**Percentage of Resulting Issuer Shares**
Justin Liu	3,198,977	6.47%
Croft Entertainment Inc.	1,178,947	2.38%
Robert Barton	67,368	0.14%
John Conroy	673,684	1.36%
David Cox	117,894	0.24%
Andrea DiFonzo	67,368	0.14%
Sarah Donald	67,368	0.14%
Brenda Marie Gerhard	269,473	0.55%
2557788 Ontario Inc.	160,000	0.32%
Cheri Miller	117,894	0.24%
Arnold Shoichet	673,684	1.36%

Name of Shareholder	Number of Resulting Issuer Shares to be held	Percentage of Resulting Issuer Shares
Philmar Development Corporation	606,315	1.23%

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

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

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

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

(1) transfers to continuing or, upon their appointment, incoming directors and senior officers of the Issuer or of a material operating subsidiary, with approval of the Issuer's Board;

(2) transfers to a person or company that before the proposed transfer holds more than 10% of the 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.

ITEM 12: PRINCIPAL SHAREHOLDERS

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

ITEM 13: DIRECTORS & OFFICERS

13.1 Name, Occupation and Security Holding

The Issuer's current directors are Sam Chaudry (President and Chief Executive Officer), Konstantin Lichtenwald (Chief Financial Officer) and Ken Tollstam. Following completion of the Acquisition, Mr. Chaudry will resign as director and as President and CEO in favour of the nominee of the Target, being Terry Roycroft. Mr. Lichtenwald will resign as a director, but will remain as the Chief Financial Officer. Mr. Tollstam will also resign as a director. The proposed board of the Resulting Issuer will comprise David Schmidt, Stanley Lu, Dr. Stephanie Liu, Sarah Donald. Suzette Ramcharan and Anthony Jackson, who will be appointed as the Chairman of the Board. Adrian Makuch will be appointed as corporate secretary.

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

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

Name, Jurisdiction of Residence, Proposed Offices	Principal Occupation During Last Five Years [3]	Prior Director of Officer of the Issuer or Target and Term of such Position	Number of Common Shares upon completion of the Acquisition [1]	Percentage of Class Held or Controlled on completion of the Acquisition
David Schmidt, Surrey, B.C., Proposed Director[2]	Corporate development and mining consultant from May 2000 to Present	Proposed Director of the Resulting Issuer	Nil	N/A
Stanley Iu, Toronto, Ontario, Proposed Director	Managing partner of Maxit Capital LP (a private merchant banking and financial advisory firm from 2014 to Present; Investment banking at Dundee Capital Markets from 2010 to 2014	Proposed Director of the Resulting Issuer	20,000	N/A
Dr. Stephanie Liu, Edmonton, AB., Proposed Director	Family physician to Present	Proposed Director of the Resulting Issuer	300,000	0.61%

Name, Jurisdiction of Residence, Proposed Offices	Principal Occupation During Last Five Years [3]	Prior Director of Officer of the Issuer or Target and Term of such Position	Number of Common Shares upon completion of the Acquisition [1]	Percentage of Class Held or Controlled on completion of the Acquisition
Sarah Donald, Coquitlam, B.C., Proposed Director [2]	Director of Operations at MCRCI 2016-present; Operations Manager at MCRCI from 2011-2016	Proposed Director of the Resulting Issuer	67,368	0.14%
Suzette Ramcharan, Ajax, Ontario, Proposed Director [2]	VP Corporate Development of Nighthawk Gold Corp. (a TSX listed company) from March 2017 to Present; Investor Relations with Kirkland Lake Gold Inc. (a TSX listed company) from October 2014 to November 2016	Proposed Director of the Resulting Issuer	140,000	0.28%
Anthony Jackson, West Vancouver, B.C., Proposed Chairman and Director	Principal and Founder of Bridgemark Financial Corp, (a private financial services company) from 2009 to Present	Previous Director of the Issuer in February 2017, Director of the Target since incorporation in May 2017, Director of MCRCI since June 2017	400,000	0.81%
Terry Roycroft, Burnaby, B.C., Proposed President, CEO and Director	President and CEO of MCRCI since incorporation in January 2011	President, Director and CEO of MCRCI since incorporation in January 2011, Director of the Target since June 2017	1,178,947	2.38%
Konstantin Lichtenwald, Vancouver, B.C., CFO	Accounting and financial management consultant from 2012 to Present	CFO and Director of the Issuer since February 2017	70,000	0.14%
Adrian Makuch, Etobicoke, Ontario, Proposed Corporate Secretary	Corporate Development at Eyecarrot Innovations Corp. (a TSXV listed company) from January 2014 to present; Manager, Investment Compliance and Reporting at State Street Corporation from September 2010 to December 2013	Proposed Corporate Secretary of the Resulting Issuer	Nil	N/A

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 Listing Statement assuming the completion of the Acquisition and related transactions.

(2) Proposed member of the Audit Committee

(3) The information as to principal occupation, business or employment and shares beneficially owned or controlled is not within the knowledge of the management of the Issuer and has been furnished by the respective individuals.

The information as to shares beneficially owned, directly or indirectly, or over which control or direction is exercised, is based upon information furnished to the Issuer by the proposed respective directors and officers as at the date hereof. After giving effect to the Acquisition, the directors, officers, insiders and promoters of the Resulting Issuer, and their respective associates and affiliates, as a group, will hold an aggregate of 2,156,315 Resulting Issuer Shares, representing approximately 4.36% of the issued and outstanding Resulting Issuer Shares.

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, other than the President and CEO, Terry Roycroft and Sarah Donald, who is an employee of MCRCI. See also "*Management*" below. With the exception of Ms. Donald, who is an employee of MCRCI, it is expected that the balance of the directors and officers of the Resulting Issuer will be independent contractors.

13.2 Committees

The sole committee of the Resulting Issuer will be the audit committee, comprised of David Schmidt, Sarah Donald and Suzette Ramcharan.

13.3 Cease Trade Orders and Bankruptcies

As at the date of this Listing Statement and within the ten years before the date of this Listing Statement, no current or proposed director, chief executive officer, chief financial officer or a shareholder holding sufficient number of securities of the Issuer to materially affect control of the 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.

13.4 Penalties and Sanctions

No current or proposed 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.

13.5 Conflicts of Interest

Certain current and proposed directors and officers of the Issuer are also directors, officers or shareholders of other companies that are similarly engaged in the business of life sciences. 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 and board of directors of the Resulting Issuer.

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

Terry Roycroft, Proposed President, Chief Executive Officer and Director (Age: 61)

Mr. Roycroft has been the President and CEO of MCRCI since its inception in 2011. Under Mr. Roycroft's leadership, MCRCI has been voted the #1 clinic in 2015 and 2016 by Lift, the leading Canadian cannabis online marketplace. He is an internationally recognized speaker in medical marijuana and a top industry consultant. Mr. Roycroft engages with HR professionals in Canada regarding medicinal cannabis use in the workplace.

Konstantin Lichtenwald, Chief Financial Officer (Age: 32)

Mr. Lichtenwald was appointed a director and Chief Financial Officer of the Issuer in February 2017. Mr. Lichtenwald earned his Bachelor of Business Administration degree from Pforzheim University, Germany, and holds the professional designation of Chartered Professional Accountant (CPA, CGA) and Chartered Certified Accountant (ACCA), where he is a member of Chartered Professional Accountants of B.C. and Canada as well as a member of the Association of Chartered Certified Accountants of United Kingdom. Mr. Lichtenwald has had extensive experience as a controller and CFO of numerous publicly traded and private corporations in several industries.

Anthony Jackson, Proposed Director and Chairman, (Age: 37)

Mr. Jackson is a Principal of BridgeMark Financial Corp., financial advisory firm. Mr. Jackson has had extensive experience as a Director and Officer of numerous publicly traded corporations across multiple industries. He is currently involved in two mergers involving LPs, SVT Capital Corp. (Delta 9 Bio-Tech) and Hadley Mining Inc.

David Schmidt, Proposed Director, (Age: 39)

Mr. Schmidt has over 15 years of experience working as a consultant to private and public companies, advising on financings, corporate and financial disclosure, as well as corporate development. He holds a Bachelor of Applied Science (Mining) from the University of British Columbia. He is currently CFO of White Gold Corp. (WGO.V).

Stanley Iu, Proposed Director, (Age: 33)

Mr. Iu is currently a Managing Partner at Maxit Capital LP, a leading independent investment and merchant bank. Prior to Maxit, Mr. Iu worked at Dundee Capital Markets, where he played a key role in the IPO of Bedrocan Cannabis Corp. (now Canopy Growth Corporation). Mr. Iu is a CPA, CA, a CFA charterholder and holds MAcc and BAFM degrees from the University of Waterloo.

Dr. Stephanie Liu, Proposed Director, (Age: 32)

Dr. Liu is a family physician with a practice in Edmonton, Alberta and also works with acutely ill patients at the University of Alberta Hospital. In addition, she is a clinical lecturer at the University of Alberta. She completed her medical school and residency in Family Medicine at the University of Alberta. Dr. Liu studied Health Sciences at the University of Calgary before completing a Masters of Sciences in Clinical Nutrition at Columbia University in New York City.

Sarah Donald, Proposed Director, (Age: 27)

Ms. Donald is strategic member of the MCRCI team and has helped create the structure and patient processing of MCRCI, who has processed over 3,500 patients. With over 8 years' experience in the marijuana industry, she is a leading expert in patient care and creating industry standards for patients, physicians, and licensed producers in the national market.

Suzette Ramcharan, Proposed Director, (Age: 39)

Ms. Ramcharan is currently the VP, Corporate Development with Nighthawk Gold Corp. She is a seasoned investor relations professional with over sixteen years of experience in the mining industry having worked with Kirkland Lake Gold Inc., St Andrew Goldfields ltd. (acquired by Kirkland Lake Gold Inc.), Gold Eagle Mines Ltd. (acquired by Goldcorp Inc.), and European Goldfields Ltd. (acquired by Eldorado Gold Inc.).

Adrian Makuch, Proposed Corporate Secretary, (Age 35)

Mr. Makuch is a graduate of University of Toronto, Canada. He achieved his Bachelor of Science, Honors degree specializing in Finance and Economics as well as a double minor in mathematics and psychology. He has worked for various financial institutions focusing on Investment Compliance, Accounting and Portfolio Management. Mr. Makuch has experience with public venture companies with a specific focus in management and corporate infrastructure/strategy development.

ITEM 14: CAPITALIZATION

The following section is based on the Issuer having 30,838,916 Common Shares issued and outstanding immediately prior to the Acquisition and 18,599,995 Resulting Issuer Shares being issued to the Target Shareholders on the Closing Date.

14.1 Issued Capital

Public Float	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Total outstanding (A)	49,438,911	66,414,888	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)	14,155,292	17,355,292	28.63%	26.13%
Total Public Float (A-B)	35,283,619	49,059,596	71.37%	73.87%
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)	7,198,972	7,198,972	14.56%	10.84%
Total Tradeable Float (A-C)	42,239,939	59,215,916	85.44%	89.16%

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

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	134	1,286
100 – 499 securities	8	1,491
500 – 999 securities	2	1,661
1,000 – 1,999 securities	4	5,581
2,000 – 2,999 securities	1	2,780
3,000 – 3,999 securities	0	N/A
4,000 – 4,999 securities	1	4,000
5,000 or more securities	109	36,265,802
Total	**259**	**36,282,601**

Notes:

(1) The information from the above table is derived from a share range report of the Issuer as at October 17, 2017 as provided by the Transfer Agent and the securities register of the Target.

(2) CDS& CO.is the holder of record of 3,678,652 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 Common Shares pursuant to the Amalgamation Agreement to those Shareholders who are not Related Person Shareholders.

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

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	468	6,877
100 – 499 securities	43	9,548
500 – 999 securities	6	4,030
1,000 – 1,999 securities	1	1,000
2,000 – 2,999 securities	3	6,773
3,000 – 3,999 securities	2	7,131
4,000 – 4,999 securities	2	8,000
5,000 or more securities	23	3,804,690
Unable to confirm	N/A	N/A

Notes:

(1) The information from the above table is from range report prepared by Broadridge as at October 17, 2017.

(2) As the Target Shareholders will initially be registered Shareholders, the above does not include the issuance of any Common Shares pursuant to the Amalgamation Agreement.

14.4 Non-Public Securityholders (Registered)

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	N/A
100 – 499 securities	0	N/A
500 – 999 securities	0	N/A
1,000 – 1,999 securities	0	N/A
2,000 – 2,999 securities	0	N/A
3,000 – 3,999 securities	0	N/A
4,000 – 4,999 securities	0	N/A
5,000 or more securities	9	13,156,310
Total	**9**	**13,156,310**

Notes:

(1) The information from the above table has been furnished by the proposed directors and officers of the Resulting Issuer as a well from the registered shareholder list of the Issuer as at September 30, 2017 as provided by the Transfer Agent, and assumes the issuance of Common Shares pursuant to the Amalgamation Agreement.

14.5 Convertible Securities

The Issuer currently has no stock options outstanding and 16,975,977 share purchase warrants outstanding as follows:

(a) 1,723,832 warrants exercisable at $0.85 per Common Share until January 24, 2018;

(b) 11,077,145 warrants exercisable at $0.85 per Common Share until December 21, 2018;

(c) 2,175,000 warrants exercisable at $0.325 per Common Share until March 11, 2019; and

(d) 2,000,000 share purchase warrants exercisable at $0.60 per Common Share until October 27, 2018;

all of which warrants will remain outstanding following completion of the Acquisition.

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.

Sam Chaudry, CEO, Konstantin Lichtenwald, CFO, Daniel Wettreich, ex-CEO and CFO, are each a NEO of the Company 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 July 31)	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of perquisites ($)	Value of all other compensation ($)	Total compensation ($)
Sam Chaudry, CEO and Director (1)	2017	$100,000	Nil	Nil	Nil	Nil	$100,000
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Konstantin Lichtenwald, CFO and Director (2)	2017	$122,990	Nil	Nil	Nil	Nil	$122,990
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Ken Tollstam Director	2017	$257,143	Nil	Nil	Nil	Nil	$257,143
Anthony Jackson, former CEO and Director(3)	2017	$280,000	Nil	Nil	Nil	Nil	$280,000
Matt Wettreich, former Director and Corporate Secretary	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Daniel Wettreich, former,CEO, CFO and Director (4)	2017	$257,143	Nil	Nil	Nil	Nil	$257,143
	2016	Ni	Nil	Nil	Nil	Nil	Nil
Peter Wanner, Former Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Paul Cullingham, Former Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
David Lonsdale, Former Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil

(1) Mr. Chaudry was appointed as CEO and a director of the Issuer on April 14, 2017, following the resignation of Mr. Anthony Jackson as CEO and a director on the same date.

(2) Mr. Konstantin was appointed as CFO and a director of the Issuer on February 8, 2017. Mr. Tollstam was appointed as a director of the Issuer on the same date

(3) Daniel Wettreich resigned as CEO/CFO and a director of the Issuer and Matt Wettreich resigned as corporate secretary and a director of the Issuer, and each of Peter Wanner, Paul Cullingham and David Lonsdale resigned as directors of the Issuer on February 8, 2017.

External Management Companies.

Except as described below, 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. Mr. Jackson provides accounting and controller consulting services to the Company through Jackson & Company, Chartered Accountants, a private company owned and controlled by him, of which $160,000 was paid in the year ended July 31, 2017 and through Bridgemark Financial Corp., a private financial services company of which Mr. Jackson is a principal, and which received $20,000 in fees during the year ended July 31, 2017.

Stock Options and Other Compensation Securities

No all compensation securities were granted or issued to any NEO or director by the Issuer or its subsidiaries in the year ended July 31, 2017 or July 31, 2016, 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 year ended July 31, 2017.

No compensation securities were exercised by any directors or NEOs during the year ended July 31, 2017.

No compensation securities were re-priced, cancelled and replaced, had their term extended, or otherwise materially modified during the year ended July 31, 2017.

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 Issuers annual general meeting held on May 22, 2018. The Issuer expects its next annual general meeting to be held in approximately July 2019.

Employment, consulting and management agreements

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.

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 Company or a change in an NEO's responsibilities.

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 activity (i.e. companies listed on the TSX-V with a market capitalization of up to $15 million).

At the current stage of the Issuer's operations and resources, the Board has determined it is not appropriate to pay significant compensation to its NEOs and directors, other than through the award of Options pursuant to the Stock Option Plan. NEOs and directors are reimbursed for expenses they incur in relation to the Issuer's business and operations. The Issuer does not provide pension or other benefits to the executive officers.

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.

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 July 31, 2017 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 a 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 July 31, 2017.

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	3,083,892
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	Nil		3,083,892

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

Upon completion of the Acquisition, it is anticipated that the Resulting Issuer will establish a compensation committee which will recommend how management and the directors are compensated for their services.

Director and Named Executive Officer Compensation

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

Summary Compensation Table
For the 12 months following the completion of the Acquisition

Table of compensation excluding compensation securities							
Name and position	**Period**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Terry Roycroft, CEO	12 months following Acquisition	$175,000	Nil	Nil	Nil	Nil	$175,000
Konstantin Lichtenwald, CFO	12 months following Acquisition	$60,000	Nil	Nil	Nil	Nil	$60,000

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 ($)**	**Total compensation ($)**
Anthony Jackson, Chairman and Director	12 months following Acquisition	Nil	Nil	Nil	Nil	Nil	Nil
David Schmidt, Director (1)	12 months following Acquisition	Nil	Nil	Nil	Nil	Nil	Nil
Stanley Lu, Director (2)	12 months following Acquisition	Nil	Nil	Nil	Nil	Nil	Nil
Dr. Stephanie Liu, Director	12 months following Acquisition	Nil	Nil	Nil	Nil	Nil	Nil
Sarah Donald, Director	12 months following Acquisition	$80,000	Nil	Nil	Nil	Nil	$80,000
Suzette Ramcharan, Director	12 months following Acquisition	Nil	Nil	Nil	Nil	Nil	Nil
Adrian Makuch, Corporate Secretary	12 months following Acquisition	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

1. During the year ended July 31, 2017, Mr. David Schmidt indirectly, through Sway Capital Corp., received consulting fees of $400,000 plus GST from the Issuer for the provision of advisory fees relating to the Acquisition.
2. During the year ended July 31, 2017, Mr. Iu received consulting fees of $20,000 as a one-time fee pertaining to operations.

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, other than Terry Roycroft who provides consulting services to the Target through his holding company, 612510 B.C. Ltd.

Stock Options and Other Compensation Securities

No compensation securities will be granted or issued to each NEO or director by the Issuer or its subsidiaries as at the completion of the Transactions, for services provided or to be provided, directly or indirectly to the Resulting Issuer or any of its subsidiaries.

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 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:

(a) The Target has entered into a consulting services agreement with 612510 B.C. Ltd. dated September 1, 2017, pursuant to which Terry Roycroft provides consulting services to the Target and to MCRCI. The term of the consulting agreement is two years and 612510 B.C. Ltd. receives annual compensation of $175,000. The consulting services agreement may be terminated by either the Target or by Mr. Roycroft of 612510 B.C. Ltd. upon providing a minimum of 120 days' notice of termination or at any time by the Target for cause;

(b) MCRCI has entered into an employment agreement with Sarah Donald dated September 1, 2017 pursuant to which Ms. Donald is employed by MCRCI as its Director of Operations for an annual salary of $80,000 for a term of 12 months. Ms. Donald is entitled to performance compensation at the determination of MCRCI. The employment agreement may be terminated by MCRCI or Ms. Donald at any time on three months' notice or by MCRCI for cause; and

(c) The Resulting Issuer has agreed to pay to Konstantin Lichtenwald, the CFO of the Resulting Issuer fees of $60,000 as consulting fees pursuant to an oral arrangement.

Oversight and Description of Director and Named Executive Officer Compensation

Upon completion of the Acquisition, 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	4,943,892
Equity compensation plans not approved by securityholders	Nil	N/A	Nil

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)
Total	**Nil**		**4,943,892**

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 Risk Related to the Target's Business

Limited Operating History

The Target has no history of net earnings and a limited operating history. Accordingly, it has no significant operating history upon which to evaluate its performance. Past performance of the Target's or the Target Subsidiaries' operations is not indicative of future results, and there can be no assurance that the Target will operate profitably following the integration of the business of MCRCI and PAP and the changes to their business models proposed by the Target. No conclusions should be drawn from the past performance of its

operations and personnel. The likelihood of success of the Target must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Target has limited financial resources and there is no assurance that additional funding will be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Target can generate sufficient revenues to operate profitably, or provide a return on investment, or that it will successfully implement its business plans. The Target expects that its operating expenses will continue to increase in future periods as it pursues its proposed growth strategies. The Target further anticipates that revenues will initially decrease as the Target alters the business model of MCRCI to remove membership fees. Any future increases to the Target's development expenses and/or general and administrative expenses or decreases in its revenues will directly affect its future results of operations and may have an effect on its financial condition.

Risks Inherent in the Nature of the Health Clinic Industry

Changes in operating costs (including costs for maintenance, insurance), inability to obtain permits required to conduct the Target's business, changes in health care laws and governmental regulations, and various other factors may significantly impact the ability of the Target to generate revenues. Certain significant expenditures, including legal fees, borrowing costs, maintenance costs, insurance costs and related charges must be made to operate its clinics, regardless of whether the Target is generating revenue.

Unfavourable Publicity or Consumer Perception

The success of the medical marijuana industry may be significantly influenced by the public's perception of marijuana's medicinal applications. Medical marijuana is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to medical marijuana will be favourable. The medical marijuana industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical marijuana is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of medical marijuana may have a material adverse effect on our operational results, consumer base and financial results. Public opinion and support for medical and recreational cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and recreational cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical marijuana as opposed to legalization in general).

Patient Acquisitions

The Resulting Issuer's success depends on its ability to attract and retain patients. There are many factors which could impact the Resulting Issuer's ability to attract and retain patients, including but not limited to the successful implementation of the Resulting Issuer's patient-acquisition plans and the continued growth in the aggregate number of patients selecting medical marijuana as a treatment option. The Resulting Issuer's failure to acquire and retain patients as clients would have a material adverse effect on the Resulting Issuer's business, operating results and financial condition.

Competition

The medicinal marijuana industry is intensely competitive, and the Target competes with other companies that may have greater financial resources and technical facilities. Numerous other businesses are expected to compete in the clinic space and provide additional patient servicing under the new regulatory regime in seeking patients that purchase medicinal marijuana. It is possible that LPs or other third parties could also

establish their own medical clinics that are similar to the Target's, as there are no significant barriers to entry.

An increase in competition for cannabis and cannabinoid products may decrease prices and result in lower profits to the LPs. This increases the risk that LPs would not have funding available to provide LP grants.

Development Risks

Future development of the Target's business may not yield expected returns and may strain management resources. Development of the Target's revenue streams is subject to a number of risks, including construction delays, cost overruns, financing risks, cancellation of key service contracts, and changes in government regulations. Overall costs may significantly exceed the costs that were estimated when the project was originally undertaken, which could result in reduced returns, or even losses, from such investments.

Plans for Growth

The Target plans to grow rapidly and significantly expand its operations. This growth will place a significant strain on management systems and resources. The Target will not be able to implement our business strategy in a rapidly evolving market, without an effective planning and management process. To date, the Target has implemented some managerial, informational, operational and financial systems and controls, however, there can be assurance these systems and controls will be adequate. The Target may be required to manage multiple relationships with various strategic partners, users, advertisers and other third parties. These requirements will be strained in the event of rapid growth, or a large increase in the number of third party relationships the Target has, as its systems, procedures or controls may not be adequate to support increased operations and management may be unable to manage growth effectively. To manage the planned growth, the Target will be required to significantly improve or replace existing managerial, informational, financial and operational systems, procedures and controls, and to expand, train and manage its intended growing base of personnel. The Target may also be required to expand its finance, administrative and operations staff. The Target may be unable to complete in a timely manner the improvements to its systems, procedures and controls necessary to support future operations, management may be unable to hire, train, retain, motivate and manage required personnel and management may be unable to successfully identify, manage and exploit existing and potential market opportunities.

Uninsurable Risks

MCRCI carries comprehensive general liability, fire, and flood insurance with policy specifications, limits and deductibles for its clinics. It is possible that, in the future, the Target will not be able to obtain clinic insurance for these types of risks at reasonably economic rates, or at all. Moreover, there are certain types of risks, generally of a catastrophic nature, such as wars or natural disasters, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or underinsured loss occur, the assets of the Target may not be sufficient to satisfy these losses. In the course of developing the Target's business, certain risks, and in particular, medical malpractice or product liability suits, may occur. It is not always possible to fully insure against such risks, and the Target may decide not to take out insurance against some or all of such risks as a result of high premiums or other reasons. Even a partially uninsured claim of significant size, if successful, could materially adversely affect the Target's business, financial condition, results of operations and liquidity and result in increasing costs and a decline in the value of the securities of the Target. However, even if the Target successfully defends against any such claim, it could be forced to spend a substantial amount of money in litigation expenses, management could be required to spend valuable time in the defence against these claims and the Target's reputation could suffer, any of which could adversely affect results of its operations.

Government Regulations, Permits and Licenses

The Target's operations may be subject to governmental laws or regulations promulgated by various legislatures or governmental agencies from time to time. A breach of such legislation may result in imposition of fines and penalties. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Target intends to fully comply with all governmental laws and regulations. The LPs that provide medical marijuana to the Target's patients will be subject to various federal, provincial and municipal laws relating to the ACMPR in Canada. While there are currently no indications that the Target will require approval by Health Canada under the new program, such approvals may ultimately be required. There can be no assurance, however, that all permits which the Target may require for its operations and activities will be obtainable on reasonable terms or on a timely basis or such laws and regulations would not have an adverse effect on the Target's business.

The current or future operations of the Target are and will be governed by laws and regulations governing the health care industry, labour standards, occupational health and safety, land use, environmental protection, and other matters. Amendments to current laws, regulations and permits governing operations and activities of health clinics, or more stringent implementation thereof, could have a material adverse impact on the Target and cause increases in capital expenditures or costs, or reduction in levels of its medical services.

The government of Canada proposes to legalize recreational marijuana in 2017 and there can be no assurance that such laws and regulations would not have an adverse effect on the Target's business. It is expected that pending legislation relating to recreational marijuana will include introducing regulation governing taxation, sales and distribution of the product on a large scale and will significantly alter availability and demand for recreational marijuana. There can be no assurances that availability of recreational marijuana will not reduce the demand for medical marijuana, that recreational distributors may also become distributors of medical marijuana, or that the significant industry effect of new corporate entrants into the marijuana industry (some of which could have significantly more capital, distribution and marketing resources than the Target), may have an adverse effect of the Target's business.

Federal Court Ruling

On March 21, 2014 the Federal Court of Canada issued an order for injunctive relief in response to a motion brought by four individuals (the "Applicants"). As a result of the Court's injunction, the persons who were previously authorized to possess and grow marijuana under the old Marihuana Medical Access Regulations (MMAR), who meet the terms of the Court order, were able to continue to do so on an interim basis, until the Court issues a final decision on the merits of the case. On February 24, 2016, the Federal Court of Canada issued reasons for judgement that the Canadian Marihuana for Medicinal Purposes Regulations, as amended (the "MMPR") was unconstitutional and invalid in that the MMPR does not provide Canadians with reasonable access to marihuana for medical purposes and that implementation of this decision was suspended until August 24, 2016 to allow sufficient time for the Federal government to enact new regulations. On August 24, 2016, the ACMPR were made effective. Pursuant to the ACMPR, an individual is eligible to produce cannabis for their own medical purposes as a registered person or to have it produced for them by a designated person. The Target expects that the immediate probable effect of the Court's decision could be a lower number of existing MMAR patients than may have otherwise been anticipated seeking physician referrals or registering with the Target for its clinical services, as some potential patients may choose to self-medicate and continue to grow their own marijuana without a prescription, as they have been doing under the MMAR.

Non-referrals

Physicians may not refer patients to the Target's clinics. In addition, as the market grows, and general practitioners become more comfortable and knowledgeable about the medical marijuana industry and products available, they may choose to write prescriptions directly for their own patients rather than refer them to an outside clinic.

Provincial Health Care Funding

All patients seen at the Target's clinics have been referred by other physicians. As such, the patient interaction with the consulting physician is eligible to be reimbursed by Provincial Health Departments. Revenues for the consulting physician vary by consulting physician specialty (i.e. family practitioner, internist, anesthesiologist, etc.) within each province, and the revenue schemes vary between provinces. Revenues generated by physician engagement (scope of exam and assessment) and physician specialty are subject to change by each provincial Health Department. Changes to any province's consulting physician reimbursement model may adversely effect the Target's ability to recruit or retain consulting physicians or the Target's business model.

Early Stage of the Industry and Growth

The Canadian medical marijuana industry is in a nascent stage, only having been granted license to generate revenue from cannabis products and services since April 1, 2014. The change in federal legislation from the MMPR to the ACMPR could have an adverse impact on a LP's ability to successfully market its strains. The industry in which the Target plans to operate may also be subject to rapid and sustained growth and development. A variety of competitors and companies consulting on the use of cannabis may impact the Target's ability to attract and retain staff, physicians or sufficient patients to support our business objectives.

Intellectual Property

The success of the Resulting Issuer's business depends in part on its ability to protect its ideas and technology, particularly its pavilions technology. Neither the Target nor the Target Subsidiaries has any patented technology at this time nor has it applied to register any patents. Even if the Resulting Issuer moves to protect its technology with trademarks, patents, copyrights or by other means, the Resulting Issuer is not assured that competitors will not develop similar technology, business methods or that the Resulting Issuer will be able to exercise its legal rights. Other countries may not protect intellectual property rights to the same standards as does Canada. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources such that said actions have a meaningfully impact our ability to successfully grow our business.

Lack of Capital Resources

Expanding the Target's business to meet its growth strategy may require additional investments of capital from time to time, and existing sources of cash and any funds generated from operations may not provide sufficient capital. For various reasons, additional financing may not be available when needed, or may not be available on favorable terms. If the Target fails to obtain adequate capital on a timely basis or if capital cannot be obtained at reasonable costs, the Target will not be able to achieve its planned rate of growth, which will adversely affect its results of operations and future prospects.

Operating Results and Financial Condition may Fluctuate on a Quarterly and Annual Basis

The Target's operating results and financial condition may fluctuate from quarter to quarter and year to year, and are likely to vary due to a number of factors, some of which are outside of the Target's control. In addition, actual or projected operating results may fail to match past performance. These events could in turn cause the market price of the Common Shares to fluctuate. If operating results do not meet the expectations of securities analysts or investors, who may derive their expectations by extrapolating data from recent historical operating results, the market price of the Common Shares will likely decline. The Target's operating results and financial condition may fluctuate due to a number of factors, including those listed below, and those identified in this "*Risk Factors*" section:

(a) the introduction of new competitive clinics by others;

(b) changes in the size and complexity of the organization, including interprovincial operations;

(c) reduction in the number of new and existing patients;

(d) the geographic distribution of the Target's sales;

(e) the ability to timely and effectively scale the Target's business during periods of sequential quarterly or annual growth;

(f) limitations or delays in the Target's ability to reduce its expenses during periods of declining sequential quarterly or annual revenue;

(g) changes in the Target's pricing policies or those of its competitors, including the Target's responses to price competition;

(h) changes in the amount spent on marketing and other efforts;

(i) the volatile global economy;

(j) general economic and industry conditions that affect patient demand and product development trends; and

(k) changes in accounting rules as well as tax and other laws.

Acquisition and Development Risks

The Resulting Issuer expects to selectively seek strategic acquisitions. The Resulting Issuer's ability to consummate and to integrate effectively any future acquisitions on terms that are favourable to it may be limited by the number of attractive acquisition targets, internal demands on the Resulting Issuer's resources and, to the extent necessary, the Resulting Issuer's ability to obtain financing on satisfactory terms, if at all. Acquisitions may expose the Resulting Issuer to additional risks including difficulties in integrating administrative, financial reporting, operational and information systems and managing newly acquired operations and improving their operating efficiency, difficulties in maintaining uniform standards, controls, procedures and policies through all of the Resulting Issuer's operations, entry into markets in which the Resulting Issuer has little or no direct experience; difficulties in retaining key employees of the acquired operations; and disruptions to the Resulting Issuer's ongoing business.

In addition, future acquisitions could result in the incurrence of additional debt, costs, and contingent liabilities to the Resulting Issuer. The Resulting Issuer may also incur costs for and divert management attention to potential acquisitions that are never consummated. For acquisitions that are consummated, expected synergies may not materialize. The Resulting Issuer's failure to effectively address any of these issues could have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations and cash flows in the future.

Risks inherent in the acquisition of the Target

While the Resulting Issuer conducted substantial due diligence in connection with the acquisition of the Target and Target Subsidiaries, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of such companies for which the Resulting Issuer is not sufficiently indemnified. 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 fail to successfully integrate the Target Subsidiaries

The success of the acquisition of the Target will depend, in part, on the ability of the Resulting Issuer to realize the anticipated benefits and synergies from integrating the businesses of the Target Subsidiaries.

The Resulting Issuer may not be able to successfully integrate and combine the operations, personnel and technology infrastructure of the Target Subsidiaries. If integration is not managed successfully by the Resulting Issuer's management, the Resulting Issuer may experience interruptions in its business activities, deterioration in its employee and customer relationships, increased costs of integration and harm to its reputation, all of which could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations. The Resulting Issuer may experience difficulties in combining corporate cultures, maintaining employee morale and retaining key employees. The integration of the Target Subsidiaries may also impose substantial demands on the Resulting Issuer's management. There is no assurance that these acquisitions will be successfully integrated in a timely manner.

17.3 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.

Lack of Operating Cash Flow

The Resulting Issuer currently has no source of operating cash flow and is expected to continue to do so for the foreseeable future. The Resulting Issuer's failure to achieve profitability and positive operating cash flows could have a material adverse effect on its financial condition and results of operations.

Reliance on Personnel

If the Target is not successful in attracting and retaining highly qualified personnel, the Target may not be able to successfully implement its business strategy.

The Target's ability to compete in the highly competitive medical marijuana industry depends in large part upon its ability to attract and retain highly qualified managerial, scientific and medical personnel. The Target is highly dependent on its management, scientific and medical personnel. The Target's management team has substantial knowledge in many different aspects of the Target's business. Despite the Target's efforts to retain valuable employees, members of its management, scientific teams may terminate their employment with the Target on short notice or, potentially, without any notice at all. The loss of the services of any of the Target's executive officers or other key employees could potentially harm its business, operating results or financial condition. The Target's success may also depend on its ability to attract, retain and motivate highly skilled junior, mid-level, and senior managers and scientific personnel.

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 Target is a holding company and essentially all of its operating assets are the capital stock of the Target Subsidiaries. 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 behaviour. The Target faces risks that may arise from financial difficulties experienced by suppliers or patients, including:

(a) The risk that key suppliers of medical marijuana may face financial difficulties or may become insolvent, which could lead to disruption of the supply cannabis products; and

(b) The inability of patients, including suppliers to obtain credit financing to finance purchases of products and raw materials used to grow or build those products.

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

Conflicts of Interest

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

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

Substantial Number of Authorized but Unissued Shares

The Target has an unlimited number of Common Shares which may be issued by the Target Board without further action or approval of the Target Shareholders. While the Target 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.

Current Global Financial Condition

Current global financial conditions have been subject to increased volatility. Access to financing has been negatively impacted by both sub-prime mortgages in the United States and elsewhere and the liquidity crisis affecting the asset-backed commercial paper market. As such, the Target is subject to counterparty risk and liquidity risk. The Target is exposed to various counterparty risks including, but not limited to: (i) through financial institutions that hold the Target's cash; (ii) through companies that have payables to the Target; and (iii) through the Target's insurance providers. The Target is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Target to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Target. If these increased

levels of volatility and market turmoil continue, the Target's operations could be adversely impacted, and the trading price of the Common Shares could be adversely affected.

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 Acquisition. 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 Acquisition, 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.

Sales of Substantial Amounts of the Common Shares May Have an Adverse Effect on the Market Price of the Common Shares

Sales of substantial amounts of the Common Shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Common Shares. A decline in the market prices of the Common Shares could impair the Corporation's ability to raise additional capital through the sale of securities should it desire to do so.

ITEM 18: PROMOTERS

Other than the directors and officers of the Company, 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. Anthony Jackson, a principal of the Target,

Justin Liu, the former principal of PAP and Mr. Terry Roycroft, a principal of MCRCI prior to its acquisition by the Target, and were in part responsible for negotiating, in whole or in part, the Acquisition, the MCRCI Acquisition and the PAP Acquisition, which constitutes a reorganization of the business of the Issuer.

Anthony Jackson is the proposed Chairman of the Resulting Issuer, and will hold, directly or indirectly, 400,000 Resulting Issuer Shares. Mr. Jackson, through Jackson & Company, received consulting fees of $160,000 during the year ended July 31, 2017 from the Issuer in relation to accounting and controller services as well as fees paid directly in the amount of $100,000.

Terry Roycroft is the proposed President and Chief Executive Officer of the Resulting Issuer, and will hold, directly or indirectly, 1,178,947 Resulting Issuer Shares. In addition, Mr. Roycroft will receives compensation from the Resulting Issuer, indirectly for his consulting services to the Target. Mr. Roycroft, through, 612510 B.C. Ltd. entered into a consulting services agreement with the Target dated September 1, 2017, pursuant to which Mr. Roycroft provides consulting services to the Target and to MCRCI. The term of the consulting agreement is two years and 612510 B.C. Ltd. receives annual compensation of $175,000. The consulting services agreement may be terminated by either the Target or by Mr. Roycroft of 612510 B.C. Ltd. upon providing a minimum of 120 days' notice of termination or at any time by the Target for cause.

Justin Liu, a principal of PAP, will hold, directly or indirectly, 3,198,977 Resulting Issuer Shares. During the year ended July 31, 2017, Mr. Liu received management fees of $450,000 from PAP and received consulting fees of $473,609.05 from the Issuer.

ITEM 19: LEGAL PROCEEDINGS

19.1 Legal Proceedings

There are no legal proceedings to which either the 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 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 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 Issuer's, the Target's, MCRCI's and PAP's auditor is Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, 1500 - 1140 West Pender St. Vancouver, BC V6E 4G1.

The Issuer'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 Issuer's business, that are material to the Issuer which are still in effect as of the date of this Listing Statement, other than the Amalgamation Agreement.

ITEM 23: INTERESTS OF EXPERTS

23.1 Names of Experts

Dale Matheson Carr Hilton Labonte LLP, prepared the auditor's reports for the audited annual financial statements of the Issuer for years ended July 31, 2017 and 2016, which are attached as Schedule "A" hereto.

Dale Matheson Carr Hilton Labonte LLP, Chartered Accountants, prepared (1) the auditor's report for the audited annual consolidated financial statements of the Target for period from incorporation on May 15, 2017 and ended June 30, 2017, which is attached as Schedule "E" hereto, (2) the auditor's report for the audited annual financial statements of PAP for period from incorporation on February 23, 2017 and ended June 30, 2017, which is attached as Schedule "G" hereto, and (3) the auditor's report for the audited annual financial statements of MCRCI for the years ended December 31, 2016 and 2015, which is attached as Schedule "I" hereto.

Dale Matheson Carr Hilton Labonte LLP, the Issuer's, the Target's, PAP's and MCRCI'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 Acquisition 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 year July 31, 2017 and 2016 and Schedule "B" contains the MD&A of the Issuer for the year ended July 31, 2017. Schedule "C" contains

the interim financial statements of the Issuer for the nine months ended April 30, 2018 and Schedule “D” contains the MD&A of the Issuer for the nine months ended April 30, 2018.

Schedule “E” contains the audited financial statements for the Target for the period from incorporation on May 15, 2017 and ended June 30, 2017, Schedule “F” contains the Target’s interim financial statements for the nine months ended March 31, 2018, Schedule “G” contains the audited financial statements for PAP for the period from incorporation on February 23, 2017 and ended June 30, 2017, Schedule “H” contains PAP’s interim financial statements for the nine months ended March 31, 2018 and Schedule “I” contains the audited consolidated financial statements of MCRCI for the years ended December 31, 2016 and December 31, 2015.

Schedule “J” 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 800 – 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5 (Telephone: 604-283-1722) 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.

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SCHEDULE "A"

AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR THE YEARS ENDED JULY 31, 2017 AND 2016

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LEO RESOURCES INC.

Consolidated Financial Statements

Year Ended July 31, 2017

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Leo Resources Inc.

We have audited the accompanying consolidated financial statements of Leo Resources Inc., which comprise the consolidated statement of financial position as at July 31, 2017, and the consolidated statements of comprehensive loss, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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, 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Leo Resources Inc. as at July 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Leo Resources Inc.'s. ability to continue as a going concern.

Other Matter

The consolidated financial statements of Leo Resources Inc. for the year ended July 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on November 28, 2016

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
November 28, 2017

An independent firm associated with Moore Stephens International Limited
MOORE STEPHENS

Leo Resources Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at July 31,		2017		2016
ASSETS				
Current assets				
Cash	**$**	**4,641,327**	$	-
Account receivable (note 8)		**52,880**		2,211
Prepaid expenses (note 10)		**1,192,040**		-
Total current assets		**5,886,247**		2,211
Non-current assets				
Investment in Green Life Clinics Inc. (note 12)		**3,225,000**		-
Due from Green Life Clinics Inc. (note 12)		**976,250**		-
Due from Medical Cannabis Resource Centre Inc. (note 12)		**35,000**		-
Due from related party (note 13)		**50,000**		-
Exploration and evaluation assets (note 9)		**-**		44,795
Total non-current assets		**4,286,250**		44,795
Total assets	**$**	**10,172,497**	$	47,006
EQUITY AND LIABILITIES				
Current liabilities				
Bank indebtedness	**$**	**-**	$	773
Amounts payable and other liabilities (notes 11 and 13)		**397,286**		14,652
Due to related company (note 13)		**3,406**		678
Due to related party (note 13)		**-**		12,599
Total current liabilities		**400,692**		28,702
Shareholders' equity				
Share capital (note 14)		**7,878,425**		503,001
Subscription receivable (note 14)		**(7,000)**		-
Reserves (note 14)		**4,633,873**		106,300
Accumulated deficit		**(2,733,493)**		(590,997)
Total shareholders' equity		**9,771,805**		18,304
Total liabilities and shareholders' equity	**$**	**10,172,497**	$	47,006

Nature of operations (note 1)
Going concern (note 2)

Approved on behalf of the Board of Directors:

"Anthony Jackson" (signed) Director
Anthony Jackson, Director

"Konstantin Lichtenwald" (signed) Director
Konstantin Lichtenwald, Director

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

Leo Resources Inc.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

Years Ended July 31,		2017		2016
Operating Expenses				
Bank charges	**$**	**3,179**	$	178
Consulting fees (note 13)		**1,025,887**		-
Filing and listing fees		**13,100**		9,498
Legal and professional fees (note 13)		**55,258**		9,237
Management fees (note 13)		**211,667**		-
Marketing fees		**681,085**		-
Shareholder information		**351**		3,475
Office and general expenses		**102,939**		5,300
Transfer agent fees (note 13)		**4,235**		4,230
		2,097,701		31,918
Loss before other item		**(2,097,701)**		(31,918)
Write-off of exploration and evaluation assets (note 9)		**(44,795)**		-
Net loss and comprehensive loss	**$**	**(2,142,496)**	$	(31,918)
Basic and diluted net loss per share (note 14)	**$**	**(0.42)**	$	(0.03)
Weighted average number of common shares outstanding - basic and diluted		**5,039,784**		1,049,416

The notes to the financial statements are an integral part of these statements.

Leo Resources Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Years Ended July 31,		2017		2016
Operating activities				
Net loss for the year	**$**	**(2,142,496)**	$	(31,918)
Item not affecting cash:				
Write-off of exploration and evaluation assets		**44,795**		-
Changes in non-cash working capital items:				
Account receivable		**(50,669)**		14,769
Prepaid expenses		**(1,192,040)**		-
Amounts payable and other liabilities		**382,634**		(2,024)
Due to related party		**(62,599)**		6,681
Net cash used in operating activities		**(3,020,375)**		(12,492)
Investing activity				
Investment in Green Life Clinics		**(3,225,000)**		-
Due from Green Life Clinics Inc.		**(976,250)**		-
Due from Medicinal Cannabis Resources Centre		**(35,000)**		-
Net cash used in investing activity		**(4,236,250)**		-
Financing activities				
Private placements		**13,925,250**		-
Share issuance costs		**(2,227,378)**		-
Warrants exercised		**198,125**		-
Due to GreenBank Capital Inc.		**2,728**		10,642
Net cash provided by financing activities		**11,898,725**		10,642
Net change in cash		**4,642,100**		(1,850)
Cash, beginning of year		**(773)**		1,077
Cash (bank indebtedness), end of year	**$**	**4,641,327**	$	(773)

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

Leo Resources Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Common Share Capital		**Preferred Share Capital**		**Reserves**			**Subscriptions receivable**		
	Number of shares	Amount	Number of shares	Amount	Share-based payments	Warrants	Contributed surplus	Amount	**Deficit**	**Total**
Balance, July 31, 2015	**1,049,416**	**$ 403,001**	**20,000**	**$ 100,000**	**$ 16,835**	**$ 80,000**	**$ 9,465**	**$ -**	**$ (559,079)**	**$ 50,222**
Options expired	-	-	-	-	(5,600)	-	5,600	-	-	-
Net loss for the year	-	-	-	-	-	-	-	-	(31,918)	(31,918)
Balance, July 31, 2016	**1,049,416**	**$ 403,001**	**20,000**	**$ 100,000**	**$ 11,235**	**$ 80,000**	**$ 15,065**	**$ -**	**$ (590,997)**	**$ 18,304**
Private placements (note 14)	29,064,500	9,791,138	-	-	-	4,141,112	-	(7,000)	-	13,925,250
Finder's fee (note 14)	-	(2,720,544)	-	-	-	493,166	-	-	-	(2,227,378)
Options cancelled (note 14)	-	-	-	-	(11,235)	-	11,235	-	-	-
Warrants exercised (note 14)	725,000	304,830	-	-	-	(106,705)	-	-	-	198,125
Net loss for the year	-	-	-	-	-	-	-	-	(2,142,496)	(2,142,496)
Balance, July 31, 2017	**30,838,916**	**$7,778,425**	**20,000**	**$ 100,000**	**$ -**	**$ 4,607,573**	**$ 26,300**	**$ (7,000)**	**$ (2,733,493)**	**$ 9,771,805**

The notes to the financial statements are an integral part of these statements.

1. Nature of Operations

Leo Resources Inc. (“Leo” or “Company”) was incorporated on March 18, 2013 in the Province of British Columbia. The Company is engaged in the business of acquisition and exploration of mining properties in Canada. Prior to January 31, 2016, Leo was 19.96% owned by GreenBank Capital Inc. (“GreenBank”) and 16.76% owned by Winston Resources Inc. (“Winston”), both Canadian public companies. GreenBank and Winston declared share dividends on January 29, 2016 to distribute all of their shareholding interest of Leo to their shareholders. GreenBank and Winston no longer have any shareholder interest in the Company. The Company’s common shares trade on the Canadian Securities Exchange (“CSE”). The head office of the Company is located at 1100 West Hasting Streets, Suite 800, Vancouver, BC, Canada.

On May 3, 2017, the Company completed a one for five share consolidation of its common shares. All outstanding shares, options and warrants and the amounts reported in these financial statements have been adjusted to reflect this consolidation unless otherwise indicated.

On May 29, 2017, the Company completed a definitive agreement with Green Life Clinics Inc. (“GLC”) (Note 12). Pending approval with the CSE, the Company plans on entering the cannabis industry.

2. Going Concern Assumption

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern under International Financial Reporting Standards (“IFRS”). The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations.

The Company has no proven history of profitability, which casts doubt as to whether the Company will be able to continue as a going concern should it not be able to obtain the necessary financing to fund working capital and capital expenditures. The ability of the Company to arrange such financing in the future depends in part upon the prevailing capital market conditions as well as the business performance of the Company. If additional financing is raised by the issuance of shares from the treasury of the Company existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

As at July 31, 2017, the Company has yet to generate revenues from operations and had a deficit of $2,733,493 (2016 - $590,997). The Company is actively seeking additional sources of financing. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern that these uncertainties are material and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. These adjustments could be material.

3. Statement of Compliance and Basis of Presentation and Consolidated

(a) Statement of compliance

The policies applied in these consolidated financial statements are based on IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the Interpretation Financial Reporting Interpretations Committees ("IFRIC") as of November 28, 2017, the date the board of directors approved the consolidated financial statements.

(b) Basis of presentation

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which may be measured at fair value in subsequent periods, and have been prepared using the accrual basis of accounting except for cash flow information.

(c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly own subsidiary 1125076 B.C. Ltd.. Control is achieved when the Company has the power to govern the financial operating policies of an entity so as to obtain benefits from its activities. The subsidiary is consolidated from the date on which control is transferred to the Company until the date on which control ceases. An inter-company transactions, balances, income and expense are eliminated upon consolidation.

4. Significant Accounting Policies

These consolidated financial statements have been prepared by management in accordance with IFRS and IFRIC. Outlined below are those policies considered particularly significant:

Related party disclosures
Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. 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.

Income taxes
Income tax expense consisting of current and deferred tax expense is recognized in the statement of loss and other comprehensive loss. 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 regard to previous years.

Deferred income taxes are provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

- Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- Taxable temporary differences associated with investments in associates and interests in joint ventures, where the timing in the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

4. Significant Accounting Policies (continued)

Income taxes (continued)

Deferred income tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is expected to be realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position. Deferred income taxes relating to items recognized directly in equity are recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Impairment of non-financial assets
At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that these assets suffer any impairment in value, except for E&E which is first assessed against the indicators of IFRS 6. If any such IFRS 6 indication exists, the recoverable amount of the asset (or CGU) is estimated in order to determine the extent, if any, of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount with a corresponding impairment loss recognized in the statement of comprehensive income in the period of impairment.

If an impairment loss reverses in a subsequent period then the carrying amount of the asset is increased to its revised value to the extent that the increased carrying amount does not exceed its original carrying amount as would be determined under IFRS 6.

Exploration and evaluations assets ("E&E")
E&E assets consist of exploration and mining concessions, options and contracts. Acquisition costs, lease costs and exploration costs are capitalized and deferred until such time as the asset is moved to a mining asset (if meets the economic and feasible stage) or the properties are disposed of either through sale, abandonment or impairment.

E&E costs consist of such items as:

- Acquisition of exploration properties;
- Gathering exploration data through topographical and geological studies;
- Exploratory drilling, trenching and sampling;
- Determining the volume and grade of the resource;
- Test work on geology, metallurgy, mining, geotechnical and environmental; and
- Conducting engineering, marketing and financial studies.

4. Significant Accounting Policies (continued)

Exploration and evaluations assets ("E&E") (continued)
E&E shall be assessed for impairment when one or more of the following facts and circumstances indicate that a specific CGU should be tested for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the financial statement period or will expire in the near future and is not expected to be renewed.
- Substantive expenditures on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or sale.

The Company estimates the recoverable amount of each CGU, on the basis of areas of interest. Management groups mineral claims that are contiguous and specific to an area that encompasses the same prospective minerals, into one area of interest and assigns a name to this mineral property.

Recoverable amount is the higher of fair value less disposal costs and value in use. 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.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. E&E are also tested for impairment before the assets are transferred to development properties.

Functional currency
The Company's presentation and functional currency is the Canadian dollar.

Equity settled transactions
The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted. Stock-based compensation to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share based payment reserve.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled and vested, ending on the date on which the relevant employees become fully entitled to the award ("the vesting period or date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share based compensation reserve.

When the share-based payment arrangement has been cancelled or the terms have expired the fair value assigned to the share-based payment arrangement is transferred to contributed surplus.

Share capital
Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are recognized in equity as a reduction from the gross proceeds received from the issued shares.

4. Significant Accounting Policies (continued)

Financial instruments

Fair value through profit or loss (FVTPL)

Financial assets that are held with the intention of generating profits in the near term are classified as held for trading within FVTPL. In addition, any other financial assets can be designated by the Company upon initial recognition as held for trading. These instruments are subsequently re-measured at fair value with the change in the fair value recognized as gain or loss in the statement of loss and comprehensive loss during the period.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such by management or not classified in any of the other categories. Available-for-sale financial assets are measured at fair value with changes recognized in other comprehensive loss. Upon sale or impairment, the accumulated fair value adjustments recognized in other comprehensive income are recorded in the statements of loss and comprehensive loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method ("EIR"), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of loss and comprehensive loss. The losses arising from impairment are recognized in the statement of loss and comprehensive loss. The Company has classified government HST recoverable and due from related companies as loans and receivable.

Other financial liabilities

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost. The effective interest rate (or amortized cost method) is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statement of financial position are classified using 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: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Valuation techniques based on 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: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash is considered Level 1 in the hierarchy.

4. Significant Accounting Policies (continued)

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Loss Per Share
Loss per share is calculated based on the weighted average number of common shares issued and outstanding during the period. In the years when the Company reports a net loss, the effect of potential issuances of common shares are anti-dilutive, therefore, basic and fully diluted loss per common share is the same. The diluted loss per share reflects the potential dilution of common share equivalents, such as the conversion of outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The treasury stock method is used for the assumed proceeds upon exercise of the options and warrants.

Future Accounting Policies
At the date of authorization of these financial statements, the IASB has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting period.

(i) IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires an expected loss impairment method to be used, replacing the incurred loss model.

In October 2010, the IASB added requirements for financial liabilities to IFRS 9. These requirements were largely carried forward from the existing requirements in IAS 39, however, fair value changes due to credit risk for liabilities designated at fair value through profit and loss are to be recorded in other comprehensive income.

In November 2013, the IASB amended IFRS 9 to include a new general hedge accounting model.

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both IAS 39 and IFRIC 9 - Reassessment of Embedded Derivatives. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018. The Company is still in the process of assessing the impact of this pronouncement.

4. Significant Accounting Policies (continued)

Various other accounting pronouncements (such as IFRS 15, IFRS 16, and the various annual improvements) that have no material impact to the Company are not included above. The Company has not early adopted these standards.

5. Critical Accounting Estimates and Judgments

The preparation of these financial statements in accordance with IFRS requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses.

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income/loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies
Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

(a) Impairment of exploration and evaluation assets
The application of the Company's accounting policy for exploration and evaluation expenditure and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

(b) Title to mineral property interests
Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(c) Income taxes
Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

5. Critical Accounting Estimates and Judgments (continued)

(d) Going concern risk assessment
The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

Key sources of estimation uncertainty
The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the financial statements.

(a) Share based compensation
The Company records all share-based compensation using the fair value method. The Company uses the Black-Scholes option pricing model to determine the fair value of share-based compensation. This estimate also requires determining the most appropriate inputs to the valuation model. The main factor affecting the estimates of the fair value of stock options is the stock price, expected volatility used and the expected duration of the instrument. The Company currently estimates the expected volatility of its common shares based on comparable information derived from the trading history of guideline public companies which are in a similar situation to the Company taking into consideration the expected life of the options.

Key sources of estimation uncertainty (continued)
(b) Valuation of receivables and payables
The amounts due to/from parent company and company under common control have no stated terms of repayment or interest rate attached to it. Management must make judgments about the valuation and recoverability of receivables. Events and circumstances arising during the year, or that are foreseeable at year-end, are reflected in the valuation of these receivables in the statement of financial position and reflect management’s best estimate of the fair value of these financial instruments.

6. Financial Risk Management

Financial Risk Management Objectives and Policies
The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management, with the Board of Directors oversight, manages financial risks. Where material, these risks will be reviewed and monitored by the Board of Directors. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial Risks
The Company's main financial risk exposure and its financial risk management policies are as follows:

Credit risk
Credit risk is the risk of loss associated with a counter-party’s inability to fulfill its payment obligations. The credit risk is limited to the carrying value amount carried on the statement of financial position. The Company’s assets most susceptible to credit risk is its cash, which is held at a Canadian chartered bank in a non-interest bearing account, and government GST/HST recoverable, which is due from the Canadian government and due from related companies and related party. The credit risks related to cash and government GST/HST receivable were low and the credit risks related to due from related companies and related party are high due to potential of non-payments.

6. Financial Risk Management (continued)

Financial Risks (continued)

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods. As at July 31, 2017, the Company had $4,641,327 in cash.

The carrying values of the Company's financial instruments carried at amortized cost approximate fair values due to their short duration.

The Company has designated its cash at FVTPL. Due from related companies and related party are classified as loans and receivables whereby they are initially recognized at fair value and then subsequently carried at amortized cost. Accounts payables and accrued liabilities, due to related parties and due to related companies are classified as other financial liabilities whereby they are initially recognized at fair value and then measured at amortized cost.

The carrying values, which approximate fair values, of the Company's financial instruments are as follows:

As at July 31,		**2017**		**2016**
Financial Assets				
Fair value through profit or loss				
Cash	**$**	**4,641,327**	$	-
Loans and Receivables				
Due from GLC	**$**	**976,250**	$	-
Due from Medicinal Cannabis Resources Centre	**$**	**35,000**	$	-
Due from related party	**$**	**50,000**	$	-
Investment in GLC	**$**	**3,225,000**	$	-
Financial Liabilities				
Fair value through profit or loss				
Bank indebtedness	**$**	**-**	$	773
Other financial liabilities				
Amounts payable and other liabilities	**$**	**397,286**	$	14,652
Due to related party and company	**$**	**3,406**	$	13,277

7. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operation and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's managements to sustain future development of the business.

The Company defines its capital as its shareholders' equity. As at July 31, 2017, the Company's capital resources amounted to a capital of $9,771,805 (2016 - $18,304).

The Company's capital management objectives, policies and processes have been directed towards the cannabis industry during the year ended July 31, 2017. The Company is not subject to any externally imposed capital requirement. There were no changes in the Company's approach to capital management during the year.

8. Account receivable

As at July 31,		2017		2016
Government GST recoverable	**$**	**52,880**	$	2,211

9. Exploration and Evaluation Assets

		Riverbank (Ontario property) (100% interest)
Balance, July 31, 2015 and July 31, 2016	$	**44,795**
Write-off of exploration and evaluation assets		**(44,795)**
Balance, July 31, 2017	$	**-**

Riverbank

On March 20, 2013, the Company entered into a Purchase Agreement (the "Agreement") with its then Parent Company Zara Resources Inc. ("Zara"). Under the terms of the Agreement, Leo agreed to purchase from Zara, all of Zara's rights, interests, obligations and benefits of the Riverbank property ("Riverbank") for $358,000. The Riverbank property consists of 8 unpatented mining claims comprising 87 claim units. The claims are subject to a pre-existing 2% NSR payable to Melkior Resources Inc.

On August 2, 2013 the Zara Plan was approved by the Supreme Court of British Columbia and the purchase by Leo of Riverbank and the spin off to Zara shareholders was completed. Accordingly Leo is no longer a subsidiary of Zara and the Riverbank property is no longer owned by Zara.

During the year ended July 31, 2017, the Riverbank property with carrying value of $44,795 was written off and the amount was recorded in the statement of profit or loss and other comprehensive loss for the year.

10. Prepaid Expenses

The prepaid expenses of $1,192,040 (2016 - $nil) comprise of prepaid consulting fees. During the year ended July 31, 2017, the Company entered into a number of consulting agreements with various parties. The consulting services consist of working with the Company to develop and implement a cohesive broad awareness strategy to further the Company's objectives. The terms of the agreements require that the consulting services are performed over a period of 12 months and payment is made in full on the date the agreement is signed by both parties and is in effect. The fees will be expensed straight-line over the term of the agreements.

11. Amounts Payable and Other Liabilities

As at July 31,		2017		2016
Amounts payable (note 13)	**$**	**388,461**	$	9,152
Other liabilities		**8,825**		5,500
	$	**397,286**	$	14,652

12. Amalgamation Agreement

On May 8, 2017, the Company entered into an amalgamation agreement under which it will acquire GLC pursuant to a three-corner amalgamation pursuant to which GLC will amalgamate with 1125076 B.C. Ltd., a wholly owned subsidiary of the Company, and the shareholders of GLC will receive one common share of the Company for each GLC share held, resulting in the aggregate issuance of 25 million of the Company's shares pursuant to the amalgamation. Holders of the Class B shares in the capital of GLC will also receive a cash payment of $0.125 per share for aggregate consideration of $2,000,000.

Pursuant to the agreement, on July 6, 2017, the Company advanced $3,225,000 to GLC. This payment is to be utilized by GLC to repay shareholder loans incurred in relation to the GLC's acquisition of MCRCI Medicinal Cannabis Resources Inc. ("MCRCI") and to be incurred to complete the acquisition of Patient Access Pavilions Ltd. This payment was financed from the proceeds raised from the Company's completed non-brokered financing (note 14). Further, the Company advanced $35,000 to MCRCI for working capital. According to the agreement, there are no terms for re-payments of the these amounts and will be considered a loss if the amalgamation is not completed. Additionally, the Company paid in total $976,250 consulting fees on behalf of GLC.

The amalgamation is subject to a number of conditions precedent, including, among other things, receipt of all applicable approval from CSE. Unless all of such conditions are satisfied or waived, to the extent they are capable of waiver, the amalgamation will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis or at all.

As at November 28, 2017, this amalgamation has not yet completed.

13. Related Party Transactions and Disclosures

As at July 31, 2017, the due to related company of $3,406 (2016 - $678) is comprised of due to GreenBank Capital Inc., a company with a common director. The amount is unsecured, non-interest bearing and due on demand.

The due from (due to) related party at July 31, 2017 of $50,000 (2016 - ($12,599)) is comprised of due from Anthony Jackson. These amounts are unsecured, non-interest bearing and due on demand.

During the year ended July 31, 2017, the Company incurred transfer agent fees of $876 (2016 - $4,230) to Reliable Stock Transfer Inc., ("Reliable") a company owned by Daniel Wettreich for the provision of share transfer services. As at July 31, 2017, amount owed to Reliable is $nil (2016 - $5,912) and has been included in the amounts payable and other liabilities.

During the year ended July 31, 2017, the Company incurred fees of $414,076 (2016 - $nil) as consulting fees to directors, officers and companies controlled by directors and officers of the Company.

During the year ended July 31, 2017, the Company incurred consulting fees of $257,143 (2016 - $nil) to Ken Tollstam, a director of the company, and management fees of $105,000 (2016 - $nil) to Usama Chaudhry, a director of the Company, management fees of $100,000 (2016 - $nil) and accounting fees of $22,990 (2016 - $nil) to Lichtenwald Professional Corp. which is owned by a director of the Company. At July 31, 2017, the Company has a balance of $217,635 owing to directors and the amounts are included in accounts payable and other liabilities.

Key Management remuneration

During the year ended July 31, 2017, the Company incurred and paid consulting fees of $36,933 (2016 - $nil) to Anthony Jackson, $100,000 (2016 - $nil) to 1084768 B.C. Ltd., and $20,000 (2016 - $nil) to Bridgemark Financial which are companies owned by Anthony Jackson. Additionally, the Company paid management fees of $6,667 to Suzette Ramcharon in regards to the amalgamation agreement with GLC.

14. Share Capital

(i) The Company's authorized share capital consists of:

- an unlimited number of common shares with no par value; and
- an unlimited number of Series A preferred shares – non-voting, non-retractable, non-redeemable without dividend, no par value.

Share consolidation

On May 3, 2017, the Company consolidated its issued and outstanding share capital on the basis of one post-consolidation share for each five pre-consolidation common shares. No fractional shares were issued. Any fraction of a share were rounded down to the nearest whole number. All references to share capital, stock options and share purchase warrants presented in these consolidated financial statements and notes are on a post-consolidation basis.

Issuance of shares and warrants

On March 11, 2017, the Company closed a non-brokered private placement of 2,400,000 units for gross proceeds of $600,000 at a price of $0.25 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each whole warrant is convertible into one common share at a price of $0.325 per share and is exercisable for a period of two years from date of issuance. Using the relative fair value method, the fair value of warrants was determined to $188,568 by the Black Scholes Option Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate – 0.84%, expected dividend yield – 0%, and average expected stock price volatility – 201%.

On April 27, 2017, the Company closed a non-brokered private placement of 2,000,000 units for gross proceeds of $1,000,000 at a price of $0.50 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each whole warrant is convertible into one common share at a price of $0.60 per share and is exercisable for a period of one year. Using the relative fair value method, the fair value of warrants was determined to $284,858 by the Black Scholes Option Pricing Model using the following assumptions: expected life – 1 year, average risk-free interest rate – 0.72%, expected dividend yield – 0%, and average expected stock price volatility – 254%.

On June 21, 2017, the Company closed the first tranche of a non-brokered private placement for 21,266,900 units for gross proceeds $10,633,450 at a price of $0.50 per unit. Of the $10,633,450, $7,000 was received subsequent to July 31, 2017. Each unit consists of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to purchase an additional common share at the price of $0.85 per share for a period of 12 months. In the event that company's share prices closes at a price of $1.40 per share for a period of 10 consecutive trading dates, the Company will have the option to provide notice to the warrant holders in writing or through press release to accelerate the term of the warrants to a period of 30 days following such notice. Using the relative fair value method, the fair value of warrants was determined to $3,166,071 by the Black Scholes Option Pricing Model using the following assumptions: expected life – 1 year, average risk-free interest rate – 1.27%, expected dividend yield – 0%, and average expected stock price volatility – 264%.

In connection with the private placement, the Company paid finders' fees of $555,848 and issued 443,695 common share purchase warrants entitling the finder to purchase one additional common share of the Company, having the same terms as the warrants issued in the financing. The fair value of warrants was determined to $470,302 by the Black Scholes Option Pricing Model using the following assumptions: expected life – 1 year, average risk-free interest rate – 1.27%, expected dividend yield – 0%, and average expected stock price volatility – 264%.

On July 24, 2017, the Company closed the final tranche of the non-brokered private placement for 3,397,600 units for gross proceeds $1,698,800 at a price of $0.50 per unit. In connection with the first initial tranche, the Company has raised in total gross proceeds of $12,332,250, equivalent to 24,664,500 units, for this financing. Using the relative fair value method, the fair value of warrants was determined to $501,615 by the Black Scholes Option Pricing Model using

14. Share Capital (continued)

Issuance of shares and warrants (continued)

the following assumptions: expected life – 1 year, average risk-free interest rate – 1.26%, expected dividend yield – 0%, and average expected stock price volatility – 265%. Each unit consists of one common share and one-half of one common share purchase warrant. Each full warrant will entitle the holder to purchase an additional common share at the price of $0.85 per share for a period of 12 months from the closing of the transaction. In the event that company's share prices closes at a price of $1.40 per share for a period of 10 consecutive trading dates, the company will have the option to provide notice to the warrant holders in writing or through press release to accelerate the term of the warrants to a period of 30 days following such notice.

In connection with the private placement, the company paid finders' fees of $10,990 and issued 25,032 common share purchase warrants entitling the finder to purchase one additional common share of the Company, having the same terms as the warrants issued in the financing. The fair value of warrants was determined to $22,864 by the Black Scholes Option Pricing Model using the following assumptions: expected life – 1 year, average risk-free interest rate – 1.26%, expected dividend yield – 0%, and average expected stock price volatility – 265%.

During the year ended July 31, 2017, the Company paid fees of $1,329,790 to various parties and $330,750 to related parties in relation to the private placements that took place during the year.

(ii) Stock Options

The Company has adopted a stock option plan (the "Plan"). Pursuant to the Plan, the Board of Directors may from time to time in its discretion, and in accordance with the Exchange Requirements, grant non-transferable options to purchase shares to directors, officers, founders, employees, persons engaged to provide investor relations activities and consultants of the Company.

The options granted under the Plan together with all of the Company's other previously established stock option plans or grants, shall not result at any time in

- the number of Common Shares reserved for issuance pursuant to Options granted to Insiders exceeding 10% of the outstanding Common Shares;
- the grant to Insiders within a 12-month period, of a number of Options exceeding 10% of the outstanding Common Shares;
- the grant to any once optionee within a twelve month period, of a number of options exceeding 5% of the issues and outstanding Common Shares unless the Company obtains the requisite disinterested shareholder approval; and
- the grant to all persons engaged by the Corporation to provide investor relations activities, within any twelve-month period, of options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Company's issued and outstanding Common Shares; other grant to any one consultant, in any twelve-month period, of Options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Company's issued and outstanding Common Shares.

An optionee shall be entitled to exercise an Option granted to at any time prior to the expiry of the option period and to vesting limitations imposed by the Board of directors at the time such Option is granted. Exercise prices shall be determined by the Board of Directors. The exercise price shall not be less than the closing price (the "market price") of the shares on the exchange immediately preceding the day on which the Board grants the options and provides such notice to the exchange.

14. Share Capital (continued)

(ii) Stock Options (continued)

Stock option transactions for the years presented are as follows:

	Fair value	Number of stock options	Weighted average exercise price
Balance, July 31, 2015	**$ 16,835**	**100,000**	**$ 0.25**
Expired/forfeited	(5,600)	(40,000)	0.25
Balance, July 31, 2016	**$ 11,235**	**60,000**	**$ 0.25**
Expired/forfeited	(11,235)	(60,000)	0.25
Balance, July 31, 2017	**$ -**	**-**	**$ -**

During the year ended July 31, 2017, 60,000 stock options were cancelled. As a result, the fair value of $11,235 was transferred from share-based payment reserves to contributed surplus.

There are no stock options outstanding as at July 31, 2017.

(iii) Warrants

The issued and outstanding warrants balance at July 31, 2017 is comprised as follows:

	Number of warrants
Balance, July 31, 2016	**500,000**
Issued	17,200,977
Exercised	(725,000)
Balance, July 31, 2017	**16,975,977**

The following table sets out the details of the warrants granted and outstanding as at July 31, 2017:

Issue date	Fair value	Expiry date	Weighted average exercise price	Number of warrants
March 11, 2017	$ 188,568	March 11, 2019	$ 0.325	2,175,000
April 27, 2017	284,858	April 27, 2018	0.600	2,000,000
June 21, 2017	3,636,373	June 21, 2018	0.850	11,077,145
July 24, 2017	524,479	July 24, 2018	0.850	1,723,832
	$ 4,634,278		$ 0.753	**16,975,977**

During the year ended July 31, 2017, 725,000 warrants were exercised for $198,125. As a result, a fair value of $106,705 was transferred from warrant reserve to share capital.

(iii) Series A Preferred Shares Subscription

During the year end July 31, 2014, the Company issued 20,000 Series A preferred shares.

14. Share Capital (continued)

(iv) Reserves

The share-based payment reserve records the fair value of stock options granted for services until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

The warrant reserve records the fair value of warrant issued in private placements until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Contributed surplus records the fair value of stock options and warrant upon cancellation and forfeiture.

15. Net Loss Per Common Share

The calculation of basic and diluted loss per share for the year ended July 31, 2017 was based on the loss attributable to common shareholders of $2,272,294 (2016 - $31,918) and the weighted average number of common shares outstanding of 5,039,784 (2016 - 1,049,416). All outstanding options were excluded from the calculation of diluted loss per share because their effect was anti-dilutive.

16. Income Taxes

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rate is as follows:

		2017	**2016**
Loss before income taxes	$	**(2,142,496)**	**$ (31,918)**
Combined statutory rate		26.5%	26.5%
		(567,761)	(8,458)
Impairment of exploration and evaluation assets		12,236	-
Share issuance costs		(238,520)	
Benefit of tax losses not recognized		794,045	8,458
	$	-	$ -

As at July 31, 2017, the Company has Canadian non-capital losses of approximately $2,802,000 available for deduction against future Canadian taxable income, the balances of which will expire as follows:

2033	**$**	**13,000**
2034		**123,000**
2035		**91,000**
2036		**32,000**
2037		**2,543,000**
	$	**2,802,000**

16. Income Taxes (continued)

Deferred income tax assets

The tax effects of temporary differences that give rise to significant portions of future tax assets are as follows:

	2017	2016
Benefit of non-capital losses	**$ 742,637**	$ 69,000
Mineral property exploration	**12,000**	12,000
Share issuance costs	**120,408**	-
Less: Valuation allowance	**(875,045)**	(81,000)
	$ -	$ -

Deferred income tax assets have been impaired in respect of these items because it is not probable that future profit will be available against which the Company can utilize the benefits therefrom.

SCHEDULE B

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ISSUER FOR THE YEAR ENDED JULY 31, 2017

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LEO RESOURCES INC

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE YEAR ENDED JULY 31, 2017

(Prepared by Management and dated on November 28, 2017)

800-1199 West Hastings Street

Vancouver, BC, V6E 3T5

Tel: (604) 282-1722

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF JULY 31, 2017 TO ACCOMPANY THE AUDITED FINANCIAL STATEMENTS OF LEO RESOURCES INC (THE "COMPANY" OR "LEO") FOR THE YEAR ENDED JULY 31, 2017.

This MD&A is dated November 28, 2017.

The following Management's Discussion and Analysis should be read in conjunction with the audited financial statements of the Company for the year ended July 31, 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS") and the notes thereto. All financial amounts are stated in Canadian currency unless stated otherwise.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of the Company. There are many risks and uncertainties attached to the mineral exploration business. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. (See "Risks and Uncertainties" in this MD&A for more information).

DESCRIPTION OF THE BUSINESS

Overview

Leo Resources was formed on March 18, 2013 and is a minerals company focusing its main efforts on developing its Riverbank property in Ontario. The NI43-101 Technical reports for Riverbank is available under Leo's profile on SEDAR at www.sedar.com, and on the Company's website at www.LeoResourcesInc.com.

Riverbank is located in the Kasabonika-McFauld's Greenstone Belt about 540 km to the north east of Thunder Bay and 350 km north of Geraldton, Ontario. At August 1, 2014 the Riverbank property consisted of 7 unpatented mining claims and on June 19, 2015 the Company allowed 6 of the 7 claims to lapse. It now consists of 1 unpatented mining claim. The property is believed to be underlain in part by mafic to ultramafic rocks that potentially could host nickel-copper mineralization.

The Qualified Person for the Riverbank Technical Report is Alan Aubut and the Technical Report was prepared by Alan Aubut. Mr. Aubut is a "Qualified Person" and "independent" of Zara within the meaning of NI 43-101.

While all geological information contained herein is derived from the Technical Report, the authors thereof have not reviewed or approved this MD&A. The Technical Report in its entirety can be found under Leo's profile at .

Corporate History

Leo was previously a subsidiary of Zara Resources Inc. ("Zara"). On March 20, 2013, Zara announced a proposal to spin-off to its shareholders 100% of Leo. On March 20, 2013 Leo entered into an agreement with Zara to acquire 100% of the Riverbank claims ("Riverbank") for $358,000 to be satisfied by the issuance of 549,500 post consolidation common shares of Leo. In addition Zara also subscribed for 100,000 Non-Voting Series A Preferred Shares for the sum of $100,000 cash. Riverbank is also subject to a pre-existing 2% NSR. The spin-off was transacted by way of a statutory plan of arrangement (the "Leo Plan") under the Business Corporations Act (British Columbia). Upon completion of the Leo Plan, Leo owned 100% of Riverbank. Pursuant to the terms of the Leo Plan, Zara distributed 549,500 post consolidation common shares of Leo. On August 2, 2013 the spin-off received all necessary court approvals and the plan of arrangement was subsequently completed. Leo listed on the CSE on August 16, 2013. On May 21, 2014 Leo completed a 1 for 5 consolidation of its common shares.

On August 1, 2014 Leo dual listed its common shares on the Frankfurt Exchange and on XETRA. These listings were discontinued in February 2016.

Prior to January 31, 2016, Leo was 19.96% owned by GreenBank Capital Inc and 16.76% owned by Winston Resources Inc, both Canadian public companies. GreenBank and Winston declared share dividends on January 29, 2016 to distribute all of their shareholding interest to their shareholders. GreenBank and Winston no longer have any shareholder interest in the Company.

On May 3, 2017, the Company consolidated its issued and outstanding share capital on the basis of one post-consolidation share for each five pre-consolidation common shares.

Amalgamation Agreement

On May 8, 2017, the Company entered into an amalgamation agreement under which it will acquire Green Life Clinics Inc. pursuant to a three-corner amalgamation pursuant to which GLC will amalgamate with 1125076 B.C. Ltd., a wholly owned subsidiary of Leo, and the shareholders of GLC will receive one common share of Leo for each GLC share held, resulting in the aggregate issuance of 25 million Leo shares pursuant to the amalgamation. Holders of the Class B shares in the capital will also receive a cash payment of $0.125 per share for aggregate consideration of $2,000,000.

Pursuant to the agreement, on July 6, 2017, the Company advanced $3,225,000 to GLC. This payment is to be utilized by GLC to repay shareholder loans incurred in relation the GLC's acquisition of MCRCI Medicinal Cannabis Resources Inc. and to be incurred to complete the acquisition of Patient Access Pavilions Ltd. This payment was financed from the proceeds raised from the Company's completed non-brokered financing. This payment was financed from the proceeds raised from the Company's completed non-brokered financing. Further, the Company advanced $35,000 to MCRCI for working capital. According to the agreement, there are no terms for re-payment and will be considered a loss if the amalgamation is not completed. Additionally, the Company paid expenses totaling of $976,250 on behalf of GLC.

The amalgamation is subject to a number of conditions precedent, including, among other things, receipt of all applicable regulatory approvals, including the approval of the CSE. Unless all of such conditions are satisfied or waived, to the extent they are capable of waiver, the amalgamation will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis or at all.

As at November 28, 2017, this amalgamation has not yet completed.

Management Changes

On February 8, 2017, Daniel Wettreich, a director and chief executive officer of Leo Resources Inc., has closed the previously announced sale of the majority of his shareholdings in Leo.

The shares were acquired by Anthony Jackson and a number of independent investors from Sammiri Capital Inc., a private company owned by Daniel Wettreich. A total amount of 667,433 common shares representing 64% of the issued and outstanding share capital of Leo were sold for a payment of $210,000 at a deemed price of $0.3145 per share. Daniel Wettreich has also sold 500,000 warrants at a price of $0.25 to the purchasers for $25,000. Further, the purchasers have entered into a loan agreement with Leo in the amount of $40,000, which will be used to repay the outstanding payables and indebtedness of Leo.

Leo has appointed Mr. Jackson a director and CEO, Konstantin Lichtenwald a director, and Ken Tollstam a director. Daniel Wettreich has retired as a director and CEO, Mark Wettreich has retired as a director and corporate secretary, and Peter Wanner, Paul Cullingham and David Lonsdale have retired as directors.

On April 14, 2017, the Company appointed Sam Chaudry to the board of Leo. Mr. Chaudry will replace Anthony Jackson, who has resigned as both chief executive officer and as a board member of the company.

MINERAL PROPERTIES

Riverbank Nickel-Copper Project

Until June 19, 2015, the Riverbank property consists of 7 unpatented mining claims located in the Kasabonika-McFauld's Greenstone belt, part of the Sachigo sub-province of the Precambrian Shield area of Northwestern Ontario, approximately 540 km north-north east of Thunder Bay, Ontario and 350 km north of Geraldton, Ontario. On June 19, 2015 6 of the 7 claims were allowed to lapse and the property now consists of one claim.

The project area is located along the western margin of the James Bay Lowlands within the Tundra Transition Zone consisting primarily of string bog and muskeg whereby the water table is very near the surface. Average elevation is approximately 170 m above mean sea level. The property area is predominantly flat muskeg with poor drainage due to the lack of relief. Glacial features are abundant in the area and consist of till deposits, eskers, and drumlins, all of which are typically overlain by marine clays from the Hudson Bay transgression. The Riverbank property is believed to be underlain in part by mafic to ultramafic rocks that potentially could host nickel and copper mineralization. Prior to the acquisition of Leo's interest in the property the previous owners completed an airborne VTEM survey and associated aeromagnetic survey by Geotech. This was followed by one diamond drill hole in 2011 totaling 216 m. A number of conductive trends are present on the Riverbank property. The work to date indicates that the property is underlain by rocks that include ultramafic bodies. The geophysics done to date indicates that the target model of mafic-ultramafic associated nickel bearing magmatic sulphides is valid. Exploration over the property to date has consisted primarily of geophysics followed by limited diamond drilling.

INTEREST IN MINERAL PROPERTIES

The full capitalized cost of the mineral properties is reflected in the Company's financial statements for the year ended July 31, 2017.

FINANCIAL STATEMENTS GOING CONCERN ASSUMPTION

The financial statements have been prepared on the basis of accounting principles applicable to a going concern under IFRS. The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations.

The Company has no proven history of profitability, which casts doubt as to whether the Company will be able to continue as a going concern should it not be able to obtain the necessary financing to fund working capital and capital expenditures. The ability of the Company to arrange such financing in the future depends in part upon the prevailing capital market conditions as well as the business performance of the Company. If additional financing is raised by the issuance of shares from the treasury of the Company existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

As at July 31, 2017, the Company has yet to generate revenues from operations and had a deficit of $2,733,493 (2016 - $590,997). The Company is actively seeking additional sources of financing. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern that these uncertainties are material and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be

necessary should the Company be unable to continue as a going concern and therefore to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. These adjustments could be material.

RESULTS OF OPERATIONS

The Company is in the development stage and therefore did not have revenues from operations.

For the year ended July 31, 2017, the Company incurred a net loss and comprehensive loss of $2,142,496 (2016 - $31,918); $0.42 loss per share (2016 - $0.03). This loss is mainly comprised of consulting fees of $1,025,887 (2016 - $nil), filing and listing fees of $13,100 (2016 - $9,498), legal and professional fees of $55,258 (2016 - $9,237) and office and general expenses of $102,939 (2016 - $5,300).

For the year ended July 31, 2017, the net cash used in operating activities was $3,020,375 (2016 - $19,173), net cash used in investing activities was $4,236,250 (2016 - $Nil), net cash provided by financing activities was $11,898,725 (2016 - $17,323) and net change in cash was $4,642,100 (2016 - $(1,850)).

Depending on future events, the rate of expenditures and general and administrative costs could increase or decrease.

Selected Financial Information

The following table provides selected financial information that should be read in conjunction with the audited Financial Statements and Notes of the Company for the applicable period.

Summary of Results	Year ended July 31, 2017	Year ended July 31, 2016	Year ended July 31, 2015
Net loss	**$ 2,142,496**	**$ 31,918**	**$ 359,161**
Interest in Mineral Properties	**$ Nil**	**$ 44,795**	**$ 44,795**
Current Assets	**$ 5,886,247**	**$ 2,211**	**$ 60,812**
Total Assets	**$ 10,172,497**	**$ 47,006**	**$ 105,607**
Total Liabilities	**$ 400,692**	**$ 28,702**	**$ 55,385**
Shareholders' Equity	**$ 9,771,805**	**$ 18,304**	**$ 50,222**

Summary of Quarterly Results

The table below provides selected financial information that should be read in conjunction with the audited/unaudited financial statements of the Company for the applicable period:

Quarter ended	Jul.31, 2017	Apr.30, 2017	Jan.31, 2017	Oct.31, 2016
	$	$	$	$
Net loss	1,226,397	864,729	44,867	6,503
Exploration and Evaluation Assets	Nil	44,795	44,795	44,795
Current Assets	5,886,247	815,687	2,616	754
Total Assets	10,172,497	860,482	47,411	45,549
Total Liabilities	400,692	158,277	80,477	33,748
Total Shareholders' Equity (Deficit)	9,771,805	702,205	(33,066)	11,801
Quarter ended	**Jul.31, 2016**	**Apr.30, 2016**	**Jan.31, 2016**	**Oct.31, 2015**
	$	$	$	$
Net loss	20,507	6,569	10,927	7,053
Exploration and Evaluation Assets	44,795	44,795	44,795	44,795
Current Assets	2,211	1,779	48,756	60,378
Total Assets	47,006	46,574	93,551	105,173
Total Liabilities	28,702	20,901	61,309	62,004
Total Shareholders' Equity	18,304	25,673	32,242	43,169

Liquidity and Solvency

The Company will need access to equity capital to pursue its business plan and there is no guarantee that equity may be available, and if available it may not be on terms that Management finds is in the interest of the Company.

The following table summarizes the Company's cash on hand, working capital and cash flow.

As at	July 31, 2017
	$
Cash	4,641,327
Working Capital	5,485,555
Cash Used in Operating Activities	3,020,375
Cash Used in Investing Activity	4,236,250
Cash Provided by Financing Activities	11,898,725
Increase in Cash	4,642,100

The Company is dependent on the sale of newly issued shares to finance its exploration activities, property acquisition payments and general and administrative costs. The Company will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities.

Capital Resources

The Company has no operations that generate cash flow and its long term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable. The Company's primary capital assets as at July 31, 2017 are cash and exploration and evaluation assets.

Share Capital

The following is a summary of the Company's outstanding share, warrant and stock options data as of November 28, 2017.

Common Shares

The authorized capital of the issuer consists of an unlimited number of common shares without par value of which 30,838,916 are outstanding. Holders of the issuer's common shares are entitled to vote at all meetings of shareholders declared by the directors, and subject to the rights of holders of any shares ranking in priority to or on a parity with the common shares, to participate rate-ably in any distribution of property or assets upon the liquidation, winding up or dissolution of the Issuer.

On May 3, 2017, the Company consolidated its issued and outstanding share capital on the basis of one postconsolidation share for each five pre-consolidation common shares. No fractional shares will be issued. Any fraction of a share will be rounded down to the nearest whole number. All references to share capital, stock options and share purchase warrants presented in these consolidated financial statements and notes are on a post-consolidation basis.

On March 11, 2017, the Company closed a non-brokered private placement of 2,400,000 units for gross proceeds of $600,000 at a price of $0.25 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each whole warrant is convertible into one common share at a price of $0.325 per share and is exercisable for a period of two years from date of issuance. Using the relative fair value method, the fair value of warrants was determined to $188,568 by the Black Scholes Option Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate – 0.84%, expected dividend yield – 0%, and average expected stock price volatility – 201%.

On April 27, 2017, the Company closed a non-brokered private placement of 2,000,000 units for gross proceeds of $1,000,000 at a price of $0.50 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each whole warrant is convertible into one common share at a price of $0.60 per share and is exercisable for a period of one year. Using the relative fair value method, the fair value of warrants was determined to $284,858 by the Black Scholes Option Pricing Model using the following assumptions: expected life – 1 year, average risk-free interest rate – 0.72%, expected dividend yield – 0%, and average expected stock price volatility – 254%.

On June 21, 2017, the Company closed the first tranche of a non-brokered private placement for 21,266,900 units for gross proceeds $10,633,450 at a price of $0.50 per unit. Of the $10,633,450, $7,000 was received subsequent to July 31, 2017. Each unit consists of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to purchase an additional common share at the price of $0.85 per share for a period of 12 months. In the event that Company's share prices closes at a price of

$1.40 per share for a period of 10 consecutive trading dates, the Company will have the option to provide notice to the warrant holders in writing or through press release to accelerate the term of the warrants to a period of 30 days following such notice. Using the relative fair value method, the fair value of warrants was determined to $3,166,071 by the Black Scholes Option Pricing Model using the following assumptions: expected life – 1 year, average risk-free interest rate – 1.27%, expected dividend yield – 0%, and average expected stock price volatility – 264%.

In connection with the private placement, the Company paid finders' fees of $555,848 and 443,695 common share purchase warrants entitling the finder to purchase one additional common share of the Company, having the same terms as the warrants issued in the financing. The fair value of warrants was determined to $470,302 by the Black Scholes Option Pricing Model using the following assumptions: expected life – 1 year, average risk-free interest rate – 1.27%, expected dividend yield – 0%, and average expected stock price volatility – 264%.

On July 24, 2017, the Company closed the final tranche of the non-brokered private placement for 3,397,600 units for gross proceeds $1,698,800 at a price of $0.50 per unit. In connection with the first initial tranche, the Company has raised in total gross proceeds of $12,332,250, equivalent to 24,664,500 units, for this financing. Using the relative fair value method, the fair value of warrants was determined to $501,615 by the Black Scholes Option Pricing Model using the following assumptions: expected life – 1 year, average risk-free interest rate – 1.26%, expected dividend yield – 0%, and average expected stock price volatility – 265%. Each unit consists of one common share and one-half of one common share purchase warrant. Each full warrant will entitle the holder to purchase an additional common share at the price of $0.85 per share for a period of 12 months from the closing of the transaction. In the event that Company's share prices closes at a price of $1.40 per share for a period of 10 consecutive trading dates, the Company will have the option to provide notice to the warrant holders in writing or through press release to accelerate the term of the warrants to a period of 30 days following such notice.

In connection with the private placement, the Company paid finders' fees of $10,990 and 25,032 common share purchase warrants entitling the finder to purchase one additional common share of the Company, having the same terms as the warrants issued in the financing. The fair value of warrants was determined to $22,864 by the Black Scholes Option Pricing Model using the following assumptions: expected life – 1 year, average risk-free interest rate – 1.26%, expected dividend yield – 0%, and average expected stock price volatility – 265%.

During the year ended July 31, 2017, the Company paid finders' fees of $1,660,540 to various parties for consulting services that are part of the Company's development and implementation of a cohesive broad awareness strategy.

Preferred Shares

The authorized capital of the issuer consists of an unlimited number of preferred shares without par value, of which 20,000 are issued or outstanding as of November 28, 2017. The preferred shares rank in priority to the common shares upon the liquidation, winding up or other dissolution of the Issuer. The preferred shares were issued in August 2013, as part of the plan of arrangement with Zara Resources Inc.

Stock Options

Options to purchase common shares in the capital of Leo are granted by Leo's Board of Directors to eligible persons pursuant to Leo's 2016 Stock Option Incentive Plan. During the year ended July 31, 2017 the Company cancelled all its outstanding options. At November 28, 2017, the Company has no options outstanding.

Warrants

The Company had 500,000 warrants granted to Daniel Wettreich, a former director, pursuant to a private placement on May 23, 2014 at an exercise price of $0.25 per share. These warrants were exercised during the year ended July 31, 2017.

On March 11, 2017, the Company issued 2,400,000 share purchase warrants at an exercise price of $0.325 per share and is exercisable for a period of two years from date of issuance. 225,000 of these warrants were exercised during the year ended July 31, 2017.

On April 27, 2017, the Company issued 2,000,000 share purchase warrants at an exercise price of $0.60 per share and is exercisable for a period of one year.

On June 21, 2017, the Company issued 11,077,145 share purchase warrants at an exercise price of $0.85 per share and is exercisable for a period of one year.

On July 24, 2017, the Company issued 1,723,832 share purchase warrants at an exercise price of $0.85 per share and is exercisable for a period of one year.

Leo has 468,727 brokers' warrants outstanding.

Outlook and Capital Requirements

There is no guarantee that market conditions will be conducive to raising additional equity capital. Depending on future events, the rate of Company expenditures and general and administrative costs could increase or decrease.

Related Party Transactions

Related party transactions were in the normal course of operations.

As at July 31, 2017, the due to related company of $3,406 (2016 - $678) is comprised of due to GreenBank Capital Inc., a company with a common director. The amount is unsecured, non-interest bearing and due on demand.

The due from (due to) related party at July 31, 2017 of $50,000 (2016 - ($12,599)) is comprised of due from Anthony Jackson. These amounts are unsecured, non-interest bearing and due on demand.

During the year ended July 31, 2017, the Company incurred transfer agent fees of $876 (2016 - $4,230) to Reliable Stock Transfer Inc., ("Reliable") a company owned by Daniel Wettreich for the provision of share transfer services. As at July 31, 2017, amount owed to Reliable is $nil (2016 - $5,912) and has been included in the amounts payable and other liabilities.

During the year ended July 31, 2017, the Company incurred fees of $414,076 (2016 - $nil) as consulting fees to directors, officers and companies controlled by directors and officers of the Company.

During the year ended July 31, 2017, the Company incurred consulting fees of $257,143 (2016 - $nil) to Ken Tollstam, a director of the company, and management fees of $105,000 (2016 - $nil) to Usama Chaudhry, a director of the Company, management fees of $100,000 (2016 - $nil) and accounting fees of $22,990 (2016 - $nil) to Lichtenwald Professional Corp. which is owned by a director of the Company. At July 31, 2017, the Company has a balance of $217,635 owing to directors and the amounts are included in accounts payable and other liabilities.

Key Management Remuneration

During the year ended July 31, 2017, the Company incurred and paid consulting fees of $36,933 (2016 - $nil) to Anthony Jackson, $100,000 (2016 - $nil) to 1084768 B.C. Ltd., and $20,000 (2016 - $nil) to Bridgemark Financial which are companies owned by Anthony Jackson. Additionally, the Company paid management fees of $6,667 to Suzette Ramcharon in regards to the amalgamation agreement with GLC.

Contractual Obligations

There are no contractual obligations, aside from those disclosed in this MD&A that will materially affect the performance of the Company.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet transactions.

Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company other than those disclosed in this MD&A.

Accounting Policies

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgments or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available. These financial statements have been prepared by management in accordance with IFRS. Outlined below are those policies considered particularly significant:

Significant Estimates and Judgments

The preparation of these financial statements in accordance with IFRS requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses.

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates.

The most significant estimates relate to impairment assessments of E&E, recoverability of HST and the valuation of share based payments. Other major assumptions is the fair value of related party accounts payable and accounts receivable and the classification of current and non-current. The most significant judgements relate to the use of the going concern assumption in the preparation of the financial statements, the recognition of deferred income tax assets and liabilities, and the determination of the economic viability of exploration and evaluation assets.

After capitalization, E&E assets are reviewed for indicators of impairment at each reporting period under IFRS 6. Determining if there are any facts and circumstances indicating impairment loss is a subjective process involving judgment and a number of estimates and interpretations in many cases. When an indication of impairment loss exists, the recoverable amount of the cash generating unit ("CGU") must be estimated. Identifying the CGUs requires management judgment. In testing CGUs for impairment, management estimates the recoverable amount of the CGUs. This requires management to make several assumptions as to future events or circumstances.

The Company records all share-based compensation using the fair value method. The Company uses the Black-Scholes option pricing model to determine the fair value of share-based compensation. The main factor affecting the estimates of the fair value of stock options is the stock price, expected volatility used and the expected duration of the instrument. The Company currently estimates the expected volatility of its common shares based on comparable information derived from the trading history of guideline public companies which are in a similar situation to the Company taking into consideration the expected life of the options.

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements.

Related Party Transactions and Disclosures

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. 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. Related party transactions are in the normal course of business and have commercial substance and are measured at the fair value.

Deferred Income Taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of loss and other comprehensive loss. 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 regard to previous years.

Deferred income taxes are provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

- Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- Taxable temporary differences associated with investments in associates and interests in joint ventures, where the timing in the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is expected to be realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position. Deferred income taxes relating to items recognized directly in equity are recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Impairment of Non-Financial Assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that these assets suffer any impairment in value, except for E&E which is first assessed against the indicators of IFRS 6. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount with a corresponding impairment loss recognized in the statement of comprehensive income in the period of impairment.

If an impairment loss reverses in a subsequent period then the carrying amount of the asset is increased to its revised value to the extent that the increased carrying amount does not exceed its original carrying amount as would be determined under IFRS 6.

Exploration and Evaluations Assets ("E&E")

E&E assets consist of exploration and mining concessions, options and contracts. Acquisition costs, lease costs and exploration costs are capitalized and deferred until such time as the asset is moved to a mining asset (if meets the economic and feasible stage) or the properties are disposed of either through sale, abandonment or impairment.

E&E costs consist of such items as:

- Acquisition of exploration properties;
- Gathering exploration data through topographical and geological studies;
- Exploratory drilling, trenching and sampling;
- Determining the volume and grade of the resource;
- Test work on geology, metallurgy, mining, geotechnical and environmental; and
- Conducting engineering, marketing and financial studies.

E&E shall be assessed for impairment when one or more of the following facts and circumstances indicate that a specific CGU should be tested for impairment:

1. The period for which the entity has the right to explore in the specific area has expired during the financial statement period or will expire in the near future and is not expected to be renewed.
2. Substantive expenditures on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned.
3. Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
4. Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or sale.

The Company estimates the recoverable amount of each CGU, on the basis of areas of interest. Management groups mineral claims that are contiguous and specific to an area that encompasses the same prospective minerals, into one area of interest and assigns a name to this mineral property.

Recoverable amount is the higher of fair value less disposal costs and value in use. 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.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. E&E are also tested for impairment before the assets are transferred to development properties.

Functional Currency

The Company's presentation and functional currency is the Canadian dollar.

Equity Settled Transactions

The costs of equity settled transactions with employees are measured by reference to the fair value at the date on which they are granted. Stock-based compensation to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share based payment reserve.

The costs of equity settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge for a period represents the movement in cumulative expense recognized as at the beginning and end of that reporting period and the corresponding amount is represented in share based compensation reserve.

When the share-based payment arrangement has been cancelled or the terms have expired the fair value assigned to the share-based payment arrangement is transferred to contributed surplus.

Share Capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are recognized in equity as a reduction from the gross proceeds received from the issued shares.

Financial Instruments

Fair value through profit or loss (FVTPL)

Financial assets that are held with the intention of generating profits in the near term are classified as held for trading within FVTPL. In addition, any other financial assets can be designated by the Company upon initial recognition as held for trading. These instruments are subsequently re-measured at fair value with the change in the fair value recognized as gain or loss in the statement of loss and comprehensive loss during the period.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such by management or not classified in any of the other categories. Available-for-sale financial assets are measured at fair value with changes recognized in other comprehensive income. Upon sale or impairment, the accumulated fair value adjustments recognized in other comprehensive income are recorded in the statements of loss and comprehensive loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method ("EIR"), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive loss. The losses arising from impairment are recognized in the statement of loss and comprehensive loss. The Company has classified government HST recoverable and due from related companies as loans and receivable.

Other financial liabilities

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost. The effective interest rate (or amortized cost method) is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statement of financial position are classified using 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: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation techniques based on 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: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The company's cash is considered Level 1 in the hierarchy.

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Loss Per Share

Loss per share is calculated based on the weighted average number of common shares issued and outstanding during the period. In the years when the Company reports a net loss, the effect of potential issuances of common shares are anti-dilutive, therefore, basic and fully diluted loss per common share is the same. The diluted loss per share reflects the potential dilution of common share equivalents, such as the conversion of outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The treasury stock method is used for the assumed proceeds upon exercise of the options and warrants.

Future Accounting Policies

At the date of authorization of these Financial Statements, the IASB has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting period.

- IFRS 9 Financial Instruments ("IFRS 9")

  IFRS 9 was issued by the IASB in November 2009 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9replace the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortization costs and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires an expected loss impairment method to be used, replacing the incurred loss model.

  In October 2010, the IASB added requirements for financial liabilities to IFRS 9. These requirements were largely carry forward from the existing requirements in IAS 39, however,

fair value changes due to credit risk for financial liabilities designated at fair value through profit and loss are to be recorded in other comprehensive income.

In November 2013 the IASB amended IFRS 9 to include a new general hedge accounting model. The amendment also removed the January 1, 2015 effective date.

In July 2014, the IASB issued the final version of IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both IAS 39 and IFRIC 9 - Reassessment of Embedded Derivatives. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a new single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018. The Company is still in the process of assessing the impact of this pronouncement.

Various other accounting pronouncements (such as IFRS 15, IFRS 16, and the various annual improvements) that have no material impact to the Company are not included above. The Company has not early adopted these standards.

Financial Risk Management Objectives and Policies

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management, with the Board of Directors oversight, manages financial risks. Where material, these risks will be reviewed and monitored by the Board of Directors. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial Risks

The Company's main financial risk exposure and its financial risk management policies are as follows:

Credit Risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is limited to the carrying value amount carried on the statement of financial position. The Company's assets most susceptible to credit risk is its cash, which is held at a Canadian chartered bank in a non-interest bearing account, and government GST/HST recoverable, which is due from the Canadian government and due from related companies and related party. The credit risks related to cash and government GST/HST receivable were low and the credit risks related to due from related companies and related party are high due to potential of non-payments.

Liquidity Risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods. As at July 31, 2017, the Company had $4,641,327 in cash.

The carrying values of the Company's financial instruments carried at amortized cost approximate fair values due to their short duration.

The Company has designated its cash at FVTPL. Due from related companies and related party are classified as loans and receivables whereby they are initially recognized at fair value and then subsequently

carried at amortized cost. Accounts payables and accrued liabilities, due to related parties and due to related companies are classified as other financial liabilities whereby they are initially recognized at fair value and then measured at amortized cost.

The carrying values, which approximate fair values, of the Company's financial instruments are as follows:

As at		**July 31, 2017**		**July 31, 2016**
Financial Assets				
Fair value through profit or loss				
Cash	**$**	**4,641,327**	$	-
Loans and receivables				
Due from Green Life Clinics	**$**	**1,011,250**	$	-
Due from related party	**$**	**50,000**	$	-
Investment in Green Life Clinics	**$**	**3,225,000**	$	-
Financial Liabilities				
Fair value through profit or loss				
Bank indebtedness	**$**	**-**	$	773
Other financial liabilities				
Amounts payable and other liabilities	**$**	**397,286**	$	14,652
Due to related party and company	**$**	**3,406**	$	13,277

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operation and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business.

The Company defines its capital as its shareholders' equity. As at July 31, 2017, the Company's capital resources amounted to a capital of $9,771,805 (2016 - $18,304).

The Company's capital management objectives, policies and processes have been directed towards the cannabis industry during the year ended July 31, 2017. The Company is not subject to any externally imposed capital requirement. There were no changes in the Company's approach to capital management during the year.

Risks and Uncertainties

The Company's principal activity is mineral exploration and development Companies in this industry are subject to many and varied kinds of risk, including but not limited to, environmental, metal prices, political and economic. The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from the treasury to investors. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of

management The Company has no significant source of operating cash flow and no revenues from operations. The Company has not yet determined whether its mineral property contains mineral reserves that are economically recoverable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves. There is no guarantee that the Company will be able to contribute or obtain all necessary resources and funds for the exploration and exploitation of its permits, and may fail to meet its exploration commitments. Mineral exploration involves a high degree of risk and few properties, that are explored, are ultimately developed into producing mines. Exploration of the Company's mineral property may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations. The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

Conflicts of Interest

Certain of the directors and officers of the Company may also serve as directors and officers of other companies involved in gold and precious metal or other natural resource exploration and development and consequently the possibility of conflict exists. Any decisions made by such directors or officers involving the Company will be made in accordance with the duties and obligations of directors and officers to deal fairly and in good faith with the Company and such other companies. In addition, such directors declare their interest and refrain from voting on any matters in which such directors may have a conflict of interest.

Management's Responsibility for Financial Statements

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the audited financial statements.

Trends

Trends in the industry can materially affect how well any junior exploration company is performing. The price of precious metals has declined recently. Company management believes that prices will be higher over time.

Outlook

The outlook for precious metals continues to be positive and this is reflected in the Company's ongoing activity.

Cautionary Statement

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans and our other future plans and objectives are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statement Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory

agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date of statements are made, and the Company endeavors to update corporate information and material facts on a timely basis. Forward-looking statements are subject to risks, uncertainties and other actors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks.

Subsequent Events

No subsequent events.

Other

Additional information relating to the Company's operations and activities can be found by visiting the Company's website at www.LeoResources.com and www.sedar.com.

SCHEDULE "C"

INTERIM FINANCIAL STATEMENTS OF THE ISSUER FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018

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LEO RESOURCES INC.

Condensed Consolidated Interim

Financial Statements

For the Three and Nine Months Ended

April 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102,Part 4,subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Leo Resources Inc.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

As at		April 30, 2018		July 31, 2017
		(Unaudited)		**(Audited)**
ASSETS				
Current assets				
Cash	$	**2,975,826**	$	4,641,327
Account receivable (note 4)		**64,938**		52,880
Prepaid expenses (note 5)		**97,914**		1,192,040
Total current assets		**3,138,678**		5,886,247
Non-current assets				
Investment in Green Life Clinics Inc. (note 7)		**3,225,000**		3,225,000
Due from Green Life Clinics Inc. (note 7)		**1,464,750**		976,250
Due from Medical Cannabis Resource Centre Inc. (note 7)		**486,990**		35,000
Due from related party (note 8)		**50,000**		50,000
Total non-current assets		**5,226,740**		4,286,250
Total assets	**$**	**8,365,418**	$	10,172,497
EQUITY AND LIABILITIES				
Current liabilities				
Amounts payable and other liabilities (notes 6 and 8)	**$**	**68,061**	$	397,286
Due to related company (note 8)		**3,406**		3,406
Total current liabilities		**71,467**		400,692
Shareholders' equity				
Share capital (note 9)		**7,878,425**		7,878,425
Subscription receivable (note 9)		**-**		(7,000)
Reserves		**4,633,873**		4,633,873
Accumulated deficit		**(4,218,347)**		(2,733,493)
Total shareholders' equity		**8,293,951**		9,771,805
Total liabilities and shareholders' equity	**$**	**8,365,418**	$	10,172,497

Nature of operations (note 1)
Going concern (note 2)

Approved on behalf of the Board of Directors:

"Usama Chaudhry" (signed) Director
Usama Chaudhry, Director

"Ken Tollstam" (signed) Director
Ken Tollstam, Director

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

Leo Resources Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended April 30, 2018	Three months ended April 30, 2017	Nine months ended April 30, 2018	Nine months ended April 30, 2017
Operating Expenses				
Bank charges	**$ 2,556**	$ 477	**$ 6,907**	$ 544
Consulting fees	**344,798**	690,862	**1,138,157**	690,862
Filing and listing fees	**22,696**	9,980	**29,334**	13,100
Legal and professional fees (recovery) (note 8)	**26,947**	(34,880)	**105,079**	11,328
Director fees	**10,000**	-	**30,000**	-
Shareholder information	**-**	351	**-**	351
Office and general expenses (note 8)	**46,071**	805	**161,478**	2,130
Transfer agent fees (note 8)	**551**	1,925	**13,899**	2,575
Net loss and comprehensive loss	**$ (453,619)**	$ (669,520)	**$ (1,484,854)**	$ (720,890)
Basic and diluted net loss per share	**$ (0.015)**	$ (0.272)	**$ (0.048)**	$ (0.477)
Weighted average number of common shares outstanding - basic and diluted	**30,838,916**	2,465,147	**30,838,916**	1,510,955

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

Leo Resources Inc.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

For the Nine Months Ended April 30,		2018		2017
Operating activities				
Net loss for the period	**$**	**(1,484,854)**	$	(720,890)
Changes in non-cash working capital items:				
Prepaid expenses		**1,094,126**		(97,142)
Government GST recoverable		**(12,058)**		(25,357)
Amounts payable and other liabilities		**(329,225)**		44,785
Net cash used in operating activities		**(732,011)**		(798,604)
Financing activities				
Shares issued for private placements		**-**		1,600,000
Subscription received		**7,000**		-
Due to related company		**(940,490)**		(678)
Due to related party		**-**		(12,599)
Net cash provided by (used in) financing activities		**(933,490)**		1,586,723
Net change in cash		**(1,665,501)**		788,119
Cash, beginning of period		**4,641,327**		-
Cash, end of period	**$**	**2,975,826**	$	788,119

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

Leo Resources Inc.
Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Common Share Capital		Preferred Share Capital		Reserves			Subscriptions receivable		
	Number of shares	Amount	Number of shares	Amount	Share-based payments	Warrants	Contributed surplus	Amount	Deficit	Total
Balance, July 31, 2016	**1,049,416**	**$ 403,001**	**100,000**	**$ 100,000**	**$ 11,235**	**$ 80,000**	**$ 15,065**	**$ -**	**$ (590,997)**	**$ 18,304**
Cancelled options	-	-	-	-	(11,235)	-	11,235	-	-	-
Private placements	4,400,000	863,660	-	-	-	736,340	-	-	-	1,600,000
Net loss for the period	-	-	-	-	-	-	-	-	(720,890)	(720,890)
Balance, April 30, 2017	**5,449,416**	**$ 1,266,661**	**100,000**	**$ 100,000**	**$ -**	**$ 816,340**	**$ 26,300**	**$ -**	**$ (1,311,887)**	**$ 897,414**
Balance July 31, 2017	**30,838,916**	**$ 7,778,425**	**20,000**	**$ 100,000**	**$ -**	**$ 4,607,573**	**$ 26,300**	**$ (7,000)**	**$ (2,733,493)**	**$ 9,771,805**
Subscription received	-	-	-	-	-	-	-	7,000	-	7,000
Net loss for the period	-	-	-	-	-	-	-	-	(1,484,854)	(1,484,854)
Balance, April 30, 2018	**30,838,916**	**$ 7,778,425**	**20,000**	**$ 100,000**	**$ -**	**$ 4,607,573**	**$ 26,300**	**$ -**	**$ (4,218,347)**	**$ 8,293,951**

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

1. Nature of Operations

Leo Resources Inc. ("Leo" or "Company") was incorporated on March 18, 2013 in the Province of British Columbia. The Company was engaged in the business of acquisition and exploration of mining properties in Canada. Prior to January 31, 2016, Leo was 19.96% owned by GreenBank Capital Inc. ("GreenBank") and 16.76% owned by Winston Resources Inc. ("Winston"), both Canadian public companies. GreenBank and Winston declared share dividends on January 29, 2016 to distribute all of their shareholding interest of Leo to their shareholders. GreenBank and Winston no longer have any shareholder interest in the Company. The Company's common shares trade on the Canadian Securities Exchange ("CSE"). The head office of the Company is located at 1100 West Hasting Streets, Suite 800, Vancouver, BC, Canada.

On May 29, 2017, the Company completed a definitive agreement with Green Life Clinics Inc. ("GLC") (note 7). Pending approval with the CSE, the Company plans on entering the cannabis industry.

2. Going Concern Assumption

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern under International Financial Reporting Standards ("IFRS"). The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations.

The Company has no proven history of profitability, which casts doubt as to whether the Company will be able to continue as a going concern should it not be able to obtain the necessary financing to fund working capital and capital expenditures. The ability of the Company to arrange such financing in the future depends in part upon the prevailing capital market conditions as well as the business performance of the Company. If additional financing is raised by the issuance of shares from the treasury of the Company existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

As at April 30, 2018, the Company has yet to generate revenues from operations and had a deficit of $4,218,347 (July 31, 2017 - $2,733,493). The Company is actively seeking additional sources of financing. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern that these uncertainties are material and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying condensed consolidated interim financial statements. These adjustments could be material.

3. Statement of Compliance and Basis of Presentation

(a) Statement of Compliance

The policies applied in these condensed consolidated interim financial statements are based on IFRS as issued by the International Accounting Standards Board ("IASB"), in particular IAS 34, Interim Reporting, and interpretations issued by the Interpretation Financial Reporting Interpretations Committees ("IFRIC"). The board of directors approved the condensed consolidated interim financial statements on June 28, 2018.

(b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly own subsidiary 1125076 B.C. Ltd. Control is achieved when the Company has the power to govern the financial operating policies of an entity so as to obtain benefits from its activities. The subsidiary is consolidated from the date on which control is transferred to the Company until the date on which control ceases. All inter-company transactions, balances, income and expense are eliminated upon consolidation.

4. Accounts Receivable

As at		April 30, 2018		July 31, 2017
Government GST recoverable	**$**	**64,938**	$	52,880

5. Prepaid Expenses

The prepaid expenses of $94,581 (July 31, 2017 - $1,192,040) comprise of prepaid consulting fees and $3,333 (July 31, 2017 - $Nil) prepaid management fees. During the year ended July 31, 2017, the Company entered into a number of consulting agreements with various parties. The consulting services consist of working with the Company to develop and implement a cohesive broad awareness strategy to further the Company's objectives. The terms of the agreements require that the consulting services are performed over a period of 12 months and payment is made in full on the date the agreement is signed by both parties and is in effect. The fees will be expensed straight-line over the term of the agreements.

6. Amounts Payable and Other Liabilities

As at		April 30, 2018		July 31, 2017
Amounts payable (note 8)	**$**	**59,236**	$	388,461
Other liabilities		**8,825**		8,825
	$	**68,061**	$	397,286

7. Amalgamation Agreement

On May 8, 2017, the Company entered into an amalgamation agreement under which it will acquire GLC by way of a three-corner amalgamation pursuant to which GLC will amalgamate with 1125076 B.C. Ltd., a wholly owned subsidiary of the Company, and the shareholders of GLC will receive one common share of the Company for each GLC share held, resulting in the aggregate issuance of 25,000,000 of the Company's shares. Holders of the Class B shares in the capital of GLC will also receive a cash payment of $0.125 per share for aggregate consideration of $2,000,000.

Pursuant to the agreement, on July 6, 2017, the Company advanced $3,225,000 to GLC. This payment is to be utilized by GLC to repay shareholder loans incurred in relation to the GLC's acquisition of MCRCI Medicinal Cannabis Resources Inc. ("MCRCI") and to be incurred to complete the acquisition of Patient Access Pavilions Ltd. This payment was financed by the proceeds raised from the Company's non-brokered financing. Further, the Company advanced $35,000 to MCRCI for working capital. According to the agreement, there are no terms for re-payments of these amounts and they will be written off as a loss if the amalgamation is not completed. Additionally, the Company paid in total $1,641,517 consulting fees on behalf of GLC and MCRCI.

The amalgamation is subject to a number of conditions precedent, including, among other things, receipt of all applicable approval from CSE. Unless all of such conditions are satisfied or waived, to the extent they are capable of waiver, the amalgamation will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis or at all.

As at June 28, 2018, this amalgamation has not yet completed.

8. Related Party Transactions and Disclosures

As at April 30, 2018, the amount due to related company of $3,406 (July 31, 2017 - $3,406) is owed to a company with a former common director. The amount is unsecured, non-interest bearing and due on demand.

The amount due from related party at April 30, 2018 of $50,000 (July 31, 2017 - $50,000) is due from a former director. This amount is unsecured, non-interest bearing and due on demand.

During the three and nine months ended April 30, 2018, the Company incurred transfer agent fees of $Nil (2017 - $226 and $876, respectively) to a company owned by a former director for the provision of share transfer services.

During the three and nine months ended April 30, 2018, the Company incurred consulting fees of $Nil and $3,750, respectively (2017 - $85,714 and $85,714, respectively), accounting fees of $Nil and $11,500, respectively (2017 - $Nil) and office expense of $Nil and $3,157, respectively (2017 - $Nil) to a company owned by a director of the Company and office expense of $3,090 and $7,782, respectively (2017 - $Nil) to directors of the Company. Additionally, the Company paid management fees of $30,000 (2017 - $Nil) to a director.

At April 30, 2018, the Company has a balance of $7,635 owing to a company owned by a director of the Company and the amounts are included in accounts payable and other liabilities.

9. Share Capital

(i) The Company's authorized share capital consists of:

- an unlimited number of common shares with no par value; and
- an unlimited number of Series A preferred shares – non-voting, non-retractable, non-redeemable without dividend, no par value

Issuance of shares and warrants

During the period ended April 30, 2018, the Company did not issue any common or preferred shares.

(ii) Stock Options

The Company has adopted a stock option plan (the "Plan"). Pursuant to the Plan, the Board of Directors may from time to time in its discretion, and in accordance with the Exchange Requirements, grant non-transferable options to purchase shares to directors, officers, founders, employees, persons engaged to provide investor relations activities and consultants of the Company.

There are no stock options outstanding as at April 30, 2018 or July 31, 2017.

9. Share Capital (continued)

(iii) Warrants

The issued and outstanding warrants balance at April 30, 2018 is comprised as follows:

	Number of warrants
Balance, July 31, 2016	**500,000**
Issued	17,200,977
Exercised	(725,000)
Balance, July 31, 2017 and April 30, 2018	**16,975,977**

The following table sets out the details of the warrants granted and outstanding as at April 30, 2018:

Issue date	Fair value	Expiry date	Weighted average exercise price	Number of warrants
March 11, 2017	$ 188,568	March 11, 2019	$ 0.325	2,175,000
April 27, 2017	284,858	October 27, 2018	0.600	2,000,000
June 21, 2017	3,636,373	December 21, 2018	0.850	11,077,145
July 24, 2017	524,479	January 24, 2019	0.850	1,723,832
	$ 4,634,278		$ 0.753	**16,975,977**

On April 27, 2018 the Company extended the terms of its 14,800,177 outstanding warrants by six months as follows:

- 1,723,032 warrants exercisable at $0.85 expiring on July 24, 2018, to be extended to Jan. 24, 2019;
- 11,077,145 warrants exercisable at $0.85 expiring on June 21, 2018, to be extended to Dec. 21, 2018; and
- 2,000,000 warrants exercisable at $0.60 expiring on April 27, 2018, to be extended to Oct. 27, 2018.

SCHEDULE “D”

MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE ISSUER FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018

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LEO RESOURCES INC

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE INTERIM NINE MONTHS PERIOD ENDED APRIL 30, 2018

(Prepared by Management and dated on June 28, 2018)

800-1199 West Hastings Street

Vancouver, BC, V6E 3T5

Tel: (604) 282-1722

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF APRIL 30, 2018 TO ACCOMPANY THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF LEO RESOURCES INC. (THE "COMPANY" OR "LEO") FOR THE NINE MONTHS PERIOD ENDED APRIL 30, 2018.

This MD&A is dated June 28, 2018.

The following Management's Discussion and Analysis should be read in conjunction with the audited consolidated financial statements of the Company for the year ended July 31, 2017, and the unaudited condensed consolidated interim financial statements for the three and nine months period ended April 30, 2018, which were prepared in accordance with International Financial Reporting Standards ("IFRS") and the notes thereto. All financial amounts are stated in Canadian currency unless stated otherwise.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of the Company. There are many risks and uncertainties attached to the mineral exploration business. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. (See "Risks and Uncertainties" in this MD&A for more information).

DESCRIPTION OF THE BUSINESS

Overview

Leo Resources was formed on March 18, 2013 and was engaged in the business of acquisition and exploration of mining properties in Canada. The Company's common shares trade on the Canadian Securities Exchange ("CSE"). The head office of the Company is located at 1100 West Hasting Streets, Suite 800, Vancouver, BC, Canada.

On May 29, 2017, the Company completed a definitive agreement with Green Life Clinics Inc. ("GLC"). Pending approval with the CSE, the Company plans on entering the cannabis industry.

Corporate History

Leo was previously a subsidiary of Zara Resources Inc. ("Zara"). On March 20, 2013, Zara announced a proposal to spin-off to its shareholders 100% of Leo. On March 20, 2013 Leo entered into an agreement with Zara to acquire 100% of the Riverbank claims ("Riverbank") for $358,000 to be satisfied by the issuance of 549,500 post consolidation common shares of Leo. In addition Zara also subscribed for 100,000 Non-Voting Series A Preferred Shares for the sum of $100,000 cash. Riverbank is also subject to a pre-existing 2% NSR. The spin-off was transacted by way of a statutory plan of arrangement (the "Leo Plan") under the Business Corporations Act (British Columbia). Upon completion of the Leo Plan, Leo owned 100% of Riverbank. Pursuant to the terms of the Leo Plan, Zara distributed 549,500 post consolidation common shares of Leo. On August 2, 2013 the spinoff received all necessary court approvals and the plan of arrangement was subsequently completed. Leo listed on the CSE on August 16, 2013. On May 21, 2014 Leo completed a 1 for 5 consolidation of its common shares.

On August 1, 2014 Leo dual listed its common shares on the Frankfurt Exchange and on XETRA. These listings were discontinued in February 2016.

Prior to January 31, 2016, Leo was 19.96% owned by GreenBank Capital Inc and 16.76% owned by Winston Resources Inc., both Canadian public companies. GreenBank and Winston declared share dividends on January 29, 2016 to distribute all of their shareholding interest to their shareholders. GreenBank and Winston no longer have any shareholder interest in the Company.
On May 3, 2017, the Company consolidated its issued and outstanding share capital on the basis of one post-consolidation share for each five pre-consolidation common shares.

On May 29, 2017, the Company completed a definitive agreement with Green Life Clinics Inc. ("GLC"). Pending approval with the CSE, the Company plans on entering the cannabis industry.

Amalgamation Agreement

On May 8, 2017, the Company entered into an amalgamation agreement under which it will acquire GLC by way of a three-corner amalgamation pursuant to which GLC will amalgamate with 1125076 B.C. Ltd., a wholly owned subsidiary of the Company, and the shareholders of GLC will receive one common share of the Company for each GLC share held, resulting in the aggregate issuance of 25,000,000 of the Company's shares. Holders of the Class B shares in the capital of GLC will also receive a cash payment of $0.125 per share for aggregate consideration of $2,000,000.

Pursuant to the agreement, on July 6, 2017, the Company advanced $3,225,000 to GLC. This payment is to be utilized by GLC to repay shareholder loans incurred in relation to the GLC's acquisition of MCRCI Medicinal Cannabis Resources Inc. ("MCRCI") and to be incurred to complete the acquisition of Patient Access Pavilions Ltd. This payment was financed by the proceeds raised from the Company's non-brokered financing. Further, the Company advanced $35,000 to MCRCI for working capital. According to the agreement, there are no terms for re-payments of these amounts and they will be written off as a loss if the amalgamation is not completed. Additionally, the Company paid in total $1,641,517 consulting fees on behalf of GLC and MCRCI.

The amalgamation is subject to a number of conditions precedent, including, among other things, receipt of all applicable approval from CSE. Unless all of such conditions are satisfied or waived, to the extent they are capable of waiver, the amalgamation will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis or at all.

As at June 28, 2018, this amalgamation has not yet completed.

Management Changes

On February 8, 2017, Daniel Wettreich, a director and chief executive officer of Leo Resources Inc., has closed the previously announced sale of the majority of his shareholdings in Leo.

The shares were acquired by Anthony Jackson and a number of independent investors from Sammiri Capital Inc., a private company owned by Daniel Wettreich. A total amount of 667,433 common shares representing 64% of the issued and outstanding share capital of Leo were sold for a payment of $210,000 at a deemed price of $0.3145 per share. Daniel Wettreich has also sold 500,000 warrants at a price of $0.25 to the purchasers for $25,000. Further, the purchasers have entered into a loan agreement with Leo in the amount of $40,000, which will be used to repay the outstanding payables and indebtedness of Leo.

Leo has appointed Mr. Jackson a director and CEO, Konstantin Lichtenwald a director, and Ken Tollstam a director. Daniel Wettreich has retired as a director and CEO, Mark Wettreich has retired as a director and corporate secretary, and Peter Wanner, Paul Cullingham and David Lonsdale have retired as directors.

On April 14, 2017, the Company appointed Sam Chaudry to the board of Leo. Mr. Chaudry replaced Anthony Jackson, who has resigned as both chief executive officer and as a board member of the Company.

MINERAL PROPERTIES

Riverbank Nickel-Copper Project

Until June 19, 2015, the Riverbank property consists of 7 unpatented mining claims located in the Kasabonika-McFauld's Greenstone belt, part of the Sachigo sub-province of the Precambrian Shield area of Northwestern Ontario, approximately 540 km north-north east of Thunder Bay, Ontario and 350 km north of Geraldton, Ontario. On June 19, 2015 6 of the 7 claims were allowed to lapse and the property now consists of one claim.

The project area is located along the western margin of the James Bay Lowlands within the Tundra Transition Zone consisting primarily of string bog and muskeg whereby the water table is very near the surface. Average elevation is approximately 170 m above mean sea level. The property area is predominantly flat muskeg with poor drainage due to the lack of relief. Glacial features are abundant in the area and consist of till deposits, eskers, and drumlins, all of which are typically overlain by marine clays from the Hudson Bay transgression. The Riverbank property is believed to be underlain in part by mafic to ultramafic rocks that potentially could host nickel and copper mineralization. Prior to the acquisition of Leo's interest in the property the previous owners completed an airborne VTEM survey and associated aeromagnetic survey by Geotech. This was followed by one diamond drill hole in 2011 totaling 216 m. A number of conductive trends are present on the Riverbank property. The work to date indicates that the property is underlain by rocks that include ultramafic bodies. The geophysics done to date indicates that the target model of mafic-ultramafic associated nickel bearing magmatic sulphides is valid. Exploration over the property to date has consisted primarily of geophysics followed by limited diamond drilling.

During the year ended July 31, 2017, the Riverbank property with carrying value of $44,795 was written off and the amount was recorded in the statement of profit or loss and other comprehensive loss for the year.

FINANCIAL STATEMENTS GOING CONCERN ASSUMPTION

The consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern under IFRS. The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations.

The Company has no proven history of profitability, which casts doubt as to whether the Company will be able to continue as a going concern should it not be able to obtain the necessary financing to fund working capital and capital expenditures. The ability of the Company to arrange such financing in the future depends in part upon the prevailing capital market conditions as well as the business performance of the Company. If additional financing is raised by the issuance of shares from the treasury of the Company existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

As at April 30, 2018, the Company has yet to generate revenues from operations and had a deficit of $4,218,347 (July 31, 2017 - $2,733,493). The Company is actively seeking additional sources of financing. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern that these uncertainties are material and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. These adjustments could be material.

RESULTS OF OPERATIONS

The Company is in the development stage and therefore did not have revenues from operations.

For the three months period ended April 30, 2018, the Company incurred a net loss and comprehensive loss of $453,619 (2017 - $669,520); $0.015 (2017 - $0.272) loss per share. This loss is mainly comprised of bank charges of $2,556 (2017 - $477), consulting fees of $344,798 (2017 - $690,862), filing and listing fees of $22,696 (2017 - $9,980), transfer agent fees of $551 (2017 - $1,925), legal and professional fees of $26,947 (2017 – recovery of $34,880), director fees of $10,000 (2017 - $Nil) and office and general expenses of $46,071 (2017 - $805). The decrease in loss were due mainly to a lower consulting fees incurred during the three months period ended April 30, 2018.

For the nine months period ended April 30, 2018, the Company incurred a net loss and comprehensive loss of $1,484,854 (2017 - $720,890); $0.048 (2017 - $0.477) loss per share. This loss is mainly comprised of bank charges of $6,907 (2017 - $544), consulting fees of $1,138,157 (2017 - $690,862), filing and listing fees of $29,334 (2017 - $13,100), transfer agent fees of $13,899 (2017 - $2,575), legal and professional fees of $105,079 (2017 - $11,328), director fees of $30,000 (2017 - $Nil) and office and general expenses of $161,478 (2017 - $2,130). The increase in loss were due to an increase in consulting fees in relation to the plan of the Company on entering cannabis industry and an increase in office and general expenses and legal and professional fees during the nine months period ended April 30, 2018.

For the nine months period ended April 30, 2018, the net cash used in operating activities was $732,011 (2017 - $798,604), net cash used in financing activities was $933,490 (2017 - $1,586,723 provided by) and net change in cash was ($1,665,501) (2017 - $788,119).

Depending on future events, the rate of expenditures and general and administrative costs could increase or decrease.

Selected Financial Information

The following table provides selected financial information that should be read in conjunction with the audited Consolidated Financial Statements and Notes of the Company for the applicable period:

Summary of Results	Year ended July 31, 2017	Year ended July 31, 2016	Year ended July 31, 2015
Net Loss	**$ 2,142,496**	$ 31,918	$ 359,161
Exploration and Evaluation Assets	**$ Nil**	$ 44,795	$ 44,795
Current Assets	**$ 5,886,247**	$ 2,211	$ 60,812
Total Assets	**$ 10,172,497**	$ 47,006	$ 105,607
Total Liabilities	**$ 400,692**	$ 28,702	$ 55,385
Shareholders' Equity	**$ 9,771,805**	$ 18,304	$ 50,222

Summary of Quarterly Results

The table below provides selected financial information that should be read in conjunction with the audited/unaudited financial statements of the Company for the applicable period:

Quarter ended	Apr.30, 2018	Jan.31, 2018	Oct.31, 2017	Jul.31, 2017
	$	$	$	$
Net Loss	453,619	501,329	529,906	1,421,606
Exploration and Evaluation Assets	Nil	Nil	Nil	Nil
Current Assets	3,138,678	3,873,570	4,536,331	5,886,247
Total Assets	8,365,418	8,825,087	9,323,205	10,172,497
Total Liabilities	71,467	77,517	74,306	400,692
Total Shareholders' Equity	8,293,951	8,747,570	9,248,899	9,771,805
Quarter ended	**Apr.30, 2017**	**Jan.31, 2017**	**Oct.31, 2016**	**Jul.31, 2016**
	$	$	$	$
Net Loss	669,520	44,867	6,503	20,507
Exploration and Evaluation Assets	44,795	44,795	44,795	44,795
Current Assets	912,829	2,616	754	2,211
Total Assets	957,624	47,411	45,549	47,006
Total Liabilities	60,210	80,477	33,748	28,702
Total Shareholders' Equity (Deficit)	897,414	(33,066)	11,801	18,304

Liquidity and Solvency

The Company will need access to equity capital to pursue its business plan and there is no guarantee that equity may be available, and if available it may not be on terms that Management finds is in the interest of the Company.

The following table summarizes the Company's cash on hand, working capital and cash flow.

As at	April 30, 2018
	$
Cash	2,975,826
Working Capital	3,067,211
Cash Used in Operating Activities	732,011
Cash Used in Financing Activities	933,490
Decrease in Cash	1,665,501

The Company is dependent on the sale of newly issued shares to finance its business plans and operations. The Company will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities.

Capital Resources

The Company has no operations that generate cash flow and its long term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable. The Company's primary capital assets as at April 30, 2018 is cash.

Share Capital

The following is a summary of the Company's outstanding share, warrant and stock options data as of June 28, 2018.

Common Shares
The authorized capital of the issuer consists of an unlimited number of common shares without par value of which 30,838,916 are outstanding. Holders of the issuer’s common shares are entitled to vote at all meetings of shareholders declared by the directors, and subject to the rights of holders of any shares ranking in priority to or on a parity with the common shares, to participate rate-ably in any distribution of property or assets upon the liquidation, winding up or dissolution of the Issuer.

On May 3, 2017, the Company consolidated its issued and outstanding share capital on the basis of one post-consolidation share for each five pre-consolidation common shares. No fractional shares will be issued. Any fraction of a share will be rounded down to the nearest whole number. All references to share capital, stock options and share purchase warrants presented in these consolidated financial statements and notes are on a post-consolidation basis.

On March 11, 2017, the Company closed a non-brokered private placement of 2,400,000 units for gross proceeds of $600,000 at a price of $0.25 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each whole warrant is convertible into one common share at a price of $0.325 per share and is exercisable for a period of two years from date of issuance. Using the relative fair value method, the fair value of warrants was determined to $188,568 by the Black Scholes Option Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate – 0.84%, expected dividend yield – 0%, and average expected stock price volatility – 201%.

On April 27, 2017, the Company closed a non-brokered private placement of 2,000,000 units for gross proceeds of $1,000,000 at a price of $0.50 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each whole warrant is convertible into one common share at a price of $0.60 per share and is exercisable for a period of one year. Using the relative fair value method, the fair value of warrants was determined to $284,858 by the Black Scholes Option Pricing Model using the following assumptions: expected life – 1 year, average risk-free interest rate – 0.72%, expected dividend yield – 0%, and average expected stock price volatility – 254%.

On June 21, 2017, the Company closed the first tranche of a non-brokered private placement for 21,266,900 units for gross proceeds $10,633,450 at a price of $0.50 per unit. Each unit consists of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to purchase an additional common share at the price of $0.85 per share for a period of 12 months. In the event that Company's share prices closes at a price of $1.40 per share for a period of 10 consecutive trading dates, the Company will have the option to provide notice to the warrant holders in writing or through press release to accelerate the term of the warrants to a period of 30 days following such notice. Using the relative fair value method, the fair value of warrants was determined to $3,166,071 by the Black Scholes Option Pricing Model using the following assumptions: expected life – 1 year, average risk-free interest rate – 1.27%, expected dividend yield – 0%, and average expected stock price volatility – 264%.

In connection with the private placement, the Company paid finders' fees of $555,848 and 443,695 common share purchase warrants entitling the finder to purchase one additional common share of the Company, having the same terms as the warrants issued in the financing. The fair value of warrants was determined to $470,302 by the Black Scholes Option Pricing Model using the following assumptions: expected life – 1 year, average risk-free interest rate – 1.27%, expected dividend yield – 0%, and average expected stock price volatility – 264%.

On July 24, 2017, the Company closed the final tranche of the non-brokered private placement for 3,397,600 units for gross proceeds $1,698,800 at a price of $0.50 per unit. In connection with the first initial tranche, the Company has raised in total gross proceeds of $12,332,250, equivalent to 24,664,500 units, for this financing. Using the relative fair value method, the fair value of warrants was determined to $501,615 by the Black Scholes Option Pricing Model using the following assumptions: expected life – 1 year, average risk-free interest rate – 1.26%, expected dividend yield – 0%, and average expected stock price volatility – 265%. Each unit consists of one common share and one-half of one common share purchase warrant. Each full warrant will entitle the holder to purchase an additional common share at the price of $0.85 per share for a period of 12 months from the closing of the transaction. In the event that the Company's share prices closes at a price of $1.40 per share for a period of 10 consecutive trading dates, the Company will have the option to provide notice to the warrant holders in writing or through press release to accelerate the term of the warrants to a period of 30 days following such notice.

In connection with the private placement, the Company paid finders' fees of $10,990 and 25,032 common share purchase warrants entitling the finder to purchase one additional common share of the Company, having the same terms as the warrants issued in the financing. The fair value of warrants was determined to $22,864 by the Black Scholes Option Pricing Model using the following assumptions: expected life – 1 year, average risk-free interest rate – 1.26%, expected dividend yield – 0%, and average expected stock price volatility – 265%.

During the year ended July 31, 2017, the Company paid finders' fees of $1,660,540 to various parties for consulting services that are part of the Company’s development and implementation of a cohesive broad awareness strategy.

Preferred Shares

The authorized capital of the issuer consists of an unlimited number of preferred shares without par value, of which 20,000 are issued or outstanding as of June 28, 2018. The preferred shares rank in priority to the common shares upon the liquidation, winding up or other dissolution of the Issuer. The preferred shares were issued in August 2013, as part of the plan of arrangement with Zara Resources Inc.

Stock Options

Options to purchase common shares in the capital of Leo are granted by Leo’s Board of Directors to eligible persons pursuant to Leo’s 2016 Stock Option Incentive Plan. During the year ended July 31, 2017 the Company cancelled all its outstanding options. At June 28, 2018, the Company has no options outstanding.

Warrants

The Company had 500,000 warrants granted to Daniel Wettreich, a former director, pursuant to a private placement on May 23, 2014 at an exercise price of $0.25 per share. These warrants were exercised during the year ended July 31, 2017.

On March 11, 2017, the Company issued 2,400,000 share purchase warrants at an exercise price of $0.325 per share and is exercisable for a period of two years from date of issuance. 225,000 of these warrants were exercised during the year ended July 31, 2017.

On April 27, 2017, the Company issued 2,000,000 share purchase warrants at an exercise price of $0.60 per share and is exercisable for a period of one year.

On June 21, 2017, the Company issued 11,077,145 share purchase warrants at an exercise price of $0.85 per share and is exercisable for a period of one year.

On July 24, 2017, the Company issued 1,723,832 share purchase warrants at an exercise price of $0.85 per share and is exercisable for a period of one year.

Leo has 468,727 brokers’ warrants outstanding.

Outlook and Capital Requirements

There is no guarantee that market conditions will be conducive to raising additional equity capital. Depending on future events, the rate of Company expenditures and general and administrative costs could increase or decrease.

Related Party Transactions

Related party transactions were in the normal course of operations.

As at April 30, 2018, the amount due to related company of $3,406 (July 31, 2017 - $3,406) is owed to a company with a former common director. The amount is unsecured, non-interest bearing and due on demand.

The amount due from related party at April 30, 2018 of $50,000 (July 31, 2017 - $50,000) is due from a former director. This amount is unsecured, non-interest bearing and due on demand.

During the three and nine months period ended April 30, 2018, the Company incurred transfer agent fees of $Nil (2017 - $226 and $876, respectively) to a company owned by a former director for the provision of share transfer services.

During the three and nine months ended April 30, 2018, the Company incurred consulting fees of $Nil and $3,750, respectively (2017 - $85,714 and $85,714, respectively), accounting fees of $Nil and $11,500, respectively (2017 - $Nil) and office expense of $Nil and $3,157, respectively (2017 - $Nil) to a company owned by a director of the Company and office expense of $3,090 and $7,782, respectively (2017 - $Nil) to directors of the Company. Additionally, the Company paid management fees of $30,000 (2017 - $Nil) to a director.

At April 30, 2018, the Company has a balance of $7,635 owing to a company owned by a director of the Company and the amounts are included in accounts payable and other liabilities.

Contractual Obligations

There are no contractual obligations, aside from those disclosed in this MD&A that will materially affect the performance of the Company.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet transactions.

Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company other than those disclosed in this MD&A.

Accounting Policies

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgments or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an

ongoing basis using the most current information available. These financial statements have been prepared by management in accordance with IFRS. Outlined below are those policies considered particularly significant:

Significant Estimates and Judgments

The preparation of these consolidated interim financial statements in accordance with IFRS requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses.

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates.

The most significant estimates relate to impairment assessments of E&E, recoverability of GST and the valuation of share-based payments. Other major assumptions is the fair value of related party accounts payable and accounts receivable and the classification of current and non-current. The most significant judgements relate to the use of the going concern assumption in the preparation of the financial statements, the recognition of deferred income tax assets and liabilities, and the determination of the economic viability of exploration and evaluation assets.

After capitalization, E&E assets are reviewed for indicators of impairment at each reporting period under IFRS 6. Determining if there are any facts and circumstances indicating impairment loss is a subjective process involving judgment and a number of estimates and interpretations in many cases. When an indication of impairment loss exists, the recoverable amount of the cash generating unit (“CGU”) must be estimated. Identifying the CGUs requires management judgment. In testing CGUs for impairment, management estimates the recoverable amount of the CGUs. This requires management to make several assumptions as to future events or circumstances.

The Company records all share-based compensation using the fair value method. The Company uses the Black-Scholes option pricing model to determine the fair value of share-based compensation. The main factor affecting the estimates of the fair value of stock options is the stock price, expected volatility used and the expected duration of the instrument. The Company currently estimates the expected volatility of its common shares based on comparable information derived from the trading history of guideline public companies which are in a similar situation to the Company taking into consideration the expected life of the options.

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements.

Related Party Transactions and Disclosures

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. 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. Related

party transactions are in the normal course of business and have commercial substance and are measured at the fair value.

Deferred Income Taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of loss and other comprehensive loss. 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 regard to previous years.

Deferred income taxes are provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

- Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- Taxable temporary differences associated with investments in associates and interests in joint ventures, where the timing in the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is expected to be realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position. Deferred income taxes relating to items recognized directly in equity are recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Impairment of Non-Financial Assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that these assets suffer any impairment in value, except for E&E assets which are first assessed against the indicators of IFRS 6. If any such IFRS 6 indication exists, the recoverable amount of the asset (or CGU) is estimated in order to determine the extent, if any, of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount with a corresponding impairment loss recognized in the statement of comprehensive income in the period of impairment.

If an impairment loss reverses in a subsequent period then the carrying amount of the asset is increased to its revised value to the extent that the increased carrying amount does not exceed its original carrying amount as would be determined under IFRS 6.

Equity Settled Transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted. Stock-based compensation to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share based payment reserve.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge for a period represents the movement in cumulative expense recognized as at the beginning and end of that reporting period and the corresponding amount is represented in share based compensation reserve.

When the share-based payment arrangement has been cancelled or the terms have expired the fair value assigned to the share-based payment arrangement is transferred to contributed surplus.

Functional Currency

The Company's presentation and functional currency is the Canadian dollar.

Share Capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are recognized in equity as a reduction from the gross proceeds received from the issued shares.

Financial Instruments

Fair value through profit or loss (FVTPL)

Financial assets that are held with the intention of generating profits in the near term are classified as held for trading within FVTPL. In addition, any other financial assets can be designated by the Company upon initial recognition as held for trading. These instruments are subsequently re-measured at fair value with the change in the fair value recognized as gain or loss in the statement of loss and comprehensive loss during the period.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such by management or not classified in any of the other categories. Available-for-sale financial assets are measured at fair value with changes recognized in other comprehensive income. Upon sale or impairment, the accumulated fair value adjustments recognized in other comprehensive income are recorded in the statements of loss and comprehensive loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (“EIR”), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive loss. The losses arising from impairment are recognized in the statement of loss and comprehensive loss. The Company has classified government GST recoverable and due from related companies as loans and receivable.

Other financial liabilities

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost. The effective interest rate (or amortized cost method) is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statement of financial position are classified using 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: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuation techniques based on 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: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company’s cash is considered Level 1 in the hierarchy.

Impairment of Financial Assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Loss Per Share
Loss per share is calculated based on the weighted average number of common shares issued and outstanding during the period. In the years when the Company reports a net loss, the effect of potential issuances of common shares are anti-dilutive, therefore, basic and fully diluted loss per common share is the same. The diluted loss per share reflects the potential dilution of common share equivalents, such as the conversion of outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. The treasury stock method is used for the assumed proceeds upon exercise of the options and warrants.

Future Accounting Policies
At the date of authorization of these Financial Statements, the IASB has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting period.

- IFRS 9 Financial Instruments ("IFRS 9")
  IFRS 9 was issued by the IASB in November 2009 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9replace the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortization costs and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires an expected loss impairment method to be used, replacing the incurred loss model.

  In October 2010, the IASB added requirements for financial liabilities to IFRS 9. These requirements were largely carry forward from the existing requirements in IAS 39, however, fair value changes due to credit risk for financial liabilities designated at fair value through profit and loss are to be recorded in other comprehensive income.

  In November 2013 the IASB amended IFRS 9 to include a new general hedge accounting model. The amendment also removed the January 1, 2015 effective date.

In July 2014, the IASB issued the final version of IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both IAS 39 and IFRIC 9 - Reassessment of Embedded Derivatives. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a new single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018. The Company does not expect the adoption of this IFRS to have significant impact on its financial statements.

Various other accounting pronouncements (such as IFRS 15, IFRS 16, and the various annual improvements) that have no material impact to the Company are not included above. The Company has not early adopted these standards.

Financial Risk Management Objectives and Policies

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management, with the Board of Directors oversight, manages financial risks. Where material, these risks will be reviewed and monitored by the Board of Directors. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial Risks

The Company's main financial risk exposure and its financial risk management policies are as follows:

Credit Risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is limited to the carrying value amount carried on the statement of financial position. The Company's assets most susceptible to credit risk is its cash, which is held at a Canadian chartered bank in a non-interest bearing account, and government GST recoverable, which is due from the Canadian government and due from related companies and related party. The credit risks related to cash and government GST receivable were low and the credit risks related to due from related companies and related party are high due to potential of non-payments.

Liquidity Risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods. As at April 30, 2018, the Company had $2,975,826 in cash.

The carrying values of the Company's financial instruments carried at amortized cost approximate fair values due to their short duration.

The Company has designated its cash at FVTPL. Due from related companies and related party are classified as loans and receivables whereby they are initially recognized at fair value and then subsequently carried at amortized cost. Accounts payables and accrued liabilities, due to related parties and due to related companies are classified as other financial liabilities whereby they are initially recognized at fair value and then measured at amortized cost.

The carrying values, which approximate fair values, of the Company's financial instruments are as follows:

As at		April 30, 2018		July 31, 2017
Financial Assets				
Fair value through profit or loss				
Cash	$	**2,975,826**	$	4,641,327
Loans and receivables				
Due from Green Life Clinics Inc.	$	**1,464,750**	$	976,250
Due from Medicinal Cannabis Resources Centre Inc.	$	**486,990**	$	35,000
Due from related party	$	**50,000**	$	50,000
Investment in Green Life Clinics Inc.	$	**3,225,000**	$	3,225,000
Financial Liabilities				
Other financial liabilities				
Amounts payable and other liabilities	$	**68,061**	$	397,286
Due to related party and company	$	**3,406**	$	3,406

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operation and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business.

The Company defines its capital as its shareholders' equity. As at April 30, 2018, the Company's capital resources amounted to a capital of $8,293,951 (July 31, 2017 - $9,771,805).

The Company's capital management objectives, policies and processes have been directed towards the cannabis industry during the period ended April 30, 2018. The Company is not subject to any externally imposed capital requirement. There were no changes in the Company's approach to capital management during the period.

Risks and Uncertainties

The Company's principal activity is mineral exploration and development Companies in this industry are subject to many and varied kinds of risk, including but not limited to, environmental, metal prices, political and economic. The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from the treasury to investors. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management The Company has no significant source of operating cash flow and no revenues from operations. The Company has not yet determined whether its mineral property contains mineral reserves

that are economically recoverable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves. There is no guarantee that the Company will be able to contribute or obtain all necessary resources and funds for the exploration and exploitation of its permits, and may fail to meet its exploration commitments. Mineral exploration involves a high degree of risk and few properties, that are explored, are ultimately developed into producing mines. Exploration of the Company's mineral property may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations. The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

Conflicts of Interest

Certain of the directors and officers of the Company may also serve as directors and officers of other companies involved in gold and precious metal or other natural resource exploration and development and consequently the possibility of conflict exists. Any decisions made by such directors or officers involving the Company will be made in accordance with the duties and obligations of directors and officers to deal fairly and in good faith with the Company and such other companies. In addition, such directors declare their interest and refrain from voting on any matters in which such directors may have a conflict of interest.

Management's Responsibility for Financial Statements

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the audited financial statements.

Trends

Trends in the industry can materially affect how well any junior exploration company is performing. The price of precious metals has declined recently. Company management believes that prices will be higher over time.

Outlook

The outlook for precious metals continues to be positive and this is reflected in the Company's ongoing activity. As of April 30, 2018, the Company's focus is the acquisition of Green Life Clinics Inc.

Cautionary Statement

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans and our other future plans and objectives are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such

statement Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date of statements are made, and the Company endeavors to update corporate information and material facts on a timely basis. Forward-looking statements are subject to risks, uncertainties and other actors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks.

Subsequent Events

On April 27, 2018 the Company extended the terms of its 14,800,177 outstanding warrants by six months as follows:

- 1,723,032 warrants exercisable at $0.85 expiring on July 24, 2018, to be extended to January 24, 2019;
- 11,077,145 warrants exercisable at $0.85 expiring on June 21, 2018, to be extended to December 21, 2018; and
- 2,000,000 warrants exercisable at $0.60 expiring on April 27, 2018, to be extended to October 27, 2018.

Other

Additional information relating to the Company's operations and activities can be found by visiting the Company's website at www.LeoResources.com and www.sedar.com.

SCHEDULE "E"

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET FOR THE PERIOD FROM INCORPORATION ON MAY 15, 2017 AND ENDED JUNE 30, 2017

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GREEN LIFE CLINICS LTD.

Consolidated Financial Statements

For the period from May 15, 2017 (date of incorporation) to June 30, 2017

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Green Life Clinics Ltd.

We have audited the accompanying consolidated financial statements of Green Life Clinics Ltd., which comprise the consolidated statement of financial position as at June 30, 2017, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the period from May 15, 2017 (date of incorporation) to June 30, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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, 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.

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Green Life Clinics Ltd. as at June 30, 2017, and its financial performance and its cash flows for the period from May 15, 2017 (date of incorporation) to June 30, 2017 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Green Life Clinics Ltd.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
July 19, 2018

An independent firm associated with Moore Stephens International Limited
MOORE STEPHENS

GREEN LIFE CLINICS LTD.
Consolidated Statement of Financial Position
As of June 30, 2017
Expressed in Canadian Dollars

		June 30, 2017
Assets		
Current		
Cash	$	67,030
Accounts receivable		19,502
Investment in joint venture (Note 5)		2,746
		89,278
Non-current		
Equipment (Note 4)		6,524
Client list (Note 3)		1,900,274
Goodwill (Note 3)		2,059,501
		3,966,299
Total Assets	**$**	**4,055,577**
Liabilities		
Current		
Trade and other payables (Note 6)	$	629,639
Deferred revenue (Note 9)		202,522
Loans payable (Note 8)		880,000
		1,712,161
Deferred income tax liability (Note 12)		516,375
Total Liabilities		**2,228,536**
Shareholders' Equity		
Share capital (Note 7)		2,400,000
Retained earnings		(572,959)
Total Shareholders' Equity		**1,827,041**
Total Liabilities and Shareholders' Equity	**$**	**4,055,577**

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

SUBSEQUENT EVENTS (Note 13)

Authorized for issuance on behalf of the Board on July 19, 2018

Director (signed by) *"Anthony Jackson"*

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

GREEN LIFE CLINICS LTD.
Consolidated Statement of Comprehensive Income
For the period from May 15, 2017 (date of incorporation) to June 30, 2017
Expressed in Canadian Dollars

		Period from May 15, 2017 (date of incorporation) to June 30, 2017
REVENUE		
Sales	$	838
COST OF SALES		
Doctor fees		3,453
		(2,615)
EXPENSES		
Amortization (Note 3)		12,226
Bank charges and interest		722
Consulting fees		576,250
Credit card commissions		996
Expense recovery (Note 3)		(30,000)
Salary and wages		10,150
		570,344
NET LOSS FOR THE PERIOD	**$**	(572,959)
Basic and diluted earnings per share	**$**	**(0.16)**
Weighted average number of shares outstanding		**3,565,217**

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

GREEN LIFE CLINICS LTD.

Consolidated Statement of Changes in Equity
For the period from May 15, 2017 (date of incorporation) to June 30, 2017
Expressed in Canadian Dollars

	Number of shares	Share capital	Retained earnings	Total equity
Balance, May 15, 2017	**-**	**$ -**	**$ -**	**$ -**
Shares issued for private placement (Note 7)	16,000,000	400,000	-	400,000
Shares issued for acquisition of MCRCI (Notes 3 and 7)	4,000,000	2,000,000	-	2,000,000
Comprehensive loss	-	-	(572,959)	(572,959)
Balance, June 30, 2017	**20,000,000**	**$ 2,400,000**	**$ (572,959)**	**$ 1,827,041**

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

GREEN LIFE CLINICS LTD.
Consolidated Statement of Cash Flows
For the period from May 15, 2017 (date of incorporation) to June 30, 2017
Expressed in Canadian Dollars

		Period from May 15, 2017 (date of incorporation) to June 30, 2017
Cash provided by (used in):		
Operating activities		
Net loss for the period	$	(572,959)
Item not involving cash:		
Amortization		12,226
Changes in non-cash working capital items:		
Accounts receivable		9,424
Trade and other payables		575,559
Deferred revenue		9,235
Cash used in operating activities		33,485
Investing activity		
Acquisition of MCRCI		(1,255,000)
Cash acquired on acquisition of MCRCI		8,545
Cash used in investing activity		(1,246,455)
Financing activities		
Shares issued for private placement		400,000
Loan proceeds		880,000
Cash provided by financing activities		1,280,000
Net increase in cash for the period		67,030
Cash, beginning of period		-
Cash, end of period	**$**	**67,030**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Green Life Clinics Ltd. (the "Company" or "GLC") was incorporated under the Business Corporations Act (British Columbia) on May 15, 2017. The Company's head office is located at Suite 678 – 1333 W. Broadway Vancouver, British Columbia, V6H 4C1.

GLC gathers information/leads by placing interactive lead generation pavilions in areas of high interest to cannabis users and health-related clinics/offices. GLC then takes these interested parties to its affiliate clinic network assisting the parties in navigating through and accessing Canada's legal medical marijuana program by assisting in determining eligibility, completing medical forms, providing physician consultations and referring parties to appropriate licensed producers.

On June 23, 2017, the Company acquired MCRCI Medicinal Cannabis Resource Centre Inc. ("MCRCI"), a company incorporated under the Business Corporations Act (British Columbia). MCRCI is in the business of providing services to individuals who may benefit from medical cannabis. These services are delivered through MCRCI's network of clinics. The Company allows patients' access to licensed medical doctors that provide consultations for medical cannabis (Note 3).

These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business in the foreseeable future. These financial statements do not include any adjustments to the carrying value and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's operations to date have been financed by issuing common shares and debt instruments. The Company's ability to continue as a going concern is dependent upon its ability to commence profitable operations, generate funds therefrom and raise additional financing in order to meet current and future obligations. The current cash position on hand and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational needs. Therefore, the Company will need funding through equity or debt financing, joint venture arrangements or a combination thereof. There is no assurance that additional funding or suitable joint venture arrangements will be available on a timely basis or on terms acceptable to the Company. If the Company is unable to obtain sufficient funding in this fashion, the ability of the Company to meet its obligations as they come due. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

During the period ended June 30, 2017, the Company recorded a net loss of $572,959. As at June 30, 2017, the Company had a working capital deficit of $1,622,883 and an accumulated deficit of $572,959.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance

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

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, MCRCI Medicinal Cannabis Resources Centre Inc. ("MCRCI") and CRX Cannabisrx Laboratories Inc., companies incorporated in British Columbia.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial assets classified as at fair value through profit or loss or available for sale, which are measured at fair value. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Presentation and functional currency

The presentation and functional currency of the Company is the Canadian dollar. All amounts in these financial statements are expressed in Canadian dollars, unless otherwise indicated.

Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in both the period of revision and future periods if the revision affects both current and future periods.

Significant estimates and assumptions about the future and other sources of estimation uncertainty that management has made, could result in a material adjustment to the carrying amounts of assets and liabilities. Significant estimates used in the preparation of these financial statements include, but are not limited to, the following:

a. Allowance for doubtful accounts
The Company must make an assessment of whether account receivables are collectible from debtors. Accordingly, management establishes an allowance for estimated losses arising from non-payment, taking into consideration customer credit, current economic trends and past experience. If future collections differ from estimates, future earnings would be affected.

b. Impairment
Assets, including property and equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed their recoverable amounts.

c. Estimated useful lives of property and equipment and intangible assets
The Company makes estimates and utilizes assumptions in determining the useful lives of property and equipment and intangible assets, and the related depreciation and amortization. Uncertainties in these estimates relate to technical obsolescence and the average life of a patient relationship that may change the utilization of certain assets.

While management believes the estimates contained within these financial statements are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting estimates and judgments (continued)

Significant accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments used by the Company include, but are not limited to, the following:

a. Income taxes
The Company is subject to income taxes in various jurisdictions and subject to various rates and rules of taxation. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

The Company recognizes liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

In addition, the Company has not recognized deferred tax assets relating to tax losses carried forward. Future realization of the tax losses depends on the ability of the Company to satisfy certain tests at the time the losses are recouped, including current and future economic conditions and tax law.

b. Going concern
The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

c. Impairment of non-financial assets
Judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

Significant accounting policies

The significant accounting policies used in the preparation of these financial statements are as follows:

- **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. Parties are also considered to be related if they are subject to common control. 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.

- **Financial instruments**

Financial assets and financial liabilities are recognized on the statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies (continued)

Financial assets

The Company classifies its financial assets at initial recognition as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale, depending on the purpose for which the asset was acquired.

Fair value through profit or loss - This category comprises derivatives or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. Subsequent to initial recognition, they continue to be recorded in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, they are recorded at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held to maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, these assets are recorded at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available for sale - Non-derivative financial assets not included in the above categories are classified as available for sale. Subsequent to initial recognition, they continue to be recorded at fair value with changes in fair value recognized directly in equity. If there is no quoted price in an active market and fair value cannot be readily determined, available for sale investments are carried at cost. Where a decline in the fair value of an available for sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

The Company classifies its financial assets as follows:

- Cash is classified as held for trading financial assets at fair value through profit or loss.
- Accounts receivables are classified as loans and receivables.

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

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies (continued)

Financial liabilities

The Company classifies its financial liabilities as either financial liabilities at fair value through profit or loss or other financial liabilities, depending on the purpose for which the liability was incurred. The Company's accounting policy for each of these categories is as follows:

Fair value through profit or loss: This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. Subsequent to initial recognition, they continue to be recorded in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: Financial liabilities other than those classified as fair value through profit or loss are classified as other financial liabilities. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

The Company's financial liabilities are trade and other payables and loans payable. The Company classifies these financial liabilities as other financial liabilities.

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

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

- **Cash**

Cash in the statements of financial position comprise cash in bank.

- **Property and equipment**

Property and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property and equipment is depreciated annually on the following basis:

- Computer equipment - 20%
- Office equipment - 20%
- Furniture and equipment - 20%

Depreciation commences when an item of equipment becomes available for use.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies (continued)

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of property and equipment comprises major components with different useful lives, the components are accounted for separately. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

- **Investment in joint ventures**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in a joint venture are accounted for using the equity method and are initially recognized at cost. The entire carrying amount of the investment is tested for impairment annually.

- **Impairment of non-current assets**

The carrying amount of the Company's long-lived assets with finite useful lives (which include plant and equipment and intangible assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of an asset 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 of an asset or cash generating unit 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 profit or loss.

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

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if indicators of impairment exist.

- **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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies (continued)

- **Loss per share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

- **Share-based compensation**

The Company's share purchase option plan allows directors, executive officers, employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payments expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of employee options is measured at the option's grant date, and the fair value of non-employee options is measured at the date when goods or services are received. The fair value of each tranche of options granted which do not vest immediately on grant, is recognized over the period during which each tranche of options vest. The fair value of the options granted is measured using the Black- Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Share-based payments expense is credited to the equity settled share-based payment reserve. If the options are later exercised, their fair value is transferred from the reserve to share capital.

- **Income tax**

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of comprehensive income (loss) except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current income tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current income tax is calculated using tax rates that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxes are expected to be payable or recoverable on the difference between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

- **Revenue recognition**

The Company derives its revenue primarily from membership fees, educational grants and operating expenses reimbursements. Membership fees are normally received from patients on annual prepayments. Therefore, the Company recognizes the deferred revenue for the membership prepayments received during the year and recognized as revenue on a straight-line basis over the one year service period.

Revenue from the rendering of services, including education grants, is recognized when the following criteria are met:

- The amount of revenue can be measured reliably
- The receipt of economic benefits is probable; and
- Costs incurred and to be incurred can be measured reliably

Interest from cash and cash equivalents, if applicable, are recorded on an accrual basis when collection is reasonably assured.

New standards and interpretations not yet adopted

The IASB issued the following new and revised accounting pronouncements. The Company does not anticipate early adoption of these standards at this time and they are not expected to have a material impact on the Company's financial statements.

IFRS 9 *Financial Instruments* – replaces IAS 39. IFRS 9 introduces limited amendments to classification and measurement for financial assets, a new expected loss impairment model and a new hedge accounting model. It is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 "*Revenue from Contracts with Customers*" – This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

3. ACQUISITIONS

Acquisition of MCRCI

On June 22, 2017, GLC entered into a share exchange agreement with MCRCI whereby it agreed to purchase all the issued shares outstanding of MCRCI, being 237.5 Class A shares and 237.5 Class B shares, for an aggregate purchase price of $3,000,000, consisting of cash of $1,000,000 and 4,000,000 GLC shares with a fair value of $0.50 per share. In addition to the purchase price at closing, GLC shall pay MCRCI a further $185,000 cash together with a non-refundable deposit of $40,000 which shall be exclusively used to repay MCRCI shareholder loans; and a further payment of $30,000 payable in cash. The Company completed the acquisition of MCRCI on June 23, 2017.

For accounting purposes, the acquisition of MCRCI was considered a business combination and accounted for using the acquisition method. The results of operations from MCRCI are included in the consolidated financial statements from the date of acquisition.

3. ACQUISITIONS (CONTINUED)

The fair value of the total consideration has been allocated as below:

Fair value of shares issued (4,000,000 shares at $0.50 per share)	$	2,000,000
Cash consideration		1,255,000
Total consideration	$	3,255,000
Allocated as follows:		
Identified fair value of net assets:		
Cash	$	8,545
Accounts receivable		28,926
Investment in joint venture		2,746
Property and equipment		6,524
Due to Green Life Clinics Ltd.		225,000
Intangible asset - client list		1,912,500
Goodwill		2,059,501
Trade and other payables		(54,080)
Due to shareholder		(225,000)
Deferred revenue		(193,287)
Deferred income tax		(516,375)
	$	3,255,000

The client list acquired had a fair value of $1,912,500, and an expected life of three years. During the period from June 23, 2017 to June 30, 2017 the Company recognized amortization relating to the client list of $12,226.

The Company recognized goodwill of $2,059,501 as the excess of the fair value of consideration transferred over the fair value of identifiable assets acquired and liabilities assumed, and consists primarily of the assembled workforce.

The following unaudited supplemental pro-forma data presents consolidated information as if the acquisition been completed on January 1, 2017. The pro-forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of 2017.

Pro-forma information	**2017**
Revenue	$ 446,030
Gross profit	$ 259,084
Net and comprehensive income	$ 39,045

Since June 23, 2017 MCRCI contributed revenue of $838 and realized a net loss of $15,562.

Acquisition of Patient Access Pavilions ("PAP")

The Company entered into a share exchange agreement for the acquisition of PAP, a marketing technology company used to verify, sort and compile possible Access to Cannabis for Medical Purposes Regulations ("ACMPR") patients. Pursuant to the agreement, the Company will acquire PAP in consideration of the payment of an aggregate of $2,000,000 in cash and the issuance of 5,000,000 common shares to the shareholders of PAP. The acquisition is expected to complete immediately prior to the amalgamation with Leo Resources Inc. (Note 13).

4. EQUIPMENT

Upon acquisition of MCRCI, the Company acquired property and equipment consisting of the following. No amortization was recorded in the period since acquisition as the amount was nominal.

Computer equipment	$	22
Computer software		531
Furniture and equipment		5,971
	$	**6,524**

5. INVESTMENT IN JOINT VENTURES

On July 20, 2016, MCRCI entered a Joint Venture Agreement with 7343303 Manitoba Inc., in order to collaborate on the development and operation of a medicinal cannabis resources centre in Winnipeg, Manitoba trading as Medical Cannabis Resources Centres of Manitoba (MCRCM).

Upon execution of this Agreement, the parties shall own the following interests in the Joint Venture:

(a) MCRCI 60%
(b) 7343303 Manitoba Inc. 40%

MCRCI contributed a total of $12,500 to June 30, 2017, and incurred losses which brought the investment in joint venture to a balance of $2,746. Subsequent to June 30, 2017 7343303 Manitoba Inc. terminated its interest in the joint venture.

On January 2, 2017, MCRCI entered a joint venture agreement with S&L Consulting Services, in order to collaborate on the development and operation of a medicinal cannabis resource center in Calgary, Alberta, trading as Medical Cannabis Resource Centres of Alberta (MCRCA).

Upon execution of the Agreement, the parties shall own the following interest in the joint venture:

(a) MCRCI 60%
(b) S&L Consulting 40%

There has been no activity in this joint venture to June 30, 2017.

6. TRADE AND OTHER PAYABLES

		June 30, 2017
Trade payables	$	605,878
Accrued liabilities		3,000
Credit card payable		11,855
Taxes payable		2,285
Employee deductions payable		6,621
	$	**629,639**

7. SHARE CAPITAL

Authorized

An unlimited number of Class A common shares without par value, an unlimited number of class B common shares without par value and an unlimited number of Class common shares without par value. All classes of shares have the same rights and restrictions.

Issued share capital

At June 30, 2017, there were 4,000,000 Class A common shares, 16,000,000 class B common shares, and nil Class C common shares issued and outstanding.

On June 22, 2017, the Company completed a private placement of an aggregate of 16,000,000 class B common shares at a price of $0.025 per class B share for aggregate gross proceeds of $400,000 (Note 3).

On June 23, 2017, pursuant to the acquisition of MCRCI, the Company issued 4,000,000 Class A common shares valued at $2,000,000 or $0.50 per share to MCRCI shareholders (Note 13).

8. RELATED PARTY TRANSACTIONS

During the period ended June 30, 2017, the Company received a total of $880,000 loan from related parties. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

9. DEFERRED REVENUE

Deferred revenue consists of pre-billed and prepaid services. Deferred revenues are recognized in revenue straight-line over the term of service, which is one year.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to the following financial risks:

i) Market risk
ii) Credit risk
iii) Liquidity risk

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's management.

The overall objective of the Board and the Company's management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility and to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, commodity price risk.

Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's financial instruments are denominated on Canadian dollars which is the Company's functional currency. Management has assessed that the Company's current exposure to currency risk is low, but acknowledges this may change in the future.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to be minimal.

Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash.

The Company has assessed its exposure to credit risk on its cash and has determined that such risk is minimal. The majority of the Company's cash are held with financial institutions in Canada.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity risk is assessed as high.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Determination of fair value

The statement of financial position carrying amounts for cash and loans payable approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Financial assets and liabilities measured at fair value are grouped into three Levels or a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2: inputs other than quoted prices included within 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: unobservable inputs for the asset or liability.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At June 30, 2017, cash has been measured and recognized in the balance sheet using Level 1 inputs. At June 30, 2017, there were no financial assets or liabilities measured and recognized in the balance sheet at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

		June 30, 2017
Financial Assets		
Held-for-trading		
Cash	$	67,030
Loans and receivables		
Accounts receivable		19,502
		86,532
Financial Liabilities		
Other financial liabilities		
Trade and other payables		626,639
Loans payable		880,000
	$	1,506,639

11. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue its operations and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its shareholders' equity.

The Company's primary source of capital is through the issuance of equity. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term, but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital.

12. INCOME TAX

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		June 30, 2017
Net loss	$	(572,959)
Statutory tax rate		26%
Expected income taxes recovery at the statutory tax rate		(148,969)
Non-deductible items and other		395,885
Effect of tax rate changes		9,497
Tax benefit not recognized		(256,413)
Income tax expense / recovery	$	-

The Company has the following deferred tax assets and liabilities:

		June 30, 2017
Non-capital loss carry-forwards	$	251,569
Intangibles		(513,074)
Other		5,092
		(256,413)
Deferred tax assets not recognized		(259,962)
Deferred tax liability	$	(516,375)

The tax pools relating to these deductible temporary difference commence expiry in 2031.

13. SUBSEQUENT EVENTS

Subsequent to June 30, 2017, the Company entered into an Amalgamation Agreement, as amended, with Leo Resources Inc. (“Leo”) under which Leo will acquire 100 percent of the issued and outstanding shares of GLC pursuant to a three-corner amalgamation by which GLC will amalgamate with 1125076 B.C. Ltd., a wholly owned subsidiary of Leo, and the shareholders of GLC will receive one common share of Leo for each GLC share held, resulting in the aggregate issuance of 18,600,000 Leo shares pursuant to the amalgamation. On July 3, 2018, the number of Class B shares was reduced to adjust the cost base from $0.025 to $0.25. Two shareholders returned 6,400,000 of their Class B shares so as to bring their cost from $0.025 to $0.25 per share .Two other shareholder elected to pay up their shares by paying additional consideration of $2,000,000. As a result of the re-capitalization, there are 9,600,000 Class B Shares outstanding with a value of $2,400,000.

The amalgamation must be approved by a special majority (66-2/3rds per cent) of the votes cast by GLC shareholders.

Subsequent to June 30, 2017, the Company paid $2,000,000 in cash and issued 5,000,000 Class C shares to the shareholders of PAP for the acquisition of PAP (Note 3).

SCHEDULE “F”

INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET FOR THE NINE MONTHS ENDED MARCH 31, 2018

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GREEN LIFE CLINICS LTD.

Condensed Consolidated Interim Financial Statements

For the nine months ended March 31, 2018

GREEN LIFE CLINICS LTD.
Condensed Consolidated Interim Statements of Financial Position
As of March 31, 2018 and June 30, 2017
Expressed in Canadian Dollars
(unaudited)

		March 31, 2018		**June 30, 2017**
Assets				
Current				
Cash	$	508,557	$	67,030
Accounts receivable		48,615		19,502
Due from PAP (Note 3)		680,500		-
Investment in joint venture (Note 6)		-		2,746
		1,237,672		89,278
Non-current				
Equipment		5,667		6,524
Client list (Notes 3 and 5)		1,421,712		1,900,274
Goodwill (Note 3)		2,059,501		2,059,501
Investment in PAP (Notes 3 and 12)		2,000,000		-
		5,486,880		3,966,299
Total Assets	**$**	**6,724,552**	**$**	**4,055,577**
Liabilities				
Current				
Trade and other payables (Note 7)	$	37,723	$	629,639
Deferred revenue (Note 10)		155,435		202,522
Loans payable (Note 9)		74,125		880,000
Deferred income tax liability		516,375		516,375
Due to Leo Resources Inc. (Note 4)		1,866,737		-
Advance from Leo Resources Inc. (Note 3)		3,225,000		-
Total Liabilities		**5,875,395**		**2,228,536**
Equity				
Share capital (Note 8)		2,400,000		2,400,000
Accumulated deficit		(1,550,843)		(572,959)
Total Equity		**849,157**		**1,827,041**
Total Liabilities and Equity	**$**	**6,724,552**	**$**	**4,055,577**

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

SUBSEQUENT EVENT (Note 12)

Authorized for issuance on behalf of the Board on July 19, 2018

Director (signed by) *"Anthony Jackson"*

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

GREEN LIFE CLINICS LTD.
Condensed Consolidated Interim Statements of Comprehensive Loss
For the nine months ended March 31, 2018 and period from May 15, 2017 (date of incorporation) to June 30, 2017
Expressed in Canadian Dollars
(unaudited)

		Nine months ended March 31, 2018		Period from May 15, 2017 (date of incorporation) to June 30, 2017
REVENUE				
Sales	$	563,097	$	838
COST OF SALES				
Doctor fees		189,228		3,453
		373,869		(2,615)
EXPENSES				
Accounting, legal and professional		76,183		-
Advertising and promotion		24,018		-
Amortization (Notes 3 and 4)		481,240		12,226
Bad debts		3,720		-
Bank charges and interest		4,495		722
Consulting and referral fees		262,334		576,250
Credit card commissions		4,436		996
Expense recovery		-		(30,000)
Management fees (Note 9)		67,621		-
Office and general expenses (Note 11)		129,847		-
Research and development		12,000		-
Salary and wages		282,148		10,152
		1,345,462		570,344
Loss before other items		(974,173)		(572,959)
OTHER ITEM				
Loss from joint venture (Note 6)		(3,711)		-
NET LOSS FOR THE PERIOD	**$**	**(977,884)**	**$**	**(572,959)**
Basic and diluted loss per share	**$**	**(0.05)**	**$**	**(0.16)**
Weighted average number of shares outstanding		**20,000,000**		**3,565,217**

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

GREEN LIFE CLINICS LTD.
Condensed Consolidated Statements of Changes in Equity
For the nine months ended March 31, 2018 and period from May 15, 2017 (date of incorporation) to June 30, 2017
Expressed in Canadian Dollars
(unaudited)

	Number of shares	Share capital	Accumulated deficit	Total
Balance, May 15, 2017	**-**	**$ -**	**$ -**	**$ -**
Shares issued for private placement (Note 8)	16,000,000	400,000	-	400,000
Shares issued for acquisition of MCRCI (Notes 3 and 8)	4,000,000	2,000,000	-	2,000,000
Comprehensive loss for the period	-	-	(572,959)	(572,959)
Balance, June 30, 2017	**20,000,000**	**2,400,000**	**(572,959)**	**1,827,041**
Comprehensive loss for the period	**-**	**-**	(977,884)	(977,884)
Balance, March 31, 2018	**20,000,000**	**$ 2,400,000**	**$ (1,550,843)**	**$ 849,157**

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

GREEN LIFE CLINICS LTD.
Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended March 31, 2018 and period from May 15, 2017 (date of incorporation) to June 30, 2017
Expressed in Canadian Dollars
(unaudited)

		Nine months ended March 31, 2018		Period from May 15, 2017 (date of incorporation) to June 30, 2017
Cash provided by (used in):				
Operating activities				
Net income (loss) for the period	$	(977,884)	$	(572,959)
Items not involving cash:				
Amortization		479,419		12,226
Loss from joint venture		3,711		-
Changes in non-cash working capital items:				
Accounts receivable		(30,078)		9,424
Trade and other payables		(591,916)		575,559
Due from PAP		(680,500)		-
Due to Leo Resources Inc.		1,866,737		-
Deferred revenue		(47,087)		9,235
Cash from (used in) operating activities		22,402		33,485
Investing activities				
Acquisition of MRCI		-		(1,255,000)
Cash acquired on acquisition of MCRCI		-		8,545
Investment in PAP		(2,000,000)		-
Cash used in investing activities		(2,000,000)		(1,246,455)
Financing activities				
Shares issued for private placement		-		400,000
Advance from Leo Resources Inc.		3,225,000		-
Loans proceeds (repayment)		(805,875)		880,000
Cash provided by financing activities		2,419,125		1,280,000
Net increase in cash for the period		441,527		67,030
Cash, beginning of period		67,030		-
Cash, end of period	**$**	**508,557**	**$**	**67,030**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Green Life Clinics Ltd. (the "Company" or "GLC") was incorporated under the Business Corporations Act (British Columbia) on May 15, 2017. The Company's head office is located at Suite 678 – 1333 West Broadway Vancouver, British Columbia, V6H 4C1.

GLC gathers information/leads by placing interactive lead generation pavilions in areas of high interest to cannabis users and health-related clinics/offices. GLC then takes these interested parties to its affiliate clinic network assisting the parties in navigating through and accessing Canada's legal medical marijuana program by assisting in determining eligibility, completing medical forms, providing physician consultations and referring parties to appropriate licensed producers.

On June 23, 2017, the Company acquired MCRCI Medicinal Cannabis Resource Centre Inc. ("MCRCI"), a company incorporated under the Business Corporations Act (British Columbia). MCRCI is in the business of providing services to individuals who may benefit from medical cannabis. These services are delivered through MCRCI's network of clinics. The Company allows patients' access to licensed medical doctors that provide consultations for medical cannabis. (Note 3)

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business in the foreseeable future. These financial statements do not include any adjustments to the carrying value and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's operations to date have been financed by issuing common shares and debt instruments. The Company's ability to continue as a going concern is dependent upon its ability to commence profitable operations, generate funds therefrom and raise additional financing in order to meet current and future obligations. The current cash position on hand and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational needs. Therefore, the Company will need funding through equity or debt financing, joint venture arrangements or a combination thereof. There is no assurance that additional funding or suitable joint venture arrangements will be available on a timely basis or on terms acceptable to the Company. If the Company is unable to obtain sufficient funding in this fashion, the ability of the Company to meet its obligations as they come due. This indicates the existence of a material uncertainty about the Company's ability to continue as a going concern.

During the nine months ended March 31, 2018, the Company incurred a net loss of $977,884. As at March 31, 2018, the Company had a working capital deficit of $4,637,723 (June 30, 2017 - $2,139,258) and an accumulated deficit of $1,550,843 (June 30, 2017 - $572,959).

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

Statement of compliance

The accounting policies applied in these condensed consolidated interim financial statements are based on IFRS as issued by the International Accounting Standards Board ("IASB"), in particular IAS 34, Interim Reporting, and interpretations issued by the Interpretation Financial Reporting Interpretations Committees ("IFRIC").

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

Principles of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, MCRCI Medicinal Cannabis Resources Centre Inc. ("MCRCI") and CRX Cannabisrx Laboratories Inc., companies incorporated in British Columbia.

Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets classified as at fair value through profit or loss or available for sale, which are measured at fair value. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. ACQUISITIONS

Acquisition of MCRCI

On June 22, 2017, GLC entered into a share exchange agreement with MCRCI whereby it agreed to purchase all the issued shares outstanding of MCRCI, being 237.5 Class A shares and 237.5 Class B shares, for an aggregate purchase price of $3,000,000, consisting of cash of $1,000,000 and 4,000,000 GLC shares with a fair value of $0.50 per share. In addition to the purchase price at closing, GLC shall pay MCRCI a further $185,000 cash together with a non-refundable deposit of $40,000 which shall be exclusively used to repay MCRCI shareholder loans; and a further payment of $30,000 payable in cash. The Company completed the acquisition of MCRCI on June 23, 2017.

For accounting purposes, the acquisition of MCRCI was considered a business combination and accounted for using the acquisition method.

The client list acquired had a fair value of $1,912,500, and an expected life of three years. During the period ended March 31, 2018 the Company recognized amortization relating to the client list of $478,562 (June 30, 2017 $12,226).

The Company recognized goodwill of $2,059,501 as the excess of the fair value of consideration transferred over the fair value of identifiable assets acquired and liabilities assumed.

Acquisition of Patient Access Pavilions ("PAP")

The Company entered into a share exchange agreement for the acquisition of PAP, a marketing technology company used to verify, sort and compile possible Access to Cannabis for Medical Purposes Regulations ("ACMPR") patients. Pursuant to the agreement, the Company will acquire PAP in consideration of the payment of an aggregate of $2,000,000 in cash and the issuance of 5,000,000 common shares to the shareholders of PAP. The acquisition complete subsequent to March 31, 2018 (Note 12).

During the period ended March 31, 2018, the Company advanced $680,500 to PAP for operating costs, and paid $2,000,000 in cash to the shareholders of PAP towards the acquisition of PAP.

3. ACQUISITIONS (cont''d

Amalgamation Agreement

During the period ended March 31, 2018, the Company entered into an Amalgamation Agreement, as amended, with Leo Resources Inc. ("Leo") under which Leo will acquire 100 percent of the issued and outstanding shares of GLC pursuant to a three-corner amalgamation by which GLC will amalgamate with 1125076 B.C. Ltd., a wholly owned subsidiary of Leo, and the shareholders of GLC will receive one common share of Leo for each GLC share held, resulting in the aggregate issuance of 18,600,000 Leo shares pursuant to the amalgamation.

On July 3, 2018, the number of Class B shares of the Company was reduced to adjust the cost base from $0.025 to $0.25. Two shareholders returned enough of their Class B shares so as to bring their cost from $0.025 to $0.25 per share (from 4,000,000 Class B shares each to 400,000 Class B shares each). Two other shareholder elected to pay up their shares by paying additional consideration of $2,000,000. As a result of the re-capitalization, there are now 9,600,000 Class B Shares outstanding with a value of $2,400,000.

The amalgamation must be approved by a special majority (66-2/3rds per cent) of the votes cast by GLC shareholders.

Additionally, pursuant to the amalgamation agreement, Leo has advanced to GLC $3,225,000 in cash. This payment was utilized by GLC to repay shareholder loans incurred in relation the GLC's acquisition of MCRCI and to be incurred to complete the acquisition of PAP.

4. DUE TO LEO RESOURCES INC.

As of March 31, 2018, the Company owes $1,866,737 (June 30, 2017 - $Nil) to Leo Resources Inc. for professional, consulting and directorship fees which had been paid by Leo Resources Inc. on behalf of the Company and PAP (Note 3).

5. INTANGIBLE ASSETS

		Client list
Cost		
Balance at May 15, 2017	$	-
Additions		1,912,500
Balance at June 30, 2017 and March 31, 2018	**$**	**1,912,500**
Amortization		
Balance at May 15, 2017	$	-
Charge for the period		12,226
Balance at June 30, 2017		**12,226**
Charge for the period		478,562
Balance at March 31, 2018	**$**	**490,788**
Net book value		
Balance at June 30, 2017	**$**	**1,900,274**
Balance at March 31, 2018	**$**	**1,421,712**

6. INVESTMENT IN JOINT VENTURE

On July 20, 2016, MCRCI entered a Joint Venture Agreement with 7343303 Manitoba Inc, in order to collaborate on the development and operation of a medicinal cannabis resources centre in Winnipeg, Manitoba trading as Medical Cannabis Resources Centres of Manitoba (MCRCM).

Upon execution of this Agreement, the parties shall own the following interests in the Joint Venture:

(a) MCRCI 60%
(b) 7343303 Manitoba Inc. 40%

MCRCI contributed a total of $12,500 to June 30, 2017, and incurred losses which brought the investment in joint venture to a balance of $2,746. During the period, MCRCI realized income of $925. In July 2017, MCRCI cancelled the joint venture agreement with 7343303 Manitoba Inc. and recorded a loss from joint venture of $3,711 during the nine months ended March 31, 2018.

On January 2, 2017, MCRCI entered a joint venture agreement with S&L Consulting Services, in order to collaborate on the development and operation of a medicinal cannabis resource center in Calgary, Alberta, trading as Medical Cannabis Resource Centres of Alberta (MCRCA).

Upon execution of the Agreement, the parties shall own the following interest in the joint venture:

(a) MCRCI 60%
(b) S&L Consulting 40%

There has been no activity in this joint venture to March 31, 2018.

7. TRADE AND OTHER PAYABLES

	March 31, 2018	June 30, 2017
Trade payables	$ 27,683	$ 605,878
Accrued liabilities	-	3,000
Credit card payable	-	11,855
Taxes payable	453	2,285
Employee deductions payable	9,587	6,621
	$ 37,723	**$ 629,639**

8. SHARE CAPITAL

Authorized
An unlimited number of Class A common shares without par value, an unlimited number of class B common shares without par value and an unlimited number of Class common shares without par value. All classes of shares have the same rights and restrictions.

Issued share capital
At March 31, 2018, there were 4,000,000 Class A common shares and 16,000,000 class B common shares issued and outstanding.

8. SHARE CAPITAL (continued)

On June 22, 2017, the Company completed a private placement of an aggregate of 16,000,000 class B common shares at a price of $0.025 per class B share for aggregate gross proceeds of $400,000.

On June 23, 2017, pursuant to the acquisition of MCRCI, the Company issued 4,000,000 Class A common shares valued at $2,000,000 or $0.50 per share to MCRCI shareholders (Note 3).

There were no shares issued during the nine months ended March 31, 2018.

9. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. During the nine months ended March 31, 2018, compensation to key management personnel and related parties were as follows:

		March 31, 2018
Management fees	$	50,458

During the period ended June 30, 2017, the Company received a total of $880,000 loan from related parties. These loans were repaid by the Company during the nine months ended March 31, 2018.

As at March 31, 2018, $74,125 loan was payable to a related party. These amounts were unsecured, non-interest bearing and have no specific terms of repayment.

10. DEFERRED REVENUE

Deferred revenue consists of pre-billed and prepaid services. Deferred revenues are recognized in revenue straight-line over the term of service, which is one year.

11. OFFICE AND GENERAL EXPENSES

		Nine months ended March 31, 2018		Period from May 15, 2017 to June 30, 2017
Insurance	$	3,408	$	-
Office		40,026		-
Rent		47,536		-
Telephone and utilities		12,504		-
Training		9,107		-
Travel		17,266		-
		129,847	**$**	**-**

12. SUBSEQUENT EVENT

Subsequent to March 31, 2018, the Company issued 5,000,000 Class C shares to the shareholders of PAP for the acquisition of PAP (Note 3).

SCHEDULE "G"

AUDITED FINANCIAL STATEMENTS OF PAP FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 23, 2017 AND ENDED JUNE 30, 2017

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PATIENT ACCESS PAVILIONS LTD.

Financial Statements

For the period from February 23, 2017 (date of incorporation) to June 30, 2017

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Patient Access Pavilions Ltd.

We have audited the accompanying financial statements of Patient Access Pavilions Ltd., which comprise the statement of financial position as at June 30, 2017, and the statements of comprehensive loss, cash flows and changes in shareholder's equity for the period from February 23, 2017 (date of incorporation) to June 30, 2017, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Patient Access Pavilions Ltd. as at June 30, 2017, and its financial performance and its cash flows for the period from February 23, 2017 (date of incorporation) to June 30, 2017 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Patient Access Pavilions Ltd.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
July 19, 2018

An independent firm associated with
Moore Stephens International Limited
MOORE STEPHENS

PATIENT ACCESS PAVILIONS LTD.
Statement of Financial Position
As of June 30, 2017
Expressed in Canadian Dollars

		June 30, 2017
Liabilities		
Current		
Account payable (Note 5)	$	650,000
Shareholder loan (Note 5)		249,999
Total Liabilities	**$**	**899,999**
Shareholder's Deficit		
Share capital (Note 4)	$	1
Deficit		(900,000)
Total Shareholder's Deficit		**(899,999)**
Total Liabilities and Shareholder's Deficit	**$**	**-**

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

SUBSEQUENT EVENT (Note 9)

Authorized for issuance on behalf of the Board on July 19, 2018

Director (signed by) *"Justin Liu "*

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

PATIENT ACCESS PAVILIONS LTD.
Statement of Comprehensive Loss
For the period from February 23, 2017 (date of incorporation) to June 30, 2017
Expressed in Canadian Dollars

		February 23, 2017 (date of incorporation) to June 30, 2017
Expenses		
Consulting	$	200,000
Management fees (Note 5)		450,000
Research and development fees		250,000
Net and comprehensive loss for the period	**$**	**900,000**

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

PATIENT ACCESS PAVILIONS LTD.
Statement of Cash Flows
For the period from February 23, 2017 (date of incorporation) to June 30, 2017
Expressed in Canadian Dollars

	February 23, 2017 (date of incorporation) to June 30, 2017
Cash provided by (used in):	
Operating activities	
Net loss for the period	$ (900,000)
Changes in non-cash working capital items:	
Accounts payable	650,000
Cash used in operating activities	**(250,000)**
Financing activities	
Shareholder loans	249,999
Issuance of shares	1
Cash provided by financing activities	**250,000**
Change in cash for the period	-
Cash, beginning of period	-
Cash, end of period	**$ -**

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

PATIENT ACCESS PAVILIONS LTD.
Statement of Changes in Shareholder's Deficit
For the period from February 23, 2017 (date of incorporation) to June 30, 2017
Expressed in Canadian Dollars

	Number of Shares	Share Capital	Deficit	Total
Balance, February 23, 2017	**-**	**$ -**	**$ -**	**$ -**
Shares issued (Note 4)	10	1	-	1
Comprehensive loss	-	-	(900,000)	(900,000)
Balance, June 30, 2017	**10**	**$ 1**	**$ (900,000)**	**$ (899,999)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Patient Access Pavilions Ltd. (the "Company" or "PAP") was incorporated under the Business Corporations Act (British Columbia) on February 23, 2017. The Company's head office is located at Suite 800, 1199 West Hastings Street, Vancouver, British Columbia V6E 3T5.

PAP is a marketing technology company that works by sorting/recording patient identification and contact information after verifying an opt-in process, allowing for a gateway between health service providers and possible Access to Cannabis for Medical Purposes Regulations ("ACMPR") patients.

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business in the foreseeable future. These financial statements do not include any adjustments to the carrying value and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's operations to date have been financed by debt instruments. The Company's ability to continue as a going concern is dependent upon its ability to commence profitable operations, generate funds therefrom and raise additional financing in order to meet current and future obligations. The Company doesn't have enough cash on hand and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational needs. Therefore, the Company will need funding through equity or debt financing, joint venture arrangements or a combination thereof. There is no assurance that additional funding or suitable joint venture arrangements will be available on a timely basis or on terms acceptable to the Company. If the Company is unable to obtain sufficient funding in this fashion, the ability of the Company to meet its obligations as they come due. This indicates the existence of a material uncertainty about the Company's ability to continue as a going concern.

During the period ended June 30, 2017, the Company has incurred a net loss of $900,000. As at June 30, 2017, the Company had a working capital deficiency of $899,999 and an accumulated deficit of $900,000.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance

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

Presentation and functional currency

The presentation and functional currency of the Company is the Canadian dollar. All amounts in these financial statements are expressed in Canadian dollars, unless otherwise indicated.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies

The significant accounting policies used in the preparation of these financial statements are as follows:

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. Parties are also considered to be related if they are subject to common control. 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.

Financial instruments
Financial assets and financial liabilities are recognized on the statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at fair value.

Financial assets

The Company classifies its financial assets at initial recognition as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale, depending on the purpose for which the asset was acquired.

Fair value through profit or loss - This category comprises derivatives or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. Subsequent to initial recognition, they continue to be recorded in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, they are recorded at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held to maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, these assets are recorded at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available for sale - Non-derivative financial assets not included in the above categories are classified as available for sale. Subsequent to initial recognition, they continue to be recorded at fair value with changes in fair value recognized directly in equity. If there is no quoted price in an active market and fair value cannot be readily determined, available for sale investments are carried at cost. Where a decline in the fair value of an available for sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies (continued)

Financial assets (continued)

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

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Financial liabilities

The Company classifies its financial liabilities as either financial liabilities at fair value through profit or loss or other financial liabilities, depending on the purpose for which the liability was incurred. The Company's accounting policy for each of these categories is as follows:

Fair value through profit or loss: This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. Subsequent to initial recognition, they continue to be recorded in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: Financial liabilities other than those classified as fair value through profit or loss are classified as other financial liabilities. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

The Company's financial liabilities are accounts payable and shareholder loans. The Company classifies these financial liabilities as other financial liabilities.

The Company classifies and discloses fair value measurements based on a three-level hierarchy:
- Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market.

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.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to the common shareholder of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies (continued)

Research and development costs

Research costs are expensed when incurred and are stated net of government grants. Development costs including direct material, direct labour and contract service costs are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development. After initial recognition, internally generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. These costs are amortized on a straight-line basis over the estimated useful life. The Company did not have any development costs that met the capitalization criteria for the period ended June 30, 2017.

Income tax

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current income tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current income tax is calculated using tax rates that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxes are expected to be payable or recoverable on the difference between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

New standards and interpretations not yet adopted

The IASB issued the following new and revised accounting pronouncements. The Company does not anticipate early adoption of these standards at this time and they are not expected to have a material impact on the Company's financial statements.

IFRS 9 Financial Instruments – replaces IAS 39. IFRS 9 introduces limited amendments to classification and measurement for financial assets, a new expected loss impairment model and a new hedge accounting model. It is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 *"Revenue from Contracts with Customers"* – This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

3. SHARE EXCHANGE AGREEMENT

On May 15, 2017, the Company entered into a share exchange agreement with Green Life Clinics Ltd. ("GLC"), pursuant to which GLC will acquire PAP in consideration of the payment of an aggregate of $2,000,000 in cash and the issuance of 5,000,000 GLC common shares to the shareholders of PAP (Note 9).

4. SHARE CAPITAL

Authorized: 10,000,000 common shares with a par value of $0.01.

Issued: 10 common shares.

5. RELATED PARTY TRANSACTIONS

As of June 30, 2017, the Company owed a total of $249,999 to a director. The Company incurred and owes $450,000 to this director for management fees under a management agreement as of June 30, 2017. The Company incurred and owes consulting fees of $200,000 to a related party as of June 30, 2017. These amounts are unsecured, non-interest bearing and has no specific terms of repayment.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to the following financial risks:

i) Market risk
ii) Credit risk
iii) Liquidity risk

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

<u>General objectives, policies and processes</u>

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's management.

The overall objective of the Board and the Company's management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility and to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. Further details regarding these policies are set out below.

<u>Market Risk</u>

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, commodity price risk.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Currency risk
Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's financial instruments are denominated on Canadian dollars which is the Company's functional currency. Management has assessed that the Company's current exposure to currency risk is low, but acknowledges this may change in the future.

Interest rate risk
Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company is not exposed to interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity risk is assessed as high.

Determination of fair value

The statement of financial position carrying amount for accounts payable and the shareholder loan payable approximate fair value due to the short-term nature of these liabilities.

7. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue its operations and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its shareholder's equity.

The Company's primary source of capital is through the issuance of equity. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term, but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital.

8. INCOME TAX

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	June 30, 2017
Net loss	$ (900,000)
Statutory tax rate	26%
Expected income taxes recovery at the statutory tax rate	(234,000)
Tax benefit not recognized on current year losses	234,000
Income tax recovery	$ -

The Company has the following tax effected deductible temporary differences for which no deferred tax asset has been recognized:

	June 30, 2017
Loss carry-forwards	$ 234,000

The tax pool relating to this deductible temporary difference expire in 2037.

9. SUBSEQUENT EVENT

During the period ended June 30, 2017, the Company entered into a share exchange agreement with GLC pursuant to which GLC will acquire the Company (Note 3). The cash consideration of $2,000,000 was paid to the shareholder of the Company subsequent to the period ended June 30, 2017. The transaction completed on July 4, 2018.

On April 1, 2018, the Company issued 2,100,000 shares for proceeds of $21,000.

SCHEDULE "H"

INTERIM FINANCIAL STATEMENTS OF PAP FOR THE NINE MONTHS ENDED MARCH 31, 2018

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PATIENT ACCESS PAVILIONS LTD.

Condensed Interim Financial Statements

For the nine month period ended March 31, 2018

PATIENT ACCESS PAVILIONS LTD.
Condensed Interim Statements of Financial Position
As at
Expressed in Canadian Dollars
(Unaudited)

		March 31, 2018		**June 30, 2017**
Liabilities				
Current				
Account payable (Note 5)	$	450,000	$	650,000
Due to Green Life Clinics Ltd. (Note 3)		680,500		-
Shareholder loan (Note 5)		249,999		249,999
Total Liabilities	**$**	**1,380,499**	**$**	**899,999**
Shareholder's Deficit				
Share capital (Note 4)	$	1	$	1
Deficit		(1,380,500)		(900,000)
Total Shareholder's Deficit		**(1,380,499)**		**(899,999)**
Total Liabilities and Shareholder's Deficit	**$**	**-**	**$**	**-**

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

SUBSEQUENT EVENTS (Note 6)

Authorized for issuance on behalf of the Board on July 19, 2018

Director (signed by) *"Justin Liu "*

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

PATIENT ACCESS PAVILIONS LTD.
Condensed Interim Statements of Comprehensive Loss
For the nine month period ended March 31, 2018 and the period from February 23, 2017 (date of incorporation) to March 31, 2017
Expressed in Canadian Dollars
(Unaudited)

	Nine months ended March 31, 2018	Period from February 23, 2017 (date of incorporation) to March 31, 2017
Expenses		
Consulting	$ 470,000	$ -
Management fees	-	450,000
Subcontractor	-	62,500
Software development	10,500	-
Comprehensive loss for the period	**$ (480,500)**	**$ (512,500)**

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

PATIENT ACCESS PAVILIONS LTD.
Condensed Interim Statements of Changes in Shareholder's Deficit
For the nine month period ended March 31, 2018 and the period from February 23, 2017 (date of incorporation) to March 31, 2017
Expressed in Canadian Dollars
(Unaudited)

	Number of Shares	Share Capital	Deficit	Total
Balance, February 23, 2017 (date of incorporation)	**-**	**$ -**	**$ -**	**$ -**
Shares issued (Note 4)	10	1	-	1
Comprehensive loss	-	-	(512,500)	(512,500)
Balance, March 31, 2017	**10**	**$ 1**	**$ (512,500)**	**$ (512,499)**
Balance, June 30, 2017	**10**	**$ 1**	**$ (900,000)**	**$ (899,999)**
Comprehensive loss	-	-	(480,500)	(480,500)
Balance, March 31, 2018	**10**	**$ 1**	**$ (1,380,500)**	**$ (1,380,499)**

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

PATIENT ACCESS PAVILIONS LTD.

Condensed Interim Statements of Cash Flows
For the nine month period ended March 31, 2018 and the period from February 23, 2017 (date of incorporation) to March 31, 2017
Expressed in Canadian Dollars
(Unaudited)

	Nine months ended March 31, 2018	Period from February 23, 2017 (date of incorporation) to March 31, 2017
Cash provided by (used in):		
Operating activities		
Net loss for the period	$ (480,500)	$ (512,500)
Changes in non-cash working capital items:		
Accounts payable	(200,000)	262,500
Due to Green Life Clinics Ltd.	680,500	-
Cash used in operating activities	**-**	**(250,000)**
Financing activities		
Shareholder loans	-	249,999
Issuance of shares	-	1
Cash provided by financing activities	**-**	**250,000**
Change in cash for the period	-	-
Cash, beginning of period	-	-
Cash, end of period	**$ -**	**$ -**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Patient Access Pavilions Ltd. (the "Company" or "PAP") was incorporated under the Business Corporations Act (British Columbia) on February 23, 2017. The Company's head office is located at Suite 800, 1199 West Hastings Street, Vancouver, British Columbia V6E 3T5.

PAP is a marketing technology company that works by sorting/recording patient identification and contact information after verifying an opt-in process, allowing for a gateway between health service providers and possible Access to Cannabis for Medical Purposes Regulations ("ACMPR") patients.

These condensed interim financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business in the foreseeable future. These financial statements do not include any adjustments to the carrying value and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's operations to date have been financed by debt instruments. The Company's ability to continue as a going concern is dependent upon its ability to commence profitable operations, generate funds therefrom and raise additional financing in order to meet current and future obligations. The Company doesn't have enough cash on hand and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational needs. Therefore, the Company will need funding through equity or debt financing, joint venture arrangements or a combination thereof. There is no assurance that additional funding or suitable joint venture arrangements will be available on a timely basis or on terms acceptable to the Company. If the Company is unable to obtain sufficient funding in this fashion, the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of the going concern assumption will be in significant doubt.

During the nine month period ended March 31, 2018, the Company has incurred a net loss of $480,500 (period from the date of incorporation to March 31, 2017 - $512,500). As at March 31, 2018, the Company had a working capital deficit of $1,380,499 (June 30, 2017 - $899,999) and an accumulated deficit of $1,380,500 (June 30, 2017 - $900,000).

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

Statement of compliance

The accounting policies applied in these condensed interim financial statements are based on IFRS as issued by the International Accounting Standards Board ("IASB"), in particular IAS 34, Interim Reporting, and interpretations issued by the Interpretation Financial Reporting Interpretations Committees ("IFRIC"). The board of directors approved the condensed interim financial statements on July 19, 2018.

Presentation and functional currency

The presentation and functional currency of the Company is the Canadian dollar. All amounts in these financial statements are expressed in Canadian dollars, unless otherwise indicated.

3. SHARE EXCHANGE AGREEMENT

The Company entered into a share exchange agreement with Green Life Clinics Ltd. ("GLC"), pursuant to which GLC will acquire the Company in consideration of the payment of an aggregate of $2,000,000 in cash and the issuance of 5,000,000 GLC common shares to the shareholders of the Company. (Note 6)

During the period ended March 31, 2018, GLC advanced $2,000,000 to the shareholder of the Company towards the acquisition.

As of March 31, 2018, the Company owed GLC a total of $1,456,750 exclusive of $2,000,000 above for expenses paid on behalf of the Company.

4. SHARE CAPITAL

Authorized: 10,000,000 common shares with a par value of $0.01.

Issued: 10 common shares.

5. RELATED PARTY TRANSACTIONS

As of March 31, 2018, the Company owed a total of $249,999 to a director (2017 - $249,999) for a loan. In addition, $Nil was incurred to a director for management fees (2017 - $450,000) and $450,000 is owed to the director as at March 31, 2018 for fees. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

6. SUBSEQUENT EVENT

During the period ended June 30, 2017, the Company entered into a share exchange agreement with GLC pursuant to which GLC will acquire the Company (Note 3). The cash consideration of $2,000,000 was paid to the shareholder of the Company during the period ended March 31, 2018. The transaction completed on July 4, 2018.

On April 1, 2018, the Company issued 2,100,000 shares for proceeds of $21,000.

SCHEDULE “I”

AUDITED FINANCIAL STATEMENTS OF MCRCI FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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MCRCI MEDICINAL CANNABIS RESOURCE CENTRE INC.

Consolidated Financial Statements

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MCRCI Medicinal Cannabis Resources Centre Inc.

We have audited the accompanying consolidated financial statements of MCRCI Medicinal Cannabis Resource Centre Inc., which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of MCRCI Medicinal Cannabis Resource Centre Inc. as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about MCRCI Medicinal Cannabis Resource Centre Inc.'s ability to continue as a going concern.

Other Matter

The consolidated financial statements for the year ended December 31, 2015 are unaudited.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
June 20, 2018

MCRCI MEDICINAL CANNABIS RESOURCE CENTRE INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31,
(EXPRESSED IN CANADIAN DOLLARS)

	Note		2016		2015 (Unaudited)
ASSETS					
Cash		$	-	$	358
Accounts receivable			37,802		5,567
			37,802		5,925
NON-CURRENT ASSET					
Equipment	3		7,462		5,103
TOTAL ASSETS		**$**	**45,264**	**$**	**11,028**
LIABILITIES					
Bank indebtedness		$	606	$	-
Trade and other payables	5		88,454		36,822
Due to shareholders	8		240,051		212,841
Deferred revenue	9		265,264		149,493
TOTAL LIABILITIES			594,375		399,156
SHAREHOLDERS' EQUITY					
Share capital	6		300,038		242,894
Deficit			(849,149)		(631,022)
TOTAL SHAREHOLDERS' EQUITY			(549,111)		(388,128)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**45,264**	**$**	**11,028**

Nature of operations and going concern (note 1)
Subsequent events (note 15)

These financial statements were authorized for issue by the Board of Directors on June 20, 2018. They are signed on behalf of the Board of Directors by:

"Terry Roycroft"
Director

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

MCRCI MEDICINAL CANNABIS RESOURCE CENTRE INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31,
(EXPRESSED IN CANADIAN DOLLARS)

	Note		2016		2015 (Unaudited)		2014 (Unaudited)
REVENUE							
Sales		$	649,817	$	244,938	$	91,643
COST OF SALES							
Doctor fees			224,000		122,492		57,646
Purchases			12,136		-		-
Referral expense			14,286		-		-
			399,395		122,446		33,997
EXPENSES							
Advertising			23,548		8,499		29,262
Amortization	3		2,341		1,090		1,179
Bank charges and interest			12,080		9,042		6,381
Consulting fees			-		20,394		53,571
General and administration	10		181,419		55,856		82,407
Management fees	7		72,000		60,000		42,500
Professional fees			58,876		12,166		25,494
Share-based payment	6		57,142		-		84,286
Wages and benefits			210,116		106,143		82,647
			617,522		273,190		407,727
NET AND COMPREHENSIVE LOSS		**$**	**(218,127)**	**$**	**(150,744)**	**$**	**(373,730)**
Basic and diluted loss per share		**$**	**(458.81)**	**$**	**(342.60)**	**$**	**(950.97)**
Weighted average number of shares outstanding			**449**		**440**		**393**

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

MCRCI MEDICINAL CANNABIS RESOURCE CENTRE INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016, AND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (UNAUDITED)
(EXPRESSED IN CANADIAN DOLLARS)

	Note	Number of shares	Amount	Deficit	Total
Balance, December 31, 2013		**$ 200**	**$ 20**	**$ (106,548)**	**$ (106,528)**
Shares issued for cash	6	240	242,874	-	242,874
Net and comprehensive loss		-	-	(373,730)	(373,730)
Balance, December 31, 2014		**440**	**242,894**	**(480,278)**	**(237,384)**
Net and comprehensive loss		-	-	(150,744)	(150,744)
Balance, December 31, 2015		**440**	**242,894**	**(631,022)**	**(388,128)**
Shares issued for cash and services	6	16	57,144	-	57,144
Net and comprehensive loss		-	-	(218,127)	(218,127)
Balance, December 31, 2016		**$ 456**	**$ 300,038**	**$ (849,149)**	**$ (549,111)**

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

MCRCI MEDICINAL CANNABIS RESOURCE CENTRE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,
(EXPRESSED IN CANADIAN DOLLARS)

	2016	2015 (Unaudited)	2014 (Unaudited)
OPERATING ACTIVITIES			
Net loss	$ (218,127)	$ (150,744)	$ (373,730)
Items not involving cash:			
Amortization	2,341	1,090	1,179
Share-based payment	57,142	-	84,285
Accrued management fees	-	55,250	37,500
Change in non-cash working capital items:			
Accounts receivable	(32,235)	(5,567)	-
Trade and other payables	51,632	9,220	(12,917)
Deferred revenue	115,771	89,360	60,133
Due to shareholders	(5,726)	(2,742)	51,905
CASH USED IN OPERATING ACTIVITIES	(29,202)	(4,133)	(151,645)
INVESTING ACTIVITY			
Purchase of equipment	(4,700)	(1,480)	-
CASH USED IN INVESTING ACTIVITIES	(4,700)	(1,480)	-
FINANCING ACTIVITIES			
Bank indebtedness	606	-	-
Shares issued	2	-	158,589
Due to shareholders	32,936	-	-
CASH PROVIDED BY FINANCING ACTIVITY	33,544	-	158,589
CHANGE IN CASH DURING THE YEAR	(358)	(5,613)	6,944
CASH, BEGINNING OF YEAR	358	5,971	(973)
CASH, END OF YEAR	$ -	$ 358	$ 5,971

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

1. NATURE OF OPERATIONS AND GOING CONCERN

MCRCI Medicinal Cannabis Resources Centre Inc. (the "Company") was incorporated under the Business Corporations Act of British Columbia on January 29, 2011. The Company's head office is located at 450 Nanaimo Street, Vancouver, B.C. V5L 4W3.

The Company is in the business of providing services to individuals who may benefit from medical cannabis. These services are delivered through MCRCI's network of clinics. The Company facilitates patient access to licensed medical doctors that provide consultations for medical cannabis.

These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business in the foreseeable future. These consolidated financial statements do not include any adjustments to the carrying value and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's operations to date have been financed by issuing common shares and borrowings from shareholders. The Company's ability to continue as a going concern is dependent upon its ability to commence profitable operations, generate funds therefrom and raise additional financing in order to meet current and future obligations. The current cash position on hand and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational needs. Therefore, the Company will need funding through equity or debt financing, joint venture arrangements or a combination thereof. There is no assurance that additional funding or suitable joint venture arrangements will be available on a timely basis or on terms acceptable to the Company. If the Company is unable to obtain sufficient funding, the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of the going concern assumption will be in significant doubt.

During the year ended December 31, 2016, the Company has incurred a net loss of $218,127 (2015 – $150,744). As at December 31, 2016, the Company had a working capital deficiency of $556,573 (2015 – $393,231) and an accumulated deficit of $849,149 (2015 – $631,014). These factors indicate the presence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance

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

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, CRX Cannabisrx Laboratories Inc., a company incorporated in British Columbia.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial assets classified as at fair value through profit or loss or available for sale, which are measured at fair value. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Presentation and functional currency

The presentation and functional currency of the Company is the Canadian dollar. All amounts in these consolidated financial statements are expressed in Canadian dollars, unless otherwise indicated.

Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in both the period of revision and future periods if the revision affects both current and future periods.

Significant estimates and assumptions about the future and other sources of estimation uncertainty that management has made, could result in a material adjustment to the carrying amounts of assets and liabilities. Significant estimates used in the preparation of these financial statements include, but are not limited to, the following:

- Allowance for doubtful accounts
  The Company must make an assessment of whether account receivables are collectible from customers. Accordingly, management establishes an allowance for estimated losses arising from non-payment, taking into consideration customer credit, current economic trends and past experience. If future collections differ from estimates, future earnings would be affected.

While management believes the estimates contained within these consolidated financial statements are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Significant accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments used by the Company include, but are not limited to, the following:

- Going concern
  The Company’s ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

- Impairment of non-financial assets
  Judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies

The significant accounting policies used in the preparation of these financial statements are as follows:

- **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. Parties are also considered to be related if they are subject to common control. 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.

- **Financial instruments**
  Financial assets and financial liabilities are recognized on the statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at fair value.

  Financial assets
  The Company classifies its financial assets at initial recognition as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale, depending on the purpose for which the asset was acquired.

  Fair value through profit or loss - This category comprises derivatives or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. Subsequent to initial recognition, they continue to be recorded in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

  Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, they are recorded at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

  Held to maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, these assets are recorded at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

  Available for sale - Non-derivative financial assets not included in the above categories are classified as available for sale. Subsequent to initial recognition, they continue to be recorded at fair value with changes in fair value recognized directly in equity. If there is no quoted price in an active market and fair value cannot be readily determined, available for sale investments are carried at cost. Where a decline in the fair value of an available for sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies (continued)

- **Financial instruments (continued)**

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

  All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

  Financial liabilities
  The Company classifies its financial liabilities as either financial liabilities at fair value through profit or loss or other financial liabilities, depending on the purpose for which the liability was incurred. The Company's accounting policy for each of these categories is as follows:

  Fair value through profit or loss: This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. Subsequent to initial recognition, they continue to be recorded in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

  Other financial liabilities: Financial liabilities other than those classified as fair value through profit or loss are classified as other financial liabilities. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

- **Cash**
  Cash in the statements of financial position comprise cash in bank.

- **Equipment**
  Equipment is carried at cost, less accumulated amortization and accumulated impairment losses.

  The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

  Property and equipment is depreciated annually on the following basis:
  - Computer equipment - 20%
  - Computer software - 50%
  - Furniture and equipment - 20%

  Amortization commences when an item of equipment becomes available for use.

  An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

  Where an item of equipment comprises major components with different useful lives, the components are accounted for separately. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies (continued)

- **Joint operation**
  A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. The Company recognizes assets, liabilities, revenue and expenses in relation to its interest in a joint operation.

- **Impairment of non-current assets**
  At each reporting date, the carrying amounts of the Company's 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 cash generating unit to which the asset belongs.

  The recoverable amount of an asset 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 of an asset or cash generating unit 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 profit or loss.

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

- **Share capital**

  Common shares
  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.

- **Loss per share**
  The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies (continued)

- **Share-based compensation**
  Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the equity instruments granted is recognized as a share-based payments expense with a corresponding increase in equity. The fair value of the options granted is measured using the Black- Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

- **Income tax**
  Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of comprehensive income (loss) except to the extent it relates to items recognized in other comprehensive income or directly in equity.

  Current income tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current income tax is calculated using tax rates that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

  Deferred taxes are expected to be payable or recoverable between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

- **Revenue recognition**
  The Company's revenue primarily include membership fees and payments from licensed cannabis producers pursuant to education grant agreements. Membership fees are received from members annually in advance. Therefore, the Company recognizes the deferred revenue for the membership prepayments received during the year but for which services were not rendered as of year end. Payments from licensed producers are recognized upon patients' purchases made with the licensed producers. Revenue is recognized only to the extent that the amount of revenue can be measured reliably and collection is considered probable.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

New standards and interpretations not yet adopted

The IASB issued the following new and revised accounting pronouncements. The Company does not anticipate early adoption of these standards at this time and they are not expected to have a material impact on the Company's financial statements.

IFRS 9 Financial Instruments – replaces IAS 39. IFRS 9 introduces limited amendments to classification and measurement for financial assets, a new expected loss impairment model and a new hedge accounting model. It is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 "Revenue from Contracts with Customers" – This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

IFRS 16 "Leases" – This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. It introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. This standard has an effective date of January 1, 2019.

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

3. EQUIPMENT

		Computer equipment		Computer software		Furniture and equipment		Total
Cost								
Balance at December 31, 2014	$	589	$	-	$	8,677	$	9,266
Additions		-		-		1,480		1,480
Balance at December 31, 2015		589		-		10,157		10,746
Additions		-		2,125		2,575		4,700
Balance at December 31, 2016	**$**	**589**	**$**	**2,125**	**$**	**12,732**	**$**	**15,446**
Amortization								
Balance at December 31, 2014	$	(463)	$	-	$	(4,090)	$	(4,553)
Charge for the year		(25)		-		(1,065)		(1,090)
Balance at December 31, 2015		(488)		-		(5,155)		(5,643)
Charge for the year		(20)		(1,063)		(1,258)		(2,341)
Balance at December 31, 2016	**$**	**(508)**	**$**	**(1,063)**	**$**	**(6,413)**	**$**	**(7,984)**
Net book value								
Balance at December 31, 2015	$	101	$	-	$	5,002	$	5,103
Balance at December 31, 2016	**$**	**81**	**$**	**1,062**	**$**	**6,319**	**$**	**7,462**

4. INVESTMENTS IN JOINT VENTURE

On July 20, 2016, MCRCI entered a Joint Venture Agreement with 7343303 Manitoba Inc., in order to collaborate on the development and operation of a medicinal cannabis resources centre in Winnipeg, Manitoba trading as Medical Cannabis Resources Centres of Manitoba ("MCRCM"). According to the agreement, the Company would contribute $12,500 ($7,500 contributed during the year ended December 31, 2016), training manual, work procedures, physician and marketing support in return for 60% of the interest in the joint venture. 7343303 Manitoba Inc. would contribute $15,000, office and administrative support in return for 40% of the interest in the joint venture. This arrangement was treated as a joint operation. The following revenue and expenses from the joint operation were included in the respective categories in the statements of comprehensive loss for the year ended December 31, 2016 as follows:

		2016
Revenue	$	5,962
Cost of Sales		969
Gross profit		4,993
Expenses		
Advertising		3,730
Courier and postage		156
Office		1,693
Rent		1,800
Repairs and maintenance		1,211
Wages		3,903
Total expenses		12,493
Net loss	**$**	**(7,500)**

Subsequent to December 31, 2016, the Company and 7343303 Manitoba Inc. terminated the joint venture agreement.

5. TRADE AND OTHER PAYABLES

	December 31, 2016		December 31, 2015	
Trade payables (note 7)	$	53,147	$	29,183
Employee deductions payable		4,010		2,978
GST payable		5,619		4,546
PST payable		678		115
Deposits payable		25,000		-
	$	**88,454**	**$**	**36,822**

6. SHARE CAPITAL

Authorized share capital

Unlimited number of Class A, Class B, Class C, Class D, Class E, Class F common shares without par value, and an unlimited number of Class G, Class H and Class I shares.

Class A
The Class A shareholders are entitled to one vote at all meetings of the shareholders of the Company, are not entitled to any payment of dividends, and in the event of liquidation, subject to the prior rights of the Class G, Class H and Class I shares, are entitled to receive the amount paid-up and no more.

Class B
The Class B shareholders are not entitled to vote at any meetings of the shareholders of the Company, and subject to the rights of the holders of the Class G, Class H and Class I shares, are entitled to the payment of dividends on all profits or surplus available, and in the event of liquidation, are entitled to receive pari passu with the holders of the Class C, Class D, Class E and Class F shares, after distribution to the Class A, Class G, Class H and Class I shareholders.

Class C, Class D, Class E and Class F
The Class C, Class D, Class E and Class F shareholders are not entitled to vote at any meetings of the shareholders of the Company, and subject to the rights of the holders of the Class G, Class H and Class I shares, are entitled to the payment of dividends on all profits or surplus available, and in the event of liquidation, are entitled to receive pari passu with the holders of the Class B, Class C, Class D, Class E and Class F shares, after distribution to the Class A, Class G, Class H and Class I shareholders.

Class G
The Class G shares will only be issued as consideration for the acquisition of property by the Company. The holders of Class G shares are not entitled to vote at any meetings of the shareholders of the Company, and, in each year at the discretion of the directors, a non-cumulative dividend in an amount not to exceed 8% of the redemption amount of the outstanding Glass G shares, may be paid on the Glass G shares out of all profits or surplus available. In the event of liquidation, the holders of G shares are entitled to receive, before any distribution of any part of the assets of the Company among the holders of Class A, Class B, Class C, Class D, Class E, Class F, Class H and Class I shares, the redemption amount with respect to each such Glass G share and no more.

Class H
The Class H shares will only be issued by the Company in exchange for shares of a class of common shares, ie. Class A, Class B, Class C, Class D, Class E or Class F shares. The holders of Class H shares are not entitled to vote at any meetings of the shareholders of the Company, and, in each year at the discretion of the directors, a non-cumulative dividend in an amount not to exceed 8% of the redemption amount of the outstanding Glass H shares, may be paid on the Glass H shares out of all profits or surplus available. In the event of liquidation, the holders of H shares are entitled to receive, after payment of the redemption amounts to the holders of the Class G and Class I shares, but before any distribution among the holders of any other classes of shares, the redemption amount with respect to each such Glass H share and no more.

Class I
The Class I shareholders are not entitled to vote at any meetings of the shareholders of the Company, are not entitled to any payment of dividends, and, in the event of liquidation, are entitled to receive, after distribution to the Class shares, but before any distribution among the holders of Class A, Class B, Class C, Class D, Class E, Class F and Class H shares, the redemption amount and no more. The paid-up capital of each Class I share is the par value thereof, while the redemption amount of each Class I share is $100.

Issued share capital

At December 31, 2016, there were 228 issued and fully paid Class A common shares (2015 - 220) and 228 issued and fully paid Class B common shares (2015 – 220).

During the year ended December 31, 2016, the Company issued 8 Class A common shares at $0.10 per share, and 8 Class B common shares at $0.10 per share to employees. The fair value of the 16 shares was determined to be $57,144: $2 for cash and $57,142 as compensation for employee services.

During the year ended December 31, 2014, the Company issued 120 Class A common shares for $79,294 and 120 Class B common shares for $79,295.

7. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

During the years ended December 31, 2016, 2015 and 2014, compensation to key management personnel and related parties were as follows:

	December 31, 2016	December 31, 2015	December 31, 2014
Management fee	$ 72,000	$ 60,000	$ 42,500

Related party balances

At December 31, 2016 and 2015, amounts owed to related parties were as follows:

	December 31, 2016	December 31, 2015
Due to an officer and director (Note 5)	$ 12,014	$ 7,446
Due to a Company with a common director (Note 8)	207,115	212,841
	$ 219,129	**$ 220,287**

These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

8. DUE TO SHAREHOLDERS

At December 31, 2016 and 2015, amounts owed to shareholders were as follows:

	December 31, 2016	December 31, 2015
Due to Croft Entertainment Inc. (i) (note 7)	$ 207,115	$ 212,841
Due to Philmar Development Ltd.	32,936	-
	$ 240,051	**$ 212,841**

(i) *company with a common director*

These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

9. DEFERRED REVENUE

Deferred revenue consists of membership fees prepaid by customers. Deferred revenues are recognized as revenue when the services are provided.

10. GENERAL AND ADMINISTRATION

	December 31, 2016	December 31, 2015	December 31, 2014
Insurance	$ 797	$ -	$ -
Membership fees	1,650	-	-
Office	32,861	8,326	17,659
Rent	41,253	34,560	34,560
Repairs and maintenance	8,215	194	1,089
Sub-contract	51,725	6,159	9,810
Supplies	2,358	915	-
Telephone and utilities	7,960	3,271	3,885
Training	7,797	-	-
Travel	26,803	2,431	15,405
	$ 181,419	**$ 55,856**	**$ 82,408**

11. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its technologies and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its shareholders' equity. The Company's primary source of capital is through the issuance of equity shares and loans from shareholders. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company requires additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required, but recognizes there will be risks involved that may be beyond its control. The Company is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management remains unchanged during the year ended December 31, 2016.

12. FINANCIAL INSTRUMENTS

a) Fair value

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 quoted prices 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. from derived prices); and
Level 3 inputs for the asset or liability that are not based upon observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At December 31, 2016, cash of $Nil (2015 – $358) have been measured and recognized in the balance sheet using Level 1 inputs. At December 31, 2016 and 2015, there were no financial assets or liabilities measured and recognized in the balance sheet at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

b) Classification

	December 31, 2016		December 31, 2015	
Financial Assets				
Held-for-trading				
Cash	$	-	$	358
Loans and receivables				
Accounts receivable		37,802		5,567
	$	37,802	$	5,925
Financial Liabilities				
Other financial liabilities				
Bank indebtedness	$	606	$	-
Trade and other payables		88,454		36,822
Due to shareholders		240,051		212,841
	$	329,111	$	249,663

c) Financial risk management

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and accounts receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. Credit risk on cash was assessed as low. The Company's risk on accounts receivable was assessed as high due to potential non-payments.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

The Company maintained cash at December 31, 2016 in the amount of $Nil (2015 – $358), in order to meet short-term business requirements. At December 31, 2016, the Company had trade and other payables of $88,454 (2015 – $36,822) and due to shareholders of $240,051 (2015 - $212,841). All trade and other payables and amounts due to shareholders are current. Liquidity risk is assessed as high.

12. FINANCIAL INSTRUMENTS (CONTINUED)

c) Financial risk management (continued)

Market risk

Market risks to which the Company may be exposed to are interest rate risk and currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to currency risk.

13. COMMITMENT

On April 18, 2014, the Company entered into an office lease agreement for its head office in Vancouver, British Columbia. The lease commenced on May 1, 2014 and expired on April 30, 2017. The monthly rent (including utilities costs) was for $3,224 including GST. As of December 31, 2016, the remaining minimum lease payment was $12,896.

14. INCOME TAX

The following table reconciles the expected income taxes recovery at the Canadian statutory income tax rates to the amounts recognized in the statements of operations for the years ended December 31, 2016, 2015 and 2014:

	December 31, 2016	December 31, 2015	December 31, 2014
Net Loss	$ (218,132)	$ (150,744)	$ (289,475)
Statutory income tax rate	26%	26%	26%
Expected income tax recovery	(56,713)	(39,193)	(75,264)
Non-deductible items	54,330	18,061	15,566
Change in valuation allowance	2,383	21,132	59,698
Income tax recovery	$ -	$ -	$ -

The significant components of deferred income tax assets and liabilities are as follows:

	December 31, 2016	December 31, 2015
Non-capital loss carry forwards	$ 393,763	$ 385,467
Equipment	2,240	(101)
Other	18,090	19,563
Deferred tax assets not recognized	$ 414,093	$ 404,929

The Company has non capital loss carry-forwards of approximately $393,000 (2015 – $386,000), equipment of $9,800 (2015 - $5,000) and cumulative eligible capital of $19,000 (2015 - $20,000) which may be carried forward to apply against future years. Non capital loss carry forward commence expiry in 2031.

15. SUBSEQUENT EVENTS

1) On January 2, 2017, the Company entered a joint venture agreement with S&L Consulting Services ("S&L"), in order to collaborate on the development and operation of a medicinal cannabis resource center in Calgary, Alberta, trading as Medical Cannabis Resource Centres of Alberta ("MCRCA"). The Company will contribute operating manual, training and $3,000 in return for 60% of the interest in the joint venture. S&L will contribute office and administrative support and $5,000 in return for 40% of the interest in the joint venture.

2) On January 24, 2017, the Company issued 9.5 Class A common shares for gross proceeds of $50,000, and 9.5 Class B common shares for a gross proceeds of $50,000.

3) On June 22, 2017, the Company entered into a share exchange agreement with Green Life Clinics Ltd. (Acquiror), whereby the Acquiror agrees to purchase 237.5 Class A shares and 237.5 Class B shares of the Company for $1,000,000 in cash and 4,000,000 shares of the Acquiror.

   In addition to the payment of the purchase price at closing, the Acquiror shall, on or prior to the closing date, pay to the Company:

   (a) a further payment of $185,000, payable in cash, which funds, together with a $40,000 non-refundable deposit, will be used exclusively by the Company for the repayment of the shareholder loans and for no other purpose such that at the time of the closing, the shareholder loans shall have been forgiven or repaid in their entirety; and

   (b) a further payment in the amount of $30,000, payable in cash, for the purposes of paying the Company's short term debts such that the Company may be acquired by the Acquiror without debts, but which payment shall not be used to pay the shareholder loans.

   Upon such payments being made by the Acquiror, those vendors shall accept their pro rata portion of the cash and payment shares in satisfaction of the purchase price.

SCHEDULE "J"

PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER AS AT MARCH 31, 2018

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Leo Resources Inc.

Pro-Forma Financial Statements

March 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

Leo Resources Inc.
Pro-Forma Statements of Financial Position
As at March 31, 2018
(Expressed in Canadian Dollars) (Unaudited)

	Green Life Clinics Ltd. March 31, 2018	Patient Access Pavilions Ltd. March 31, 2018	Leo Resources Inc. April 30, 2018	Notes	Pro-Forma Adjustments	Pro-Forma March 31, 2018
Assets						
Current assets:						
Cash	$ 508,557	$ -	$ 2,975,826	2(b)	$ 85,003	$ 3,569,386
Receivables	48,615	-	64,938		-	113,553
Prepaid expenses	-	-	97,914		-	97,914
Due from PAP	680,500	-	-		(680,500)	-
Total Current Assets:	**1,237,672**	**-**	**3,138,678**		**(595,497)**	**3,780,853**
Investment in Green Life Clinics Inc.	-	-	3,225,000	2(a)	(3,225,000)	-
Investment in PAP	2,000,000	-	-	2(c)	(2,000,000)	-
Due from Green Life Clinics Inc.	-	-	1,464,750	2(e)	(1,464,750)	-
Due from MCRCI	-	-	486,990	2(e)	(486,990)	-
Due from related party	-	-	50,000			50,000
Property and equipment, net	5,667	-	-			5,667
Goodwill	2,059,501	-	-	2(c)	4,417,202	6,476,703
PAP customer relationship	-	-	-	2(c)	292,188	292,188
MCRCI clinics client list	1,421,712	-	-			1,421,712
Total Assets:	**$ 6,724,552**	**$ -**	**$ 8,365,418**		**$ (3,062,847)**	**$ 12,027,123**
Liabilities						
Current liabilities:						
Accounts payable and accrued liabilities	$ 37,723	$ 450,000	$ 68,061			$ 555,784
Deferred revenue	155,435	-	-			155,435
Deferred income tax liability	516,375	-	-	2(c)	78,891	595,266
Loan payable	74,125	-	-			74,125
Due to related parties	-	249,999	3,406			253,405
Due to Green Life Clinics Ltd.	-	680,500	-	2(b)(e)	$ (680,500)	-
Due to Leo Resources	1,866,737	-	-	2(e)	(1,866,737)	-
Deposit from Leo Resources	3,225,000	-	-	2(b)	(3,225,000)	-
		-	-			
Total Liabilities:	**5,875,395**	**1,380,499**	**71,467**		**(5,693,346)**	**1,634,015**
Equity						
Share capital	2,400,000	1	7,878,425		(7,878,426)	37,264,418
				2(b)	33,614,418	
				2(c)	1,250,000	
Reserves	-	-	4,633,873		(4,633,873)	5,069,911
				2(b)	5,069,911	
Retained earnings (Deficit)	(1,550,843)	(1,380,500)	(4,218,347)		5,598,847	(31,941,221)
Transaction cost	-	-	-	2(b)	(30,390,378)	
Total Equity:	**849,157**	**(1,380,499)**	**8,293,951**		**2,630,499**	**10,393,108**
Total Liabilities and Equity:	**$ 6,724,552**	**$ -**	**$ 8,365,418**		**$ (3,062,847)**	**$ 12,027,123**

The accompanying notes are an integral part of these pro-forma statements of financial position.

Leo Resources Inc.
Pro-Forma Statements of Comprehensive Loss
For the Period Ended March 31, 2018
(Expressed in Canadian Dollars) (Unaudited)

	Green Life Clinics Ltd. Nine Months Ended March 31, 2018	Patient Access Pavilions Ltd. Nine Months Ended March 31, 2018	Leo Resources Inc. Nine Months Ended April 30, 2018	Notes	Pro-Forma Adjustments	Pro-Forma March 31, 2018
Revenue						
Sales	$ 563,097	$ -	$ -			$ 563,097
Cost of Sales						
Doctor fees	189,228	-	-			189,228
	373,869	-	-			373,869
Expenses						
Advertising	24,018	-	-			24,018
Accounting, legal and professional	76,183	-	105,079			181,262
Amortization	481,240	-	-			481,240
Bad debts expense	3,720	-	-			3,720
Bank charges and interest	4,495	-	6,907			11,402
Consulting fees and referral fees	262,334	470,000	1,138,157			1,870,491
Credit and commissions	4,436	-	-			4,436
Directorship fees	-	-	30,000			30,000
Filing and listing fees	-	-	29,334			29,334
Management fees	67,621	-	-			67,621
Office and admin	129,847	-	161,478			291,325
Research and development	12,000	-	-			12,000
Salary and wages	282,148	-	-			282,148
Software development	-	10,500	-			10,500
Transfer agent fees	-	-	13,899			13,899
	1,348,042	**480,500**	**1,484,854**			**3,313,396**
Loss from operations	**(974,173)**	**(480,500)**	**(1,484,854)**			**(2,939,527)**
Loss from joint venture	(3,711)	-	-			(3,711)
Transaction costs	-	-	-	2(b)	$ (30,390,378)	(30,390,378)
Total comprehensive loss	**(977,884)**	**(480,500)**	**(1,484,854)**		**$ (30,390,378)**	**(33,333,616)**
Loss per share - basic and diluted	**$ (0.05)**	**$ (48,050.00)**	**$ (0.05)**			**$ (0.05)**
Weighted average number of shares outstanding – basic and diluted	**20,000,000**	**10**	**30,838,916**			**60,838,916**

The accompanying notes are an integral part of these pro-forma statements of comprehensive loss.

1. BASIS OF PRESENTATION

The unaudited pro-forma statement of financial position of Leo Resources Inc. ("the Company) ("Leo") has been prepared by management in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board.

The unaudited pro-forma financial statements have been prepared for inclusion in the Prospectus of the Company, which contains the details of the Amalgamation Agreement (the "**Agreement**"), as amended on July 4, 2018, and associated financings pursuant to which GLC will amalgamate with 1125076 B.C. Ltd., a wholly owned subsidiary of Leo, and the shareholders of GLC will receive one common share of Leo for each GLC share held, resulting in the aggregate issuance of 18,600,000 Leo shares and an aggregate cash consideration of $3,225,000 pursuant to the amalgamation (the "**Transaction**"). Upon completion of the Transaction, the combined entity will continue to carry on the business of GLC. The purpose of the Agreement is to restructure the companies through a reverse acquisition. The new company will become a reporting issuer in the provinces of British Columbia, Alberta, Nova Scotia, Saskatchewan and Ontario following completion of the Transaction.

Pursuant to the Transaction, GLC's issued and outstanding common shares were exchanged for shares of the Company on the basis of 0.603 Company shares ("**Exchange Ratio**") per GLC share. As a result, GLC became a wholly owned subsidiary of the Company. The Company does not meet the definition of a business, therefore the transaction is outside of the scope of IFRS 3 *Business Combinations*. Instead, the Acquisition will be accounted for under IFRS 2 *Share-based* Payment. Under this basis of accounting, the consolidated entity is considered to be a continuation of the Company, with the net identifiable assets of the Company deemed to have been acquired by GLC.

On June 23, 2017, GLC acquired MCRCI Medicinal Cannabis Resources Inc. ("MCRCI"), which operates clinics and pavilions in the western provinces.

Concurrently, GLC also signed a share purchase agreement for the acquisition of Patient Access Pavilions, ("PAP"), which it expects to complete immediately prior to the amalgamation. PAP works by sorting/recording patient's identification and contact information after verifying an opt-in process, allowing for a gateway between health service providers and possible access to cannabis for medical purposes regulations (ACMPR) patients. PAP has proprietary software which is used to store, transmit and sort data of incoming patients based on location, ailment and preferred contact method.

Pursuant to the terms of the Agreement, and subject to completion of certain conditions precedent, including receipt of all necessary director, shareholder, regulatory and TSX Venture Exchange ("TSXV") approvals, the Company will apply to be listed on Tier 2 of the TSXV.

The unaudited pro-forma statement of financial position of the Company should be read in conjunction with the March 31, 2018 condensed consolidated interim financial statements of GLC.

The unaudited pro-forma financial statements of the Company has been compiled from:

(a) the condensed consolidated interim financial statements of GLC as at March 31, 2018 and for the nine months then ended;
(b) the condensed interim financial statements of PAP as at March 31, 2018 and for the nine months then ended;
(c) the condensed consolidated interim financial statements of Leo as at April 30, 2018 and for the nine months then ended; and
(d) the additional information set out in note 2.

The unaudited pro-forma statement of financial position has been prepared as if the Acquisition and transactions described in note 2 had occurred on March 31, 2018, and represents the related assets and liabilities included in the April 30, 2018 condensed consolidated interim financial statements of the Company.

1. BASIS OF PRESENTATION (CONTINUED)

The unaudited pro-forma statement of financial position of the Company has been compiled using the significant accounting policies as set out in the Company's condensed consolidated interim financial statements for the period ended April 30, 2018, and those accounting policies expected to be adopted by GLC.

The unaudited pro-forma statement of financial position is not necessarily indicative of the financial position that would have been attained had the transactions actually taken place at the dates indicated and do not purport to be indicative of the effects that may be expected to occur in the future.

In the opinion of the Company's management, the unaudited pro-forma statement of financial position includes all adjustments necessary for the fair presentation of the transactions described in note 2.

2. PRO-FORMA ADJUSTMENTS AND ASSUMPTIONS

The unaudited pro-forma statement of financial position has been presented giving effect to the following assumptions and pro-forma adjustments:

(a) On July 5, 2017, has entered into an amalgamation agreement, as amended on July 4, 2018, with GLC under which Leo will acquire 100 percent of the issued and outstanding shares of GLC pursuant to a three-corner amalgamation by which GLC will amalgamate with 1125076 B.C. Ltd., a wholly owned subsidiary of Leo, and the shareholders of GLC will receive one common share of Leo for each GLC share held, resulting in the aggregate issuance of 18,600,000 Leo shares pursuant to the amalgamation.

On July 3, 2018, the number of Class B shares of the Company was reduced to adjust the cost base from \$0.025 to \$0.25. Two shareholders returned enough of their Class B shares so as to bring their cost from \$0.025 to \$0.25 per share (from 4,000,000 Class B shares each to 400,000 Class B shares each). Two other shareholder elected to pay up their shares by paying additional consideration of \$2,000,000. As a result of the re-capitalization, there are now 9,600,000 Class B Shares outstanding with a value of \$2,400,000.

The amalgamation must be approved by a special majority (66-2/3rds per cent) of the votes cast by GLC shareholders.

Additionally, pursuant to the amalgamation agreement, Leo has advanced to GLC \$3,225,000 in cash. This payment was utilized by GLC to repay shareholder loans incurred in relation the GLC's acquisition of MCRCI and to be incurred to complete the acquisition of PAP (note 2 (c)).

(b) The purchase consideration below was estimated based on the fair value attributed to the common shares that GLC would have had to issue to shareholders of the Company to acquire the same percentage equity interest in the combined entity that results from the reverse acquisition. Upon completion of the proposed transaction, the fair value of all identifiable assets and liabilities acquired was determined. The carrying value of GLC's and the Company's assets and liabilities as at March 31, 2018 are assumed to approximate their fair values as at that date. The fair value of the shares issued is allocated to the carrying value of the net assets acquired. The difference between the purchase consideration and the fair value of net assets acquired is recorded as transaction costs. The preliminary purchase price allocation is summarized as follows:

2. PRO-FORMA ADJUSTMENTS AND ASSUMPTIONS (CONTINUED)

Fair value of shares issued (30,838,916 shares at $1.09 per share)	$	33,614,418
Fair value of warrants (16,975,977 warrants)		5,069,911
		3,225,000
Total consideration		41,909,329
Allocated as follows:		
Identified fair value of net assets:		
Cash	$	2,975,826
Receivables		64,938
Prepaid expenses		97,914
Investment in Green Life Clinics Inc.		3,225,000
Due from Green Life Clinics Inc.		1,464,750
Due from Medical Cannabis Resource Centre Inc.		486,990
Due from related party		50,000
Accounts payable		(68,061)
Due to related company		(3,406)
		8,293,951
Transaction cost		33,615,378
	$	41,909,329

(c) On May 15, 2017, the GLC signed a share purchase agreement for the acquisition of Patient Access Pavilions ("PAP"), a marketing technology company used to verify, sort and compile possible ACMPR (access to cannabis for medical purposes regulations) patients. Pursuant to the agreement, GLC will pay an aggregate consideration of $2,000,000 payable in cash (paid to PAP shareholder) and the issuance of 5,000,000 GLC Shares. The acquisition is expected to complete immediately prior to the amalgamation with Leo Resources Inc. The fair value of the total consideration has been allocated as below:

Fair value of shares issued (5,000,000 shares at $0.25 per share)	$	1,250,000
Cash consideration		2,000,000
Total consideration		3,250,000
Allocated as follows:		
Identified fair value of net assets:		
Accounts payable and accrued liabilities	$	(450,000)
Due to related party		(249,999)
Due to Green Life Clinics Inc.		(680,500)
		(1,380,499)
PAP customer relationship		292,188
Deferred income tax liability		(78,891)
Goodwill		4,417,202
	$	3,250,000

(d) The Company completed a non-brokered private placement for 24,664,500 units at a price of $0.50 per share for gross proceeds of $12,332,250. Each unit consists of one common share and one half of one common share purchase warrant. Each full warrant will entitle the holder to purchase an additional common share at the price of 85 cents per share for a period of 12 months from the closing of the transaction. In connection with the private placement, the Company has paid finders' fees in the amount of $2,227,378 cash and 468,727 common share purchase warrants entitling the finder to purchase common shares of the Company having the same terms as the warrants issued in the financing. The fair value of finders' warrants was $493,166 valued using the Black Scholes option pricing model. These have been included in the condensed consolidated interim financial statements of the Company for the nine months ended April 30, 2018.

2. PRO-FORMA ADJUSTMENTS AND ASSUMPTIONS (CONTINUED)

(e) As of April 30, 2018, the Company paid an aggregate of $1,464,750 on behalf of GLC for GLC and PAP expenses, and $486,990 on behalf of MCRCI.

3. PRO-FORMA SHARE CAPITAL

After giving effect to the pro-forma adjustments and assumptions in Note 2, the issued and fully paid share capital of the Company would be as follows:

		Capital Stock				
	Note	***Shares***	***Amount***	***Reserves***	***Deficit***	***Total Equity***
			$	*$*	*$*	***$***
Common shares GLC issued and outstanding as at March 31, 2018		20,000,000	2,400,000	-	-	***2,400,000***
Common shares of Leo issued and outstanding as at April 30, 2018		30,838,916	7,878,425	-	-	***7,878,425***
Effect of transaction						
Eliminate GLC shares		(20,000,000)	-	-	-	**-**
Issuance of GLC shares to PAP pursuant to share purchase agreement	2(c)	5,000,000	-	-	-	**-**
Issuance of Leo shares to GLC shareholders at exchange ratio 0.603	2(a)	25,000,000	-	-	-	**-**
Fair value of common shares deemed issued by GLC to acquire Leo	2(b)	-	33,614,418	-	-	***33,614,418***
Fair value of GLC common shares issued to acquire PAP	2(c)	-	1,250,000	-	-	***1,250,000***
Revaluation of Leo outstanding warrants on RTO (16,975,977 warrants)		-	-	5,069,911	-	***5,069,911***
Eliminate FV of Leo share capital value		-	(7,878,425)	-	-	***(7,878,425)***
Net loss for the Period		-	-	-	(31,941,221)	***(31,941,221)***
Balance – March 31, 2018		***60,838,916***	***37,264,418***	***5,069,911***	***(31,941,221)***	***10,393,108***

4. EFFECTIVE TAX RATE

The pro-forma effective income tax rate applicable to the consolidated operations subsequent to the completion of the Amalgamation is 26%.

CERTIFICATE OF THE ISSUER

The foregoing contains full, true and plain disclosure of all material information relating to the Resulting 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 22nd day of August, 2018.

Sam Chaudry (signed)

Chief Executive Officer

Konstantin Lichtenwald (signed)

Chief Financial Officer

Ken Tollstam (signed)

Director

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 Vancouver, British Columbia

this 22nd day of August, 2018.

Anthony Jackson (signed)

President

Terry Roycroft (signed)

Director

Sarah Donald (signed)

Director

CERTIFICATE OF MCRCI

The foregoing contains full, true and plain disclosure of all material information relating to MCRCI. 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

t this 22nd day of August, 2018.

Anthony Jackson (signed)

President

Terry Roycroft (signed)

Director

CERTIFICATE OF PAP

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 Vancouver, British Columbia

t this 22nd day of August, 2018.

Anthony Jackson (signed)

President and sole director