



SPROUTLY CANADA, INC.
(the "Company" or the "Issuer")

FORM 2A

LISTING STATEMENT

The table below provides the corresponding section to page numbers between the Canadian Securities Exchange Form 2A Listing Statement and the Company's information circular dated February 28, 2018 (the "**Circular**"), a copy of which is attached hereto as Appendix "A".

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	Information Required by Form 2A Listing Statement	Corresponding Item in Circular	Circular Page Number
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CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, the Company hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to the Company. 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 29th day of June, 2018.

"Keith Dolo"

Keith Dolo
Chief Executive Officer

"Aman Bains"

Aman Bains
Director

APPENDIX "A"

CIRCULAR
(see attached)

NOTICE OF SPECIAL MEETING

and

INFORMATION CIRCULAR

of

SPROUTLY, INC.

For

**The Special Meeting of Shareholders
To be Held on April 20 2018**

Unless otherwise stated, the information herein is given as at February 28, 2018.

LETTER TO SPROUTLY COMMON SHARES SHAREHOLDERS

Dear Shareholders:

You are invited to attend a special meeting (the "**Meeting**") of holders ("**Sproutly Shareholders**") of common shares (the "**Sproutly Shares**") of Sproutly, Inc. ("**Sproutly**") to be held at 10th Floor, 595 Howe Street, Vancouver, British Columbia on April 20, 2018 at 10:00 a.m. (Vancouver time).

At the Meeting, you will be asked to consider, and, if thought advisable, to approve a special resolution (the "**Arrangement Resolution**") authorizing and approving the acquisition of all of the issued and outstanding Sproutly Shares by Stone Ridge Exploration Corp. ("**Stone Ridge**") by way of a plan of arrangement (the "**Arrangement**") under the provisions of the *Canada Business Corporations Act*. Under the terms of the amended and restated arrangement agreement between Sproutly and Stone Ridge dated March 20, 2018 (collectively, the "**Arrangement Agreement**"), Stone Ridge has agreed to complete a 2:1 share consolidation (the "**Consolidation**") prior to the completion of the Arrangement, whereby Sproutly Shareholders will receive 2.02937459412508 post-Consolidation common shares of Stone Ridge (the "**Stone Ridge Shares**") in exchange for each Sproutly Share held.

The board of directors of Sproutly has concluded that the Arrangement is in the best interests of Sproutly and recommends that the Sproutly Shareholders vote in favour of the Arrangement Resolution.

Upon completion of the transaction contemplated by the Arrangement Agreement, Sproutly will become a wholly-owned subsidiary of Stone Ridge.

The Arrangement Resolution must be approved by at least 66 $\frac{2}{3}$ % of the votes cast by Sproutly Shareholders voting either in person or by proxy at the Meeting.

Completion of the Arrangement is subject to certain conditions under the Arrangement Agreement, including, but not limited to, the receipt of the approval of the Sproutly Shareholders at the Meeting and the completion of a private placement of up to \$3,700,000 in convertible debentures convertible into Sproutly Shares at \$0.35 per Sproutly Share.

The enclosed information circular contains a detailed description of the Arrangement, as well as information regarding Stone Ridge and Sproutly. Please give this material your careful consideration and consult your financial, tax or other professional advisors.

If you are unable to attend the Meeting in person, please complete and deliver the enclosed form of proxy in order to ensure your Sproutly Shares are voted at the Meeting. Proxies submitted must be received by 10:00 a.m. (Vancouver time) on April 18, 2018.

Yours very truly,

Sproutly, Inc.

"KEITH DOLO"

Chief Executive Officer

SPROUTLY, INC.
Suite 1050 – 1095 West Pender Street
Vancouver, BC
V6E 2M6 Canada

NOTICE OF SPECIAL MEETING OF COMMON SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting (the "**Meeting**") of holders (the "**Sproutly Shareholders**") of common shares (the "**Sproutly Shares**") of Sproutly, Inc. ("**Sproutly**") will be held at 10th Floor, 595 Howe Street, Vancouver, British Columbia, on April 20, 2018 at the hour of 10:00 a.m. (Vancouver time) for the following purposes:

- (1) to consider and, if deemed advisable, to pass with or without variation, a special resolution (the "**Arrangement Resolution**") authorizing and approving the acquisition of all of the issued and outstanding Sproutly Shares by Stone Ridge Exploration Corp. ("**Stone Ridge**") in exchange for common shares of Stone Ridge by way of a plan of arrangement (the "**Plan of Arrangement**") under section 192 of the *Canada Business Corporations Act* (the "**CBCA**"); and
- (2) to transact such further or other business as may properly come before the Meeting and any adjournment thereof.

The full text of the Arrangement Resolution is set out in Schedule "A" to the accompanying information circular (the "**Circular**"). The Arrangement Resolution must be passed by at least 66⅔% of the votes cast by Sproutly Shareholders present in person or by proxy at the Meeting.

Accompanying this Notice is the Circular in respect of the Meeting, which includes the full text of the Arrangement Resolution and detailed information relating to the matters to be addressed at the Meeting, and a form of proxy.

The board of directors of Sproutly recommends that Sproutly Shareholders vote FOR the Arrangement Resolution.

If you are not able to be present at the Meeting, please exercise your right to vote by signing and returning the enclosed form of proxy to Computershare Investor Services Inc. not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

The enclosed form of proxy appoints nominees of management of Sproutly as proxyholder and you may amend the proxy, if you wish, by inserting in the space provided the name of the person you wish to represent you as proxyholder at the Meeting.

If you are an unregistered Sproutly Shareholder and received these materials through your broker or through another intermediary, please complete and return the proxy form or other authorization form provided to you by your broker or intermediary in accordance with the instructions provided by such broker or other intermediary well in advance of the Meeting.

Pursuant to the Interim Order (as defined in the Circular), each registered Sproutly Shareholder has been granted the right to dissent in respect of the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair market value of such holder's Sproutly Shares in accordance with section 190 of the CBCA, as modified and by Article 5 of the Plan of Arrangement and the Interim Order.

To exercise such right, (a) a written notice of dissent to the Arrangement Resolution must be received by Sproutly, at its office at Suite 1050 – 1095 West Pender Street, Vancouver, British Columbia V6E 2M6 , Attention: Keith Dolo, Chief Executive Officer, not later than 4:30 p.m. (Vancouver time) on April 18, 2018, or two business days prior to any adjournment or postponement of the Meeting, (b) the Sproutly Shareholder must not have voted in favour of the Arrangement Resolution, and (c) the Sproutly Shareholder must have otherwise complied with the provisions of section 190 of the CBCA, as modified by Article 5 of the Plan of Arrangement and the Interim Order. The right to dissent is described in the Circular and a copy of the Interim Order and the text of section 190 of the CBCA are set forth in Schedule “D” and Schedule “F”, respectively, to the Circular.

Persons who are beneficial owners of Sproutly Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered holders of Sproutly Shares are entitled to dissent. Accordingly, a beneficial owner of Sproutly Shares desiring to exercise this right must make arrangements for the Sproutly Shares beneficially owned by such person to be registered in his, her or its name prior to the time the written notice of dissent to the Arrangement is required to be received by Sproutly or, alternatively, make arrangements for the registered holder of Sproutly Shares to dissent on his, her or its behalf.

Failure to strictly comply with the requirements set forth in section 190 of the CBCA, as modified by Article 5 of the Plan of Arrangement and the Interim Order, may result in the loss of any right of dissent.

DATED this 28th day of February, 2018

Sproutly, Inc.

“Keith Dolo”

Chief Executive Officer

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SCHEDULE "A"	ARRANGEMENT RESOLUTION
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SCHEDULE "L"	INFORMATION CONCERNING SPROUTLY
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SCHEDULE "N"	INFORMATION CONCERNING THE RESULTING ISSUER

GLOSSARY OF DEFINED TERMS

The following is a glossary of certain terms used in this Circular, including the Summary that follows. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. Certain additional terms are defined within the body of this Circular and in such cases will have the meanings ascribed thereto.

ACMPR	The <i>Access to Cannabis for Medical Purposes Regulations</i> (Canada), as amended.
ACMPR Application	An application to become a licenced producer of medical cannabis under the ACMPR or equivalent predecessor legislation in Canada.
Affiliate	Has the meaning set forth in the CBCA.
Applicable Corporate Laws	In the context that refers to one or more persons, means all corporate laws, including the CBCA and/or BCBCA (as applicable), as the foregoing apply to such person or persons or its or their business, undertaking, property or securities and emanate from a person having jurisdiction over the person or persons or its or their business, undertaking, property or securities.
Arrangement	The arrangement under section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement and any amendments thereto or variations thereof made in accordance with its terms.
Arrangement Agreement	The amended and restated arrangement agreement dated March 20, 2018 between Stone Ridge and Sproutly, a copy of which is attached as Schedule "B" hereto.
Arrangement Resolution	The Special Resolution under the CBCA approving the Arrangement to be voted on, with or without variation, by the Sproutly Shareholders at the Meeting, the full text of which is attached as Schedule "A" to this Circular.
BCBCA	The <i>Business Corporations Act</i> (British Columbia).
CBCA	The <i>Business Corporations Act</i> (Canada).
CBD	Cannabidiol.
Certificate of Arrangement	The certificate of arrangement giving effect to the Arrangement, issued pursuant to Subsection 192(7) of the CBCA.
Circular	This information circular.
Closing	The closing of the Transaction.
Consolidation	The consolidation of the issued and outstanding Stone Ridge Shares on the basis of two (2) pre-Consolidation Stone Ridge Shares for one (1) Post-Consolidation Stone Ridge Share.
Court	The Supreme Court of British Columbia.
CSE	The Canadian Securities Exchange.

CSE Conditional Acceptance	Either a conditional acceptance letter or other written confirmation from the CSE that, following the satisfaction of the conditions set out by the CSE, the Resulting Issuer, after giving effect to the transactions contemplated by the Arrangement Agreement will qualify for listing on the CSE.
Dissent Rights	The rights of a Sproutly Shareholder to dissent to the Arrangement Resolution and receive fair value for their Sproutly Shares, as more particularly described under the heading "Rights of Dissenting Shareholders".
Dissenting Shareholder	A Sproutly Shareholder who validly exercises Dissent Rights and thereby becomes entitled to receive the fair value of their Sproutly Shares.
DRS Statements	Direct Registration System statements.
Effective Date	The date that is shown on the Certificate of Arrangement.
Effective Time	The first moment of time (Vancouver time) on the Effective Date.
Environmental Laws	All applicable federal, provincial, state, local and foreign laws imposing liability or standards of conduct for or relating to the regulation of activities, materials, substances or wastes in connection with or for the protection of human health, safety, the environment or natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation).
Environmental Liability	With respect to any person, all liabilities, obligations, responsibilities, remedial and removal costs, investigation costs, capital costs, operation and maintenance costs, losses, damages, punitive damages, property damages, consequential damages, treble damages, costs and expenses, fines, penalties and sanctions incurred as a result of or related to any claim, suit, action, administrative order, investigation, proceeding or demand by any person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law, relating to any environmental matter arising under or related to any Environmental Laws, Environmental Permits, or in connection with any release or threatened release or presence of a Hazardous Substance whether on, at, in, under, from, or about or in the vicinity of any real or personal property.
Environmental Permits	All permits, licenses, written authorizations, certificates, approvals, program participation requirements, sign-offs or registrations required by or available with or from any Governmental Authority under any Environmental Laws.
Exchange Act	The United States <i>Securities Exchange Act of 1934</i> , as amended.
Exchange Ratio	The ratio of 2.02937459412508 Post-Consolidation Stone Ridge Shares for each one (1) Sproutly Share, upon and subject to the terms and conditions of the Arrangement Agreement.
Final Order	The final order of the Court approving the Arrangement as provided in Section 6.4 of the Arrangement Agreement.

Governmental Entity or Governmental Authority	Any (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (ii) any subdivision, agency, commission, board or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.
IFRS	The International Financial Reporting Standards as set by the International Accounting Standards Board.
Interim Order	The interim order of the Court dated on or around March 26, 2018 pursuant to Section 192 of the CBCA, providing for, among other things, the calling of the Meeting, a copy of which is attached as Schedule "D" hereto.
Letter of Intent	The letter of intent between Stone Ridge and Sproutly dated November 17, 2017, as amended November 24, 2017 in respect of the Arrangement.
Listing	The listing of the Post-Consolidation Stone Ridge Shares on the CSE or such other Canadian stock exchange as may be agreed upon by the Parties.
Material Adverse Change	In respect of either Stone Ridge or Sproutly, as the case may be, any change in the business, operations, results of operations, assets, capitalization, financial condition, licenses, permits, leases, concessions, rights, liabilities, prospects or privileges, whether contractual or otherwise, of such party or any subsidiary, which is materially adverse to the business of such party and its subsidiaries (considered as a whole), other than a change (i) that arises out of a matter that has been publicly disclosed or otherwise disclosed in writing by a party to the other prior to the date thereof; (ii) that results from conditions affecting the cannabis industry generally; (iii) that results from general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere; or (iv) that is consented to by the other party to the Arrangement Agreement or results from any matter consented to by the other party to the Arrangement Agreement.
Material Adverse Effect	In relation to any event or change, means an effect that is or would reasonably be expected to be materially adverse to the financial condition, operations, assets, liabilities, or business of Stone Ridge or Sproutly, as the case may be, and their respective subsidiaries (considered as a whole); provided that a Material Adverse Effect shall not include an adverse effect resulting from a change (i) that arises out of a matter that has been publicly disclosed or otherwise disclosed in writing by a party to the other; (ii) that results from conditions affecting the cannabis industry generally; or (iii) that results from general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere; or (iv) that is consented to by the other party to the Arrangement Agreement or results from any matter consented to by the other party to the Arrangement Agreement.
MD&A	Management's discussion and analysis on Form 51-102F1.
Meeting	The special meeting of Sproutly Shareholders to be held at 10:00 a.m. (Vancouver time) on April 20, 2018 for the purpose of voting on the Arrangement Resolution, and any adjournment or postponement thereof.

Outside Date	May 7, 2018, or such later date as may be agreed to in writing by Sproutly and Stone Ridge.
person	Includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government, regulatory authority or other entity, as the context requires.
Plan of Arrangement	The plan of arrangement involving Sproutly, Stone Ridge and the Sproutly Shareholders, attached as Schedule "A" to the Arrangement Agreement, which is attached as Schedule "B" hereto, and any amendments or variations thereto made in accordance with its terms.
Post-Consolidation Stone Ridge Share	Each common share of Stone Ridge immediately after giving effect to the Consolidation.
Record Date	March 26, 2018 being the date for determining Sproutly Shareholders entitled to receive notice of and vote at the Meeting.
Registrar	The British Columbia Registrar of Companies appointed under the BCBCA.
Regulatory Approvals	All regulatory approvals required to be obtained prior to the Effective Time for all of the transactions contemplated herein, including without limitation all required approvals of the Regulatory Authorities.
Regulatory Authorities	Collectively, the CSE and the securities commissions and, if applicable, the securities regulatory authority, in the applicable jurisdictions in Canada.
Resulting Issuer	Stone Ridge after completion of the Transaction and giving effect to the Stone Ridge Name Change.
Resulting Issuer Shares	The common shares in the capital of the Resulting Issuer following the Effective Date.
Securities Authorities	The British Columbia Securities Commission and the other applicable securities regulatory authorities in Canada collectively.
Securities Legislation	The securities legislation of each of the provinces and territories of Canada, and the Exchange Act and U.S. Securities Act each as now enacted or as amended and the applicable rules, regulations, rulings, orders, instruments and forms made or promulgated under such statutes, as well as the rules, regulations, by-laws and policies of the CSE.
SEDAR	System for Electronic Document Analysis and Retrieval.
Special Resolution	A resolution required to be approved by not less than sixty-six and two thirds (66⅔%) of the votes cast by those Sproutly Shareholders who (being entitled to do so) vote in person or by proxy at the Meeting.
Sproutly Board	The board of directors of Sproutly.
Sproutly or the Company	Sproutly, Inc., a corporation incorporated under the laws of Canada.

Sproutly 2017 Convertible Debenture	Outstanding convertible debenture of Sproutly in the aggregate principal amount of \$330,000, which is convertible into units of Sproutly at a conversion price of \$0.30 per unit, which entitles the holder to acquire up to 1,100,000 Sproutly Shares and 550,000 Sproutly Warrants until May 30, 2018, which Sproutly Warrants entitle the holder to acquire 550,000 Sproutly Shares at a price of \$0.45 per share until November 30, 2019.
Sproutly 2018 Convertible Debentures	Convertible debentures of Sproutly in the aggregate principal amount of \$3,700,000, which are convertible into Sproutly Shares at a conversion price of \$0.35 per share issued pursuant to the Sproutly Private Placement.
Sproutly Financial Statements	The audited financial statements of Sproutly for the period ended November 30, 2017.
Sproutly Name Change	The change of name of Sproutly in order to facilitate the Stone Ridge Name Change, if required.
Sproutly Option Plan	Means the stock option plan of Sproutly existing immediately prior to the Effective Time.
Sproutly Options	The options to purchase Sproutly Shares outstanding under the Sproutly Option Plan.
Sproutly Private Placement	A private placement of up to \$3,700,000 in convertible debentures, convertible into Sproutly Shares at \$0.35 per share.
Sproutly Shareholders	The holders of Sproutly Shares.
Sproutly Shares	The common shares in the capital of Sproutly.
Sproutly Warrants	3,706,580 warrants exercisable to purchase up to 3,706,580 Sproutly Shares until January 30, 2020 at a price of \$1.50 per share; and, when the Sproutly 2017 Convertible Debenture is exercised, 550,000 warrants exercisable to purchase up to 550,000 Sproutly Shares until November 30, 2019 at a price of \$0.45 per share.
Stone Ridge	Stone Ridge Exploration Corp., a corporation incorporated under the laws of British Columbia.
Stone Ridge Board	The board of directors of Stone Ridge.
Stone Ridge Governing Documents	The notice of articles and articles of Stone Ridge.
Stone Ridge Name Change	The change of name of Stone Ridge to "Sproutly, Inc." or such other name as may be agreed upon by Stone Ridge and Sproutly.
Stone Ridge Options	The options to purchase Stone Ridge Shares outstanding under the Stone Ridge Stock Option Plan.
Stone Ridge Public Disclosure Record	All documents and information required to be filed by Stone Ridge under securities laws on SEDAR during the two years prior to the date of the Arrangement Agreement.
Stone Ridge Shares	The common shares in the capital of Stone Ridge prior to the completion of the Consolidation.

Stone Ridge Stock Option Plan	The stock option plan of Stone Ridge.
Stone Ridge Warrants	Collectively, warrants exercisable to purchase up to 441,500 Stone Ridge Shares until April 13, 2018 at a price of \$0.10 per share; warrants exercisable to purchase up to 7,425,000 Stone Ridge Shares until January 12, 2019 at a price of \$0.10 per share; and warrants exercisable to purchase up to 1,350,000 Stone Ridge Shares until January 12, 2019 at a price of \$0.05 per share.
Tax Act	The <i>Income Tax Act</i> (Canada), as amended.
THR	Toronto Herbal Remedies Inc., a corporation incorporated under the laws of Ontario.
THR Acquisition	The acquisition by Sproutly of 100% of the issued and outstanding common shares of THR, which acquisition is scheduled to close on February 28, 2018.
THR Facility	The secured site facility located in the Greater Toronto Area owned by THR for the proposed purposes of the production and storage of medical cannabis when licenced under the ACMPR.
Transaction	The proposed acquisition of all of the outstanding securities of Sproutly by Stone Ridge and related transactions, including the Consolidation, all pursuant to the terms of the Arrangement Agreement and the Plan of Arrangement.
TSX Trust	TSX Trust Company, the registrar and transfer agent for the Stone Ridge Shares.
U.S. Securities Act	The United States <i>Securities Act of 1933</i> , as amended.
United States	The United States of America, its territories and possessions, any state of the United States and the District of Columbia.

CURRENCY

Unless otherwise indicated, all references to "\$", "CDN\$" or "dollars" in this Circular refer to Canadian dollars. Sproutly and Stone Ridge's accounts are maintained in Canadian dollars.

INFORMATION RELATING TO STONE RIDGE

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

FORWARD-LOOKING STATEMENTS

This Circular contains forward-looking statements or forward-looking information within the meaning of applicable securities legislation (hereinafter collectively referred to as "**forward-looking statements**") concerning Sproutly's plans and expectations in respect of the Transaction, the Resulting Issuer and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements.

Forward-looking statements contained in this Circular include statements with respect to:

- expectations relating to the potential benefits of the Transaction;
- Sproutly's strategy, development and commercialization plans and estimated use of available funds of the Resulting Issuer;
- market prices, values and other economic indicators; and
- receipt and timing of governmental approvals, including Health Canada approvals.

Forward-looking statements are subject to a variety of risks and uncertainties, which could cause actual events or results to differ materially from those reflected in the forward-looking statements, including, without limitation:

- risks related to the ability to obtain financing needed to fund the continued development of Sproutly's business;
- risks related to securing users and customers of Sproutly's product;
- risks related to securing and protecting Sproutly's intellectual property rights;
- risks related to Sproutly's failure to economically commercialize its product;
- risks related to delays or other problems in the third-party manufacturing process;
- risks related to Sproutly's failure to obtain necessary Health Canada approvals as scheduled or at all;
- risks related to Sproutly's inability to maintain or improve its competitive position;
- risks related to Sproutly's ability to establish its business internationally;
- risks related to Sproutly's ability to maintain or improve upon the medical effectiveness and usefulness of its product to intended users in the medical services industry;
- risks related to Sproutly's failure to retain key personnel and hire additional personnel needed to develop its business;

- risks related to Sproutly's failure to adequately evaluate its current business and the future prospects of the Resulting Issuer;
- risks related to Sproutly's business practice reputation being negatively affected by client or user complaints or negative publicity;
- market conditions and volatility and global economic conditions;
- risks associated with agreements with third parties relating to Sproutly's business, including agreements to manufacture and sell the Company's product, and the ability to conclude such agreements on favourable terms;
- the uncertainty of profitability based upon Sproutly's history of losses;
- risks related to foreign exchange rate fluctuations, as applicable;
- insurance and tax risks; and
- general risks and uncertainties related to the Resulting Issuer's prospects and business strategy on completion of the Arrangement.

These forward-looking statements are based on certain assumptions which Sproutly and Stone Ridge believe are reasonable in relation to the Resulting Issuer, including:

- that additional financing required by the Resulting Issuer from time to time will be available on reasonable terms;
- assumptions relating to commercialization, growth plans and cash flows;
- assumptions relating to demand for Sproutly's initial products;
- assumptions relating to Sproutly's ability to protect its intellectual property rights;
- assumptions relating to Sproutly's ability to attract and retain product users and customers;
- assumptions relating to Sproutly's ability to develop and commercialize technologies;
- market stability and general economic conditions; and
- that key management and directors will be retained by the Resulting Issuer.

Some of the important risks and uncertainties that could affect forward-looking statements are also described in further detail in "The Arrangement – Arrangement Risk Factors", "Information Concerning Sproutly – Risk Factors" and "Information Concerning the Resulting Issuer – Risk Factors" in this Circular. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and Sproutly undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, other than as required by applicable laws. Sproutly Shareholders and investors are therefore cautioned against placing undue reliance on forward-looking statements.

Additional risks and uncertainties not currently known to Sproutly or Stone Ridge, or that are currently deemed to be immaterial, may also materially and adversely affect the Resulting Issuer's business and prospects.

NOTE TO UNITED STATES SECURITYHOLDERS

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

SUMMARY

The following is a summary of the principal features of the Arrangement and certain other matters and should be read together with the more detailed information and financial data and statements contained or referred to elsewhere in this Circular, including the schedules hereto. This Summary is qualified in its entirety by the more detailed information contained or referred to elsewhere in this Circular.

THE MEETING

The Meeting will be held on April 20, 2018 at 10:00 a.m. (Vancouver time) at 10th Floor, 595 Howe Street, Vancouver, British Columbia. The Record Date for determining Sproutly Shareholders eligible to vote at the Meeting is March 26, 2018.

This Circular is being furnished in connection with the solicitation of proxies by management of Sproutly for use at the Meeting.

At the Meeting, Sproutly Shareholders will be asked to consider and, if thought fit, to pass the Arrangement Resolution approving the Arrangement. See "General Proxy Information" and "The Arrangement" in the Circular.

SUMMARY OF STONE RIDGE

Stone Ridge's principal business has been mineral exploration in British Columbia. Its objective was to locate and develop economic precious and base metals properties of merit. Stone Ridge has no subsidiaries.

The authorized share structure of Stone Ridge consists of an unlimited number of common shares without par value, of which 31,193,500 common shares are issued and outstanding as at the date of this Circular. As a condition to completing the Transaction, Stone Ridge must effect the Stone Ridge Consolidation.

See "Information Concerning Stone Ridge" in the Circular.

SUMMARY OF SPROUTLY

Sproutly is a privately-owned company incorporated under the CBCA on January 17, 2017 under the name "Sproutly, Inc." with approximately 149 Sproutly Shareholders. The registered office of Sproutly is located at 10th Floor, 595 Howe Street, Vancouver, BC V6C 2T5 and head office of Sproutly is located at #1050 - 1095 W. Pender Street, Vancouver, BC V6E 2M6.

Upon completion of the THR Acquisition, Sproutly will have one wholly-owned subsidiary, THR, a late-stage ACMPR applicant. Sproutly's objective is to capitalize on the growing medicinal and impending legal recreational cannabis markets in Canada. Sproutly's vision is to become a leader in the production of cannabis and cannabis-based products while creating a brand focused on innovative CBD and ultra-premium products.

The authorized share structure of Sproutly consists of an unlimited number of Sproutly Shares, of which 28,957,548 Sproutly Shares are issued and outstanding as at the Record Date.

See "Information Concerning Sproutly" in the Circular.

THE ARRANGEMENT

Summary

Pursuant to the Arrangement, each Sproutly Share that is issued and outstanding immediately prior to the Effective Time will be transferred, and will be deemed to be transferred, without further act or formality, to Stone Ridge in exchange for 2.02937459412508 Post-Consolidation Stone Ridge Shares.

In accordance with the Sproutly Option Plan, each holder of a Sproutly Option outstanding immediately prior to the Effective Time shall receive (and such holder shall accept), subject to a possible adjustment as describe below, upon the exercise of such holder's Sproutly Option, in lieu of such Sproutly Share to which such holder was theretofore entitled, upon such exercise and for the same aggregate consideration payable therefor, the number of Post-Consolidation Stone Ridge Shares equal to the product of:

- (a) the number of Sproutly Shares subject to such Sproutly Option immediately prior to the Effective Time; and
- (b) the Exchange Ratio.

Each such Sproutly Option shall continue to be governed by and subject to the terms of the Sproutly Option Plan and any applicable agreements thereunder.

In accordance with the certificates governing the terms and conditions of the Sproutly Warrants, each holder of a Sproutly Warrant outstanding immediately prior to the Effective Time shall be entitled to receive (and such holder shall accept), upon the exercise of such holder's Sproutly Warrants, in lieu of each Sproutly Share to which such holder was theretofore entitled, upon such exercise and for the same aggregate consideration payable therefor, the number of Post-Consolidation Stone Ridge Shares equal to the product of:

- (a) the number of Sproutly Shares subject to such Sproutly Warrant immediately prior to the Effective Time; and
- (b) the Exchange Ratio.

Each Sproutly Warrant shall continue to be governed by and be subject to the terms of the certificate governing the terms and conditions of such Sproutly Warrant.

The disclosure herein of the Plan of Arrangement is qualified in its entirety by reference to the full text of the Plan of Arrangement and the Arrangement Agreement.

Upon completion of the Transaction, Sproutly will become a wholly-owned subsidiary of Stone Ridge and Stone Ridge will have changed its name to "Sproutly Inc." or such other name as may be agreed to between Sproutly and Stone Ridge.

As of the Record Date, there will be the following Sproutly securities outstanding:

- a) 28,957,548 Sproutly Shares;
- b) 1,450,000 Sproutly Options which entitle the holders thereof to acquire 1,450,000 Sproutly Shares at a price of \$0.01 per share until March 25, 2027;

- c) 50,000 Sproutly Options which entitle the holder thereof to acquire 50,000 Sproutly Shares at a price of \$0.01 per share until April 18, 2027;
- d) 2,000,000 Sproutly Options which entitle the holders thereof to acquire 2,000,000 Sproutly Shares at a price of \$0.50 per share until March 25, 2027;
- e) 3,706,580 Sproutly Warrants which entitle the holders thereof to acquire 3,706,580 Sproutly Shares at a price of \$1.50 per share until January 30, 2020, and January 31, 2020; and
- f) a \$330,000 Sproutly 2017 Convertible Debenture, which would be automatically converted into 1,100,000 Sproutly Shares and 550,000 Sproutly Warrants, which Sproutly Warrants will entitle the holder to acquire 550,000 Sproutly Shares at a price of \$0.45 per share until November 30, 2019.

As of the Record Date, there will be the following Stone Ridge securities outstanding:

- a) 31,193,500 Stone Ridge Shares;
- b) 400,000 Stone Ridge Options which entitle the holders thereof to acquire an aggregate of 400,000 Stone Ridge Shares at \$0.10 per share and which expire May 4, 2020;
- c) 441,500 Stone Ridge Warrants which entitle the holders thereof to acquire an aggregate of 441,500 Stone Ridge Shares at \$0.10 per share and which expire until April 13, 2018;
- d) 7,425,000 Stone Ridge Warrants which entitle the holders thereof to acquire an aggregate of 7,425,000 Stone Ridge Shares at \$0.10 per share until January 12, 2019; and
- e) 1,350,000 Stone Ridge Warrants which entitle the holders thereof to acquire an aggregate of 1,350,000 Stone Ridge Shares at \$0.05 per share until January 12, 2019.

After giving effect to the Transaction (including the Consolidation), the THR Acquisition and the issuance of Sproutly Shares in connection with certain advisory services, there will be approximately 121,957,053 Resulting Issuer Shares outstanding, of which 19,450,437 or approximately 15.95% will be held by the former holders of Stone Ridge Shares, assuming no additional Stone Ridge Shares are issued other than pursuant to the Transaction and no convertible securities of Sproutly (other than the Sproutly 2018 Convertible Debentures and the Sproutly 2017 Convertible Debenture) are exercised and no additional Sproutly Shares are issued.

For further information relating to the Arrangement, see "The Arrangement" in the Circular. The full particulars of the Arrangement are contained in the Plan of Arrangement, a copy of which is attached as Schedule "A" to the Arrangement Agreement attached as Schedule "B" to the Circular.

Directors and Officers of the Resulting Issuer

At the Closing, pursuant to the Arrangement Agreement the number of members of the board of directors of the Resulting Issuer will be increased to four (4) and its directors and officers are expected to be comprised of the following individuals, with two additional directors to be chosen by Sproutly:

<u>Name</u>	<u>Position in Stone Ridge</u>
Keith Dolo	Chief Executive Officer, President, and Director
Craig Loverock	Chief Financial Officer
Karin Studer	Chief Operating Officer
Aman Bains	Director

Reasons for the Arrangement

The board of directors and management of Sproutly believe that the Arrangement is in the best interests of the Sproutly Shareholders, as the shareholders are expected to benefit from combining Stone Ridge's CSE listing to enable further development and funding of Sproutly's business and to provide trading liquidity to Sproutly Shareholders. The Transaction is expected to be beneficial to Sproutly Shareholders for the various other reasons set forth under "The Arrangement – Reasons for the Arrangement" and "The Arrangement – Recommendation of the Board" in the Circular.

Available Funds

As of January 31, 2018, Stone Ridge had a working capital of approximately \$507,983 and Sproutly had a working capital shortfall of approximately \$227,861. Accordingly, the estimated consolidated working capital on an adjusted basis to the Resulting Issuer as of January 31, 2018 is approximately \$280,112.

The available funds will be used primarily to fund, among other things, sales and marketing, research and development, for administrative costs and for general working capital purposes and to pay for the regulatory and legal costs to complete the Transaction. See "Information Concerning the Resulting Issuer – Available Funds and Principal Purposes".

Recommendation of the Sproutly Board

The Sproutly Board has unanimously determined that the terms of the Transaction are in the best interests of Sproutly and are fair and reasonable to Sproutly and the Sproutly Shareholders and unanimously recommends that Sproutly Shareholders vote in favour of the Arrangement Resolution. In reaching its determination, the Sproutly Board considered the Transaction and the other factors described under "The Arrangement – Recommendation of the Sproutly Board".

Conditions to the Arrangement

The completion of the Arrangement is subject to a number of specified conditions precedent, including, among other things:

- (a) obtaining all necessary regulatory approvals, including CSE Conditional Acceptance;
- (b) the approval by the Sproutly Shareholders and the Court of the Arrangement;
- (c) completion of the Consolidation;
- (d) completion of the Stone Ridge Name Change;

- (e) completion of the THR Acquisition;
- (f) completion of the Sproutly Private Placement;
- (g) no material adverse changes in the assets, business or liabilities of Stone Ridge or Sproutly;
- (h) holders of no more than 5% of the outstanding Sproutly Shares shall have exercised Dissent Rights;
- (i) the Effective Date shall be on or before the Outside Date; and
- (j) the Final Order having been granted in form and substance satisfactory to Sproutly and Stone Ridge.

See "The Arrangement – Arrangement Agreement – Conditions to the Arrangement Becoming Effective", "The Arrangement – Arrangement Agreement – Conditions to the Obligations of Stone Ridge" and "The Arrangement – Arrangement Agreement – Conditions to the Obligations of Sproutly" in the Circular.

Stock Exchange Approvals

Stone Ridge is a public company listed on the CSE. It is a condition of Closing that CSE Conditional Acceptance shall have been obtained. See "The Arrangement – Conduct of Meeting and Other Approvals – Regulatory Approvals" in the Circular.

Shareholder Approval

Pursuant to the terms of the Interim Order, the Arrangement Resolution approving the Arrangement and the Arrangement Agreement must be passed, with or without variation, by 66 $\frac{2}{3}$ % of all votes cast with respect to the Arrangement Resolution by the Sproutly Shareholders present in person or by proxy at the Meeting.

If more than 5% of the outstanding Sproutly Shares held by persons that are not insiders of Sproutly become the subject of Dissent Rights, the Arrangement may be terminated by either Stone Ridge or Sproutly and should the Sproutly Shareholders fail to approve the Arrangement by the requisite resolution at the Meeting, the Arrangement will be terminated.

See "The Arrangement – Conduct of Meeting and Other Approvals – Shareholder Approval" in the Circular.

Court Approval

Provided that the Arrangement is approved by the requisite majority of the Sproutly Shareholders at the Meeting and certain other conditions are met, Sproutly will make an application to the Court for the Final Order at 9:45 a.m. Vancouver time (or so soon thereafter as legal counsel can be heard) on or around April 27, 2018 at the Court House at 800 Smithe Street, Vancouver, British Columbia. At the hearing for the Final Order any securityholder or creditor of Sproutly who has filed a Response to Petition has the right to appear, be heard and present evidence if such person is of the view that his or her interests may be prejudiced by the Arrangement. See also Schedule "D" – Interim Order and Schedule "F" – Notice of Petition.

Any Sproutly Shareholder who wishes to appear or be represented and to present evidence or arguments at that hearing must file and serve a response to petition no later than 4:00 p.m. (Vancouver time) on

April 25, 2018 along with any other documents required, all as set out in the Interim Order and Notice of Petition, the text of which are set out in Appendix "E" to this Circular and satisfy any other requirements of the Court. Such persons should consult with their legal advisors as to the necessary requirements.

The Court has been advised that the Court's approval of the Arrangement will form the basis for an exemption from registration under the U.S. Securities Act, pursuant to Section 3(a)(10) thereof, for the issuance of the Resulting Issuer Shares to be issued to Sproutly Shareholders in exchange for their Sproutly Shares, pursuant to the Arrangement.

See "The Arrangement – Conduct of Meeting and Other Approvals – Court Approvals" in the Circular.

Dissent Rights

Sproutly Shareholders have the right to dissent to the Arrangement. Dissenting Shareholders who strictly comply with the provisions of the Interim Order are entitled to be paid the fair value of their Sproutly Shares. See the Interim Order attached as Schedule "D" to the Circular. In addition, the Dissent Rights applicable to the Arrangement are summarized under the heading "Rights of Dissenting Shareholders".

Dissenting Shareholders should note that the exercise of Dissent Rights can be a complex, time-sensitive and expensive procedure. Dissenting Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement and the Dissent Rights.

Procedure for Issuance of Resulting Issuer Shares

As soon as practicable after the Effective Date, TSX Trust, the registrar and transfer agent of the Resulting Issuer, will forward or cause to be forwarded by first class mail to such former holder (other than a Dissenting Shareholder who exercised Dissent Rights which remain valid immediately prior to the Effective Time), at the address specified in the share register held by Stone Ridge's transfer agent, DRS Statements issued by TSX Trust, evidencing the number of Resulting Issuer Shares issued to such holder under the Arrangement.

For full details of the procedure, see "The Arrangement - Procedure for Issuance of Resulting Issuer Shares" in the Circular and Article 4 of the Plan of Arrangement.

Stone Ridge Financial Information

The consolidated financial statements, and related management's discussion and analysis, of Stone Ridge referred to in this Circular are available online under Stone Ridge's profile at www.sedar.com. See "Information Concerning Stone Ridge – Stone Ridge Financial Statements".

Sproutly Financial Information

Sproutly's audited financial statements for its most recently completed financial period ended November 30, 2017 are attached as Schedule "H" hereto.

Pro Forma Summary Financial Information

The following table sets out selected pro forma financial information, assuming completion of the Transaction, as of November 30, 2017 (being the date of Sproutly and Stone Ridge's most recent financial statements), and should be considered in conjunction with the more complete information contained in

the pro forma financial statements attached as Schedule "C" to the Circular. All currency amounts are stated in Canadian dollars.

Balance Sheet Data	As at November 30, 2017
Cash	\$5,471,371
Total assets	\$22,278,199
Total liabilities	\$10,494,841
Shareholders' equity	\$12,233,358

Income Tax Considerations

Sproutly Shareholders should consult their own tax advisors about any applicable federal, provincial, state and local tax consequences of the Arrangement in Canada, the United States or other applicable foreign jurisdiction. For Canadian federal income tax purposes, a qualifying Sproutly Shareholder whose Sproutly Shares represent "capital property" generally should not realize a capital gain or capital loss on the exchange of such Sproutly Shares for Resulting Issuer Shares under the Arrangement.

A more detailed summary of the principal Canadian federal income tax considerations in respect of the proposed Arrangement is included under "Certain Canadian Federal Income Tax Considerations" in the Circular and the foregoing is qualified in its entirety by the information in such section.

Securities Laws Information for Canadian Shareholders

The Resulting Issuer Shares distributed to Sproutly Shareholders pursuant to the Arrangement will be distributed under exemptions from the registration and prospectus requirements of Securities Legislation of Canada. The Resulting Issuer Shares which the former Sproutly Shareholders will hold upon completion of the Arrangement may be resold in each of the provinces and territories of Canada, without significant restriction (subject to the trading restrictions imposed under the Plan of Arrangement), provided the Resulting Issuer is and has been a reporting issuer in at least one Canadian jurisdiction for the four (4) months immediately preceding the trade, the holder is not a "control person" as defined in the applicable legislation, no unusual effort is made to prepare the market or create a demand for those securities, no extraordinary commission or consideration is paid in respect of that sale and, if the holder is an insider or officer of the Resulting Issuer, the holder has no reasonable grounds to believe that the Resulting Issuer is in default of securities legislation.

Resales of any of the Resulting Issuer Shares received by Sproutly Shareholders in connection with the Arrangement may be required to be made through properly registered securities dealers. Each holder is urged to consult such holder's professional advisers to determine the conditions and restrictions applicable to trades in the Resulting Issuer Shares.

See "Securities Laws Considerations – Canadian Securities Laws" in the Circular.

Securities Laws Information for United States Shareholders

The Resulting Issuer Shares issuable to Sproutly Shareholders in exchange for their Sproutly Shares under the Arrangement have not been registered under the U.S. Securities Act, and such securities will be issued in reliance on the exemption from registration set forth in Section 3(a)(10) thereof.

See "Securities Law Considerations – United States Securities Laws" in the Circular.

Risk Factors

The securities of Sproutly, Stone Ridge and the Resulting Issuer should be considered highly speculative investments and the transactions contemplated herein should be considered of a high-risk nature. Sproutly Shareholders should carefully consider all of the information disclosed or incorporated by reference in this Circular prior to voting on the matters being put before them at the Meeting under this Circular.

Refer to "The Arrangement – Arrangement Risk Factors" in the Circular for a discussion of the risk factors associated with the Transaction.

Refer to "Information Concerning Sproutly – Risk Factors" for a discussion of the risk factors associated with the business of Sproutly.

Refer to "Information Concerning the Resulting Issuer – Risk Factors" for a discussion of the risk factors associated with the business of the Resulting Issuer on completion of the Transaction.

SPROUTLY, INC.

Suite 1050 – 1095 West Pender Street
Vancouver, BC
V6E 2M6 Canada

INFORMATION CIRCULAR

(As at February 28, 2018, unless otherwise indicated)

GENERAL PROXY INFORMATION

SOLICITATION OF PROXIES

This Circular is furnished in connection with the solicitation of proxies by the management of Sproutly for use at the Meeting and any adjournments thereof.

While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors, officers and regular employees of Sproutly. All costs of all solicitations on behalf of management of Sproutly will be borne by Sproutly.

At the Meeting, Sproutly Shareholders will be asked to consider and, if thought advisable, approve the Arrangement Resolution.

Sproutly has set March 26, 2018 as the Record Date for determining Sproutly Shareholders entitled to vote at the Meeting.

APPOINTMENT OF PROXYHOLDER

A duly completed form of proxy for Sproutly will constitute the persons named in the enclosed form of proxy as the Sproutly Shareholder's proxyholder. The persons whose names are printed in the enclosed form of proxy for the Meeting are directors or officers of the Company (collectively, the "**Management Proxyholders**").

A Sproutly Shareholder has the right to appoint a person other than the Management Proxyholders, to represent the Sproutly Shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form.

Pursuant to Sproutly's by-laws, voting at the Meeting may be given either personally or by proxy; or in the case of a shareholder who is a body corporate or association, by an individual authorized by a resolution of the board of directors or governing body of the body corporate or association to represent it at the Meeting, upon producing a certified copy of such resolution or otherwise establishing his authority to vote to the satisfaction of the secretary or the chairman.

A proxy shall be executed by the shareholder or his attorney authorized in writing and is valid only at the meeting in respect of which it is given or any adjournment of that meeting. A person appointed by proxy need not be a shareholder.

VOTING BY PROXY

Sproutly Shares represented by properly executed proxies of Sproutly and in the accompanying form will be voted on each respective matter where a poll is requested or required in accordance with the instructions of the Sproutly Shareholder.

If no choice is specified and one of the Management Proxyholders is appointed by a Sproutly Shareholder as proxyholder, it is intended that such person will vote in favour of the matters to be voted on at the Meeting.

The enclosed form of proxy also confers discretionary authority upon the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Circular, management of Sproutly knows of no such amendments, variations or other matters to come before the Meeting.

COMPLETION AND RETURN OF PROXY

Each proxy must be dated and signed by the Sproutly Shareholder or his/her attorney authorized in writing. In the case of a Sproutly Shareholder who is a body corporate or association, the proxy must be dated and executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation.

Completed forms of the proxy must be returned or as indicated in the instructions contained on the form of proxy. All proxies in respect of the Meeting must be completed and received not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the commencement of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

Only registered Sproutly Shareholders or duly appointed proxyholders are permitted to vote at the Meeting.

REVOCABILITY OF PROXY

Any registered Sproutly Shareholder who has returned a proxy may revoke it at any time before it has been used. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing, including a proxy bearing a later date, executed by the registered Sproutly Shareholder or by his attorney authorized in writing or, if the registered Sproutly Shareholder is a body corporate or association, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the proxy must be deposited at the registered office of Sproutly as follows:

Sproutly, Inc.
10th Floor, 595 Howe St.
Vancouver, BC
V6C 2T5 Canada

at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of such Meeting.

VOTING SECURITIES AND PRINCIPAL SECURITYHOLDERS

The Record Date for the determination of Sproutly Shareholders entitled to receive notice of, attend and vote at the Meeting was fixed by the Sproutly Board as March 26, 2018.

Voting at the Meeting will be by a show of hands, with each Sproutly Shareholder present having one vote, unless a poll is requested or required whereupon each Sproutly Shareholder or proxyholder present is entitled to one vote for each Sproutly Share held.

Sproutly is authorized to issue an unlimited number of Sproutly Shares. As at the Record Date, 28,957,548 Sproutly Shares will be issued and outstanding.

To the knowledge of the directors and officers of Sproutly, other than as described in the table below, no persons or companies beneficially own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding Sproutly Shares.

Name and Relationship to Sproutly	No. of Sproutly Shares Beneficially Owned Pre-Arrangement	Percentage of Outstanding Sproutly Shares Pre-Arrangement	No. of Resulting Issuer Shares Beneficially Owned Post-Arrangement	Percentage of Outstanding Resulting Issuer Shares Post Arrangement
0788286 B.C. Ltd. ⁽¹⁾	5,500,000	18.99%	11,161,560	9.15% ⁽²⁾
Aman Bains	3,732,244 ⁽³⁾	12.89%	8,292,871 ⁽⁵⁾	6.80% ⁽²⁾
Michael Gokturk	3,150,000 ⁽⁴⁾	10.88%	7,111,280 ⁽⁵⁾	5.83% ⁽²⁾

(1) Holding company owned equally by Aman Bains and Michael Gokturk.

(2) Based on 121,957,053 Resulting Issuer Shares issued and outstanding post-Closing.

(3) Includes 2,750,000 Sproutly Shares held through 0788286 B.C. Ltd., 782,244 Sproutly Shares held through Bray Limited Partnership and 200,000 Sproutly Shares held by Aman's wife, Gursarup Ruby Bains.

(4) Includes 2,750,000 Sproutly Shares held by 0788286 B.C. Ltd and 400,000 Sproutly Shares held by 1145682 BC Ltd., a holding company owned by Michael Gokturk.

(5) Includes 1,437,500 pre-Consolidation Stone Ridge Shares beneficially held.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the directors or officers of Sproutly, any person who has held such a position since the beginning of the last completed financial year of Sproutly nor any associate or affiliate of the foregoing persons, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting, except to the extent that any of the directors and officers of Sproutly currently hold Sproutly Shares, Sproutly Warrants and/or Sproutly Options and, as a result, are expected to hold Resulting Issuer Shares upon completion of the Arrangement, and as otherwise set forth below.

Name and Position with Sproutly	No. of Sproutly Shares held as of the Record Date	No. of Sproutly Options held as of the Record Date	No. of Stone Ridge Shares held as of the Record Date (pre-Consolidation)	No. of Stone Ridge Warrants held as of the Record Date (pre-Consolidation)	No. of Resulting Issuer Shares to be held on completion of Transaction
Keith Dolo, CEO	500,000	2,412,500	500,000	250,000	1,264,687
Karin Studer, Chief Operating Officer	375,412	Nil	Nil	Nil	761,852
Aman Bains, Director	3,732,244 ⁽¹⁾	962,500	1,437,500 ⁽²⁾	718,750 ⁽³⁾	8,292,871
Michael Gokturk, Former Director	3,150,000 ⁽⁴⁾	Nil	1,437,500 ⁽²⁾	718,750 ⁽³⁾	7,111,280

- (1) Includes 2,750,000 Sproutly Shares held through 0788286 B.C. Ltd., 782,244 Sproutly Shares held through Bray Limited Partnership and 200,000 Sproutly Shares held by Aman's wife, Gursarup Ruby Bains.
- (2) Includes 1,437,500 Stone Ridge Shares held through 0788286 B.C. Ltd.
- (3) Includes 718,750 Stone Ridge Warrants held through 0788286 B.C. Ltd..
- (4) Includes 2,750,000 Sproutly Shares held by 0788286 B.C. Ltd. and 400,000 Sproutly Shares held by 1145682 BC Ltd., a holding company owned by Michael Gokturk.

Certain directors and/or officers of Sproutly may participate in the Sproutly Private Placement. Accordingly, the number of Resulting Shares held by such persons on completion of the Transaction may be larger than the number disclosed in the table above to the extent of any such participation in the Sproutly Private Placement. The details of any such participation have not been determined as at the date hereof.

Certain directors and/or officers of Sproutly who continue as a director and/or officer of the Resulting Issuer may receive stock options of Stone Ridge at or following the Closing in accordance the Strone Ridge Stock Option Plan, in such capacity as a director and/or officer of the Resulting Issuer. Such persons will also receive compensation for acting as an officer of the Resulting Issuer in the form of salary and other employment or consulting remuneration and benefits.

Other than as disclosed above, none of the persons listed in the table above are expected to receive any direct or indirect benefit as a result of the Transaction.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purposes of this section, "Informed Person" means (i) a director or executive officer of Sproutly; (ii) a director or executive officer of a person or company that is itself an Informed Person; and (iii) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of Sproutly or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of Sproutly.

No Informed Person, or any associate or affiliate of any Informed Person, has any material interest, direct or indirect, in any transaction since the commencement of Sproutly's most recently completed financial year or in any proposed transaction which has materially affected or will materially affect Sproutly or any of its subsidiaries, other than as disclosed in this Circular in respect of the Transaction and except that directors and officers of Sproutly and their associates and affiliates have participated in private placements of Sproutly on the same terms as arm's length parties participating in such private placements and approved by independent directors.

THE ARRANGEMENT

GENERAL

The Arrangement will become effective on the Effective Date, subject to satisfaction of all applicable conditions.

PRINCIPAL STEPS

Pursuant to the Arrangement, Sproutly Shareholders and Stone Ridge will complete a share exchange whereby all of the issued and outstanding Sproutly Shares will be exchanged by Sproutly Shareholders (other than Dissenting Shareholders) in accordance with the Exchange Ratio. Stone Ridge will acquire all of the issued and outstanding Sproutly Shares and Sproutly will become a wholly-owned subsidiary of Stone Ridge.

In accordance with the Sproutly Option Plan, each holder of a Sproutly Option outstanding immediately prior to the Effective Time shall receive (and such holder shall accept), upon the exercise of such holder's Sproutly Option, in lieu of such Sproutly Share to which such holder was theretofore entitled, upon such exercise and for the same aggregate consideration payable therefor, the number of Post-Consolidation Stone Ridge Shares equal to the product of:

- (a) the number of Sproutly Shares subject to such Sproutly Option immediately prior to the Effective Time; and
- (b) the Exchange Ratio.

Each such Sproutly Option shall continue to be governed by and subject to the terms of the Sproutly Option Plan and any applicable agreements thereunder.

If the adjustment to the Sproutly Options contemplated by the foregoing paragraph results in a disposition of Sproutly Options for options to acquire Resulting Issuer Shares or "new" Sproutly Options, it is intended that the provisions of subsection 7(1.4) of the Tax Act will apply to any such disposition. Therefore, in the event the amount, if any, by which the total fair market value (determined immediately after the Effective Time) of the Resulting Issuer Shares that a holder is entitled to acquire on exercise of a Sproutly Stock Option at and from the Effective Time exceeds the amount payable to acquire such shares (the "**Stone Ridge Option In-The-Money Amount**") exceeds the amount, if any, by which the total fair market value (determined immediately before the Effective Time) of the Sproutly Shares that a holder is entitled to acquire on exercise of a Sproutly Stock Option immediately before the Effective Time exceeds the amount payable to acquire such shares (the "**Sproutly Option In-The-Money Amount**"), the number of Resulting Issuer Shares which may be acquired on exercise of the Sproutly Option at and after the Effective Time will be adjusted accordingly with effect at and from the Effective Time to ensure that the Stone Ridge Option In-The-Money Amount in respect of the Sproutly Option does not exceed the Sproutly Option In-The-Money Amount in respect of the Sproutly Option and the ratio of the amount payable to acquire such shares to the value of such shares to be acquired shall be unchanged.

In accordance with the warrant certificates governing the terms and conditions of the Sproutly Warrants, each holder of a Sproutly Warrant outstanding immediately prior to the Effective Time shall be entitled to receive (and such holder shall accept), upon the exercise of such holder's Sproutly Warrants, in lieu of each Sproutly Share to which such holder was theretofore entitled, upon such exercise and for the same aggregate consideration payable therefor, the number of Post-Consolidation Stone Ridge Shares equal to the product of:

- (a) the number of Sproutly Shares subject to such Sproutly Warrant immediately prior to the Effective Time; and
- (b) the Exchange Ratio.

Each Sproutly Warrant shall continue to be governed by and be subject to the terms of the certificate governing the terms and conditions of such Sproutly Warrant.

The steps referred to in this paragraph shall be deemed to constitute a "Reorganization" of the Sproutly Shares, including for the purposes of the certificates governing the terms and conditions of the Sproutly Warrants which contain such defined term.

Completion of the Transaction is expressly subject to the fulfilment and/or waiver by Stone Ridge or Sproutly (as applicable) of the conditions precedent set out in the Arrangement Agreement. See "The Arrangement – Arrangement Agreement" for a discussion of the various conditions precedent to completion of the Arrangement.

The disclosure herein of the Arrangement is qualified in its entirety by reference to the full text of the Plan of Arrangement and the Arrangement Agreement.

Upon completion of the Transaction, Sproutly will become a wholly-owned subsidiary of Stone Ridge.

The full particulars of the Arrangement are contained in the Plan of Arrangement, a copy of which is attached as Schedule "A" to the Arrangement Agreement, which is attached as Schedule "B" to this Circular.

As at the Record Date, there will be 31,193,500 Stone Ridge Shares outstanding. After giving effect to the Transaction (including the Consolidation), the THR Acquisition and the issuance of Sproutly Shares in connection with certain advisory services, there will be approximately 121,957,053 Resulting Issuer Shares outstanding, of which 19,450,437 or approximately 15.95% will be held by the former holders of Stone Ridge Shares, assuming no additional Stone Ridge Shares are issued other than pursuant to the Transaction and no convertible securities of Sproutly (other than the Sproutly 2018 Convertible Debentures and the Sproutly 2017 Convertible Debenture) are exercised and no additional Sproutly Shares are issued.

DIRECTORS AND OFFICERS OF THE RESULTING ISSUER

At the Closing, pursuant to the Arrangement Agreement the directors and officers are expected to be comprised of the following individuals:

<u>Name</u>	<u>Position in Stone Ridge</u>
Keith Dolo	Chief Executive Officer, President, and Director
Craig Loverock	Chief Financial Officer

<u>Name</u>	<u>Position in Stone Ridge</u>
Karin Studer	Chief Operating Officer
Aman Bains	Director

Pursuant to the terms of the Arrangement Agreement, Sproutly has the right to appoint two additional directors.

REASONS FOR THE ARRANGEMENT

The acquisition of Sproutly by Stone Ridge pursuant to the Arrangement Agreement was negotiated by the parties on the basis that the shareholders of Stone Ridge would benefit from acquiring Sproutly's business and additional board and management expertise, and Sproutly stakeholders, who will receive Stone Ridge Shares under the Arrangement, would benefit from Stone Ridge's CSE listing and the Sproutly Private Placement to enable further development and funding of Sproutly's business, and for the reasons set forth under "Recommendation of the Sproutly Board" below.

In negotiating the terms of the Transaction, the Sproutly Board considered various factors, including the market value, various measures of net asset values, financial and other assets, liabilities, contingent liabilities and risks as applicable to each of Stone Ridge and Sproutly.

DELIBERATIONS OF THE SPROUTLY BOARD

The Sproutly Board spent time reviewing and considering relevant data and documents and discussing matters arising out of its review of available transactions relating to a going public transaction and alternative transactions to maximize value for shareholders.

In April of 2017, the Sproutly Board made the decision that it was in the best interest of Sproutly to undertake the process of entering into a public transaction to a Canadian stock exchange in order to raise additional capital and heighten the public profile of Sproutly.

From June till September of 2017, the Sproutly Board reviewed and met with more than 11 different companies in order to discuss a reverse takeover transaction. In September of 2017, the board was introduced to the management team of Stone Ridge. and it was determined later that month that Sproutly should enter into an agreement with Stone Ridge.

The Sproutly Board and senior management conducted a detailed review of Stone Ridge and entered into a discussion with Stone Ridge, who answered questions from the Sproutly Board to its satisfaction.

The Sproutly Board, in consultation with management and legal advisors, negotiated, settled and approved the terms of the Transaction as set forth in the Letter of Intent in November 2017 and subsequently in the arrangement agreement dated February 7, 2018 (the "**Original Arrangement Agreement**").

During such discussion, the Sproutly Board confirmed its opinion that the consideration to be paid by Stone Ridge to the Sproutly Shareholders pursuant to the Arrangement, is fair to the Sproutly Shareholders from the financial point of view of the Sproutly Shareholders.

On March 20, 2018, Sproutly and Stone Ridge entered into the amended and restated arrangement agreement to update the deal terms contained in the Original Arrangement Agreement.

Accordingly, the Sproutly Board unanimously approved the entering into of the Arrangement Agreement, the submission of the Arrangement to the Sproutly Shareholders for approval, and the recommendation that Sproutly Shareholders approve the Arrangement.

RECOMMENDATION OF THE SPROUTLY BOARD

The Sproutly Board has unanimously determined that the terms of the Transaction are in the best interests of Sproutly and are fair and reasonable to Sproutly and Sproutly Shareholders and unanimously recommends that Sproutly Shareholders vote in favour of the Arrangement Resolution.

In arriving at its conclusion, the Sproutly Board considered, among other matters:

- (a) information with respect to the financial condition, business and operations, on both an historical and prospective basis, of Sproutly and Stone Ridge including information in respect of Sproutly and Stone Ridge on a pro forma consolidated basis;
- (b) information provided by Stone Ridge with respect to its assets (which are primarily comprised of cash);
- (c) historical information regarding the trading and issue prices of the Stone Ridge Shares;
- (d) that former holders of Sproutly Shares will own approximately 84.05% of the outstanding Stone Ridge Shares on completion of the Transaction, assuming no additional Stone Ridge Shares are issued other than pursuant to the Transaction and no convertible securities of Sproutly (other than the Sproutly 2018 Convertible Debentures and the Sproutly 2017 Convertible Debenture) are exercised and no additional Sproutly Shares are issued;
- (e) that the Sproutly Shareholders must approve the Arrangement Resolution by a Special Resolution, in accordance with the Interim Order and the CBCA;
- (f) the procedures by which the Arrangement is to be approved, including the requirement for approval by the Court after a hearing at which fairness will be considered;
- (g) the tax treatment of Sproutly Shareholders under the Arrangement;
- (h) the availability of Dissent Rights to Sproutly Shareholders with respect to the Arrangement; and
- (i) the composition of the proposed management group and technical team of the Resulting Issuer.

The Sproutly Board considers that the following factors make the Arrangement advantageous to Sproutly Shareholders:

- (a) it is expected that Stone Ridge will, upon completion of the Transaction, have the financial resources and management and board expertise to advance the business of Sproutly;
- (b) Sproutly will be better positioned to finance its business plans through a publicly listed company; and
- (c) Sproutly Shareholders will receive shares of a company listed on the CSE, which will provide greater liquidity of their investment.

The Sproutly Board recommends that Sproutly Shareholders vote in favour of the Arrangement Resolution. Each of the directors of Sproutly has indicated his intention to vote in favour of the Arrangement Resolution.

ARRANGEMENT RISK FACTORS

Stone Ridge should be considered a highly speculative investment and the transactions contemplated herein should be considered of a high-risk nature. Sproutly Shareholders should carefully consider all of the information disclosed or referred to in this Circular prior to voting on the matters being put before them at the Meeting. In addition to the other information presented in this Circular (without limitation, see also "Information Concerning the Resulting Issuer – Risk Factors"), the following risk factors should be given special consideration:

1. There is no assurance that the Transaction can be completed as proposed or without Sproutly Shareholders exercising their Dissent Rights in respect of a substantial number of Sproutly Shares.
2. There is no assurance that all necessary third party and regulatory approvals of the Transaction will be obtained on terms acceptable to Sproutly or in sufficient time to permit the completion of the Transaction on or before the Outside Date.
3. There is no assurance that the Transaction will ultimately have a positive impact on Sproutly and that the business of the Resulting Issuer will be successful.
4. The Transaction may give rise to adverse tax consequences to Sproutly Shareholders, who are urged to consult their own tax advisors.
5. The completion of the Transaction will dilute the interests of the Sproutly Shareholders in Sproutly's business.

EFFECTS OF THE ARRANGEMENT ON SHAREHOLDERS' RIGHTS

On completion of the Arrangement, Sproutly Shareholders will become shareholders of the Resulting Issuer, a corporation existing under the BCBCA, unless they properly exercise Dissent Rights in connection with the Arrangement. Since Stone Ridge is a British Columbia corporation, the rights of Stone Ridge shareholders are governed by, and thus the Resulting Issuer shareholders will be governed by, the applicable laws of the province of British Columbia, including the BCBCA and the articles of Stone Ridge. Although the rights and privileges of shareholders under the BCBCA are in many respects comparable to those under the CBCA, there are several differences. See Appendix "G" to this Circular for a comparison of these rights.

Stone Ridge's notice of articles and articles are available for viewing by Sproutly Shareholders online at the SEDAR website (www.sedar.com).

CONDUCT OF MEETING AND OTHER APPROVALS

Shareholder Approval

The CBCA requires that Sproutly Shareholders approve the Arrangement by adopting the Arrangement Resolution by at least 66⅔% of the votes cast by Sproutly Shareholders, in person or represented by proxy, at the Meeting, and by a simple majority of the votes cast by Sproutly Shareholders, in person or represented by proxy, at the Meeting.

The complete text of the Arrangement Resolution to be presented to the Meeting is set forth in Schedule "A" to this Circular.

Court Approvals

The CBCA requires that the Court approve the Arrangement.

On or around March 26, 2018, Sproutly will obtain the Interim Order, a copy of which is attached as Schedule "D" to this Circular. Subject to the terms of the Arrangement Agreement, if the Arrangement Resolution is approved at the Meeting, Sproutly will apply to the Court for the Final Order at the Court House at 800 Smithe Street, Vancouver, British Columbia on or around April 27, 2018, at 9:45 a.m. (Vancouver time) or so soon thereafter as counsel may be heard. All Sproutly Shareholders are entitled to appear and be heard at this hearing.

Any Sproutly Shareholder who wishes to appear or be represented and to present evidence or arguments at that hearing must file and serve a response to petition no later than 4:00 p.m. (Vancouver time) on April 25, 2018 along with any other documents required, all as set out in the Interim Order and Notice of Petition, the text of which are set out in Appendix "E" to this Circular and satisfy any other requirements of the Court. Such persons should consult with their legal advisors as to the necessary requirements. In the event that the hearing is adjourned, then, subject to further order of the Court, only those persons having previously filed and served a response to petition will be given notice of the adjournment.

Please see the Notice of Petition attached as Schedule "E" for further information on participating or presenting evidence at the hearing for the Final Order.

The Court has been advised that the Court's approval of the Arrangement will form the basis for an exemption from registration under the U.S. Securities Act, pursuant to Section 3(a)(10) thereof, for the issuance of the Resulting Issuer Shares to be issued to Sproutly Shareholders in exchange for the Sproutly Shares, pursuant to the Arrangement

At the hearing for the Final Order, the Court will also consider, among other things, the fairness of the terms and conditions of the Arrangement and the rights and interests of every person affected. The Court may approve the Arrangement either as proposed, or make the Arrangement subject to such terms and conditions as the Court considers appropriate, or may dismiss the application.

Regulatory Approvals

If the Arrangement Resolution is approved by the requisite majority, final regulatory approval of the Court must be obtained for the Arrangement before the Arrangement may proceed.

The Stone Ridge Shares are currently listed for trading on the CSE and Stone Ridge is a reporting issuer in British Columbia, Alberta and Ontario. Sproutly Shareholders should be aware that the foregoing approvals have not yet been given by the CSE and neither Sproutly nor Stone Ridge can provide any assurances that such approvals will be obtained.

ISSUANCE OF RESULTING ISSUER SHARES

As soon as practicable after the Effective Date, the registrar and transfer agent of the Resulting Issuer, will forward or cause to be forwarded by first class mail (postage prepaid) to such former Sproutly Shareholder

(other than a Dissenting Shareholder who exercised Dissent Rights which remain valid immediately prior to the Effective Time), at the address specified in the share register held by Stone Ridge's transfer agent, DRS Statements issued by such transfer agent, evidencing the number of Resulting Issuer Shares issued to such Sproutly Shareholder under the Arrangement.

No certificates representing fractional Resulting Issuer Shares shall be issued pursuant to the Plan of Arrangement. In lieu of any fractional resulting Shares, each beneficial holder of Sproutly Shares otherwise entitled to a fractional interest in Resulting Issuer Shares will receive the nearest whole number of Resulting Issuer Shares.

Stone Ridge's transfer agent shall register the Resulting Issuer Shares in the name of each Sproutly Shareholder entitled to receive Resulting Issuer Shares pursuant to the Arrangement and shall deliver the DRS Statements evidencing such Resulting Issuer Shares as soon as practicable after the Effective Date.

All dividends paid or distributions made in respect of Resulting Issuer Shares issued to a former Sproutly Shareholder or Sproutly Warrantholder for which a certificate representing Resulting Issuer Shares has not been delivered to such Sproutly Shareholder or Sproutly Warrantholder in accordance with Article 4 of the Plan of Arrangement shall be paid or delivered to the Resulting Issuer's transfer agent to be held in trust for such Sproutly Shareholder or Sproutly Warrantholder for delivery to such shareholder or warrantholder, net of all withholding and other taxes, upon delivery of the certificate in accordance with the Plan of Arrangement or surrendered to Stone Ridge pursuant to the exercise of Dissent Rights, as the case may be.

For full details of these procedures, see Article 4 of the Plan of Arrangement.

EFFECTIVE DATE OF ARRANGEMENT

If (1) the Arrangement Resolution is approved at the Meeting; (2) the Final Order is obtained approving the Arrangement; (3) the required regulatory approvals to the Transaction have been received; (4) every requirement of the CBCA relating to the Arrangement has been complied with including the receipt by Sproutly of the Certificate of Arrangement; and (5) all conditions disclosed under "Arrangement Agreement – Conditions to the Arrangement Becoming Effective" and all other conditions contained in the Arrangement Agreement are met or waived, the Arrangement will become effective on the Effective Date at the Effective Time.

The full particulars of the Arrangement are contained in the Plan of Arrangement attached to the Arrangement Agreement. A copy of the Plan of Arrangement is attached as Schedule "A" to the Arrangement Agreement, which is attached as Schedule "B" to this Circular, and incorporated by reference into this Circular. See also "Arrangement Agreement" below.

Notwithstanding the approval of the Arrangement Resolution by the Sproutly Shareholders, the Arrangement Resolution authorizes the directors of Sproutly to abandon the Arrangement without further approval from the Sproutly Shareholders.

ARRANGEMENT AGREEMENT

The Arrangement, which will be carried out pursuant to the CBCA, will be effected in accordance with the terms of the Arrangement Agreement. The steps of the Arrangement, as set out in the Arrangement Agreement, are summarized under "The Arrangement – Principal Steps".

The general description of the Arrangement Agreement which follows is qualified in its entirety by reference to the full text of the Arrangement Agreement, a copy of which is attached as Schedule "B" and available for review by Sproutly Shareholders at Sproutly's Vancouver, British Columbia office as shown on the Notice of Meeting, during normal business hours prior to the Meeting.

General

For the purposes of this summary, the references below to the Arrangement Agreement include the Plan of Arrangement which is reproduced in full as Schedule "A" to the Arrangement Agreement, which is attached as Schedule "B" to this Circular. The purpose of the Arrangement is to effect the business combination of Sproutly and Stone Ridge.

The Arrangement will involve, among other things, that each of the following will occur and will be deemed to occur, without any further act or formality of or by Stone Ridge, Sproutly or any other person, sequentially commencing at the Effective Time:

- (a) each Sproutly Share held by a Dissenting Shareholder shall be irrevocably transferred to Stone Ridge, free and clear of all encumbrances, without any further act or formality and:
 - i. such Dissenting Shareholder shall cease to be the holder of such Sproutly Shares so transferred and will cease to have any rights as holder of such Sproutly Shares other than the right to be paid fair value for such Sproutly Shares by Stone Ridge;
 - ii. such Dissenting Shareholder's name shall be removed as the holder of such Sproutly Shares from the securities register of holders of Sproutly Shares maintained by or on behalf of Sproutly; and
 - iii. Stone Ridge shall become the sole legal and beneficial holder of such Sproutly Shares so transferred, free and clear of all encumbrances, and shall be entered in the securities register of holders of Sproutly Shares maintained by or on behalf of Sproutly;
- (b) Sproutly Shareholders and Stone Ridge will complete a share exchange whereby:
 - i. all of the issued and outstanding Sproutly Shares will be exchanged by Sproutly Shareholders (other than Dissenting Shareholders) for Post-Consolidation Stone Ridge Shares on the basis of the Exchange Ratio;
 - ii. Stone Ridge will acquire all of the issued and outstanding Sproutly Shares; and
 - iii. Sproutly will become a wholly-owned subsidiary of Stone Ridge;
- (c) in accordance with the Sproutly Option Plan, subject to a possible adjustment set out below, each holder of a Sproutly Option outstanding immediately prior to the Effective Time shall receive (and such holder shall accept), upon the exercise of such holder's Sproutly Option, in lieu of such

Sproutly Share to which such holder was theretofore entitled, upon such exercise and for the same aggregate consideration payable therefor, the number of Resulting Issuer Shares equal to the product of:

- i. the number of Sproutly Shares subject to such Sproutly Option immediately prior to the Effective Time; and
- ii. the Exchange Ratio.

Each such Sproutly Option shall continue to be governed by and subject to the terms of the Sproutly Option Plan and any applicable agreements thereunder.

If the adjustment to the Sproutly Options contemplated by the foregoing paragraph results in a disposition of Sproutly Options for options to acquire Resulting Issuer Shares or "new" Sproutly Options, it is intended that the provisions of subsection 7(1.4) of the Tax Act will apply to any such disposition. Therefore, in the event the amount, if any, by which the Stone Ridge Option In-The-Money Amount exceeds Sproutly Option In-The-Money Amount, the number of Resulting Issuer Shares which may be acquired on exercise of the Sproutly Option at and after the Effective Time will be adjusted accordingly with effect at and from the Effective Time to ensure that the Stone Ridge Option In-The-Money Amount in respect of the Sproutly Option does not exceed the Sproutly Option In-The-Money Amount in respect of the Sproutly Option and the ratio of the amount payable to acquire such shares to the value of such shares to be acquired shall be unchanged; and

- (d) in accordance with the certificates governing the terms and conditions of the Sproutly Warrants, each holder of a Sproutly Warrant outstanding immediately prior to the Effective Time shall be entitled to receive (and such holder shall accept), upon the exercise of such holder's Sproutly Warrants, in lieu of each Sproutly Share to which such holder was theretofore entitled, upon such exercise and for the same aggregate consideration payable therefor, the number of Resulting Issuer Shares equal to the product of:

- i. the number of Sproutly Shares subject to such Sproutly Warrant immediately prior to the Effective Time; and
- ii. the Exchange Ratio.

Each Sproutly Warrant shall continue to be governed by and be subject to the terms of the certificate governing the terms and conditions of such Sproutly Warrant.

The steps referred to in this paragraph shall be deemed to constitute a "Reorganization" of the Sproutly Shares, including for the purposes of the certificates governing the terms and conditions of the Sproutly Warrants which contain such defined term.

Upon completion of the Arrangement, the former Sproutly Shareholders will hold approximately 84.05% of the then outstanding Stone Ridge Shares (approximately 83.18% on a fully-diluted basis) assuming no additional Stone Ridge Shares are issued other than pursuant to the Transaction and no convertible securities of Sproutly (other than the Sproutly 2018 Convertible Debentures and the Sproutly 2017 Convertible Debenture) are exercised and no additional Sproutly Shares are issued.

In the Arrangement Agreement, Sproutly and Stone Ridge provide representations, warranties and covenants to one another regarding certain customary commercial matters, including corporate, legal and other matters, relating to their respective assets and affairs and the conduct of the parties up to the Closing.

Under the Arrangement Agreement, Sproutly has agreed to seek the approval of the Sproutly Shareholders to the Arrangement, by passing the Arrangement Resolution at the Meeting. Stone Ridge has agreed to seek approval of the Arrangement in writing from Stone Ridge shareholders holding at least 50.1% of the issued and outstanding Stone Ridge Shares.

Sproutly has agreed to use reasonable commercial efforts to obtain all necessary shareholder and regulatory approvals, including the approvals of the Court, to the Arrangement, and Stone Ridge has agreed to use reasonable commercial efforts to obtain all necessary regulatory approvals, including the conditional approval of the CSE, to the Arrangement.

Until the Effective Date, Sproutly and Stone Ridge have each agreed, among other things, to conduct their respective businesses in the ordinary course, consistent with past practice, and to not engage in various corporate actions or transactions (as set forth in section 5.1 of the Arrangement Agreement), except with the written consent of the other party.

Sproutly and Stone Ridge have also each agreed, among other things, to not take any action that would interfere with or be inconsistent with the completion of the Arrangement, and promptly notify the other party of any Material Adverse Change, or any change which could reasonably be expected to become a material adverse change, in respect of its business, and of any governmental entity or third party complaints, investigations or hearings.

Termination

The Arrangement Agreement may be terminated at any time prior to the Effective Date, in the circumstances specified in section 9.3 of the Arrangement Agreement, including:

- (a) by mutual written consent of the parties thereto;
- (b) upon any circumstances hereunder that give rise to a right of termination of the Arrangement Agreement as provided in Sections 8.1, 8.2, or 8.3 of the Arrangement Agreement, subject to Section 8.4 of the Arrangement Agreement;
- (c) by Stone Ridge or by Sproutly if the approval of the Arrangement by Sproutly Shareholders or the Stone Ridge shareholders required by Subsections 8.1(d) and 8.1(e) of the Arrangement Agreement in accordance with the terms of the Interim Order shall not have occurred on or before the Outside Date;
- (d) by Sproutly or by Stone Ridge in the event that the Arrangement does not become effective on or before the Outside Date, subject to Section 8.4 of the Arrangement Agreement;
- (e) by Sproutly if Stone Ridge shall be in material breach of any covenant, agreement or representation and warranty contained herein except for any breaches of representations, warranties, covenants or obligations which, in aggregate, would not have a Material Adverse Effect on Stone Ridge (taken as a whole) or on the ability to consummate the Arrangement provided that Stone Ridge shall have been given notice and five days to cure any such breach by Sproutly, if such breach is capable of being cured, and such breach shall not have been cured;

- (f) by Stone Ridge if Sproutly shall be in material breach of any covenant, agreement or representation and warranty contained herein except for any breaches of representations, warranties, covenants or obligations which, in aggregate, would not have a Material Adverse Effect on Sproutly (taken as a whole) or on the ability to consummate the Arrangement, provided that Sproutly shall have been given notice and five days to cure any such breach by Stone Ridge, if such breach is capable of being cured, and such breach shall not have been cured;
- (g) by Sproutly in the event of a Material Adverse Change of Stone Ridge;
- (h) by Stone Ridge in the event of a Material Adverse Change of Sproutly;
- (i) by Stone Ridge or by Sproutly if the Interim Order has been refused or has been granted in form or substance not satisfactory to Stone Ridge and Sproutly, acting reasonably, or has not been granted on or prior to March 28, 2018 or, if issued, has been set aside or modified in a manner unacceptable to Stone Ridge and Sproutly, acting reasonably, on appeal or otherwise;
- (j) by Stone Ridge or by Sproutly if the Final Order has not been granted in form and substance satisfactory to Stone Ridge and Sproutly, acting reasonably, on or prior to the Outside Date, or, if issued, has been set aside or modified in a manner unacceptable to Stone Ridge and Sproutly, acting reasonably, on appeal or otherwise; and
- (k) if a court of competent jurisdiction or a governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by the Arrangement Agreement and such order, decree, ruling or other action shall have become final and non-appealable, provided that the party seeking to terminate the Arrangement Agreement pursuant to Section 9.3 of the Arrangement Agreement shall have used all commercially reasonable efforts to remove such order, decree, ruling or injunction;

provided that any termination by a party hereto in accordance with Section 9.3 of the Arrangement Agreement shall be made by such party delivering written notice to the other party or parties hereto prior to the Effective Date specifying in reasonable detail the matter or matters giving rise to such termination right.

Conditions to the Arrangement Becoming Effective

The respective obligations of Stone Ridge and Sproutly to complete the Arrangement and the other transactions contemplated by the Arrangement Agreement are subject to the satisfaction, on or before the Effective Date (or such other date as is specified below), of a number of mutual conditions precedent as follows (each of which may be waived in whole or in part by agreement between Stone Ridge and Sproutly):

- (a) completion of the Consolidation;
- (b) completion of the THR Acquisition;
- (c) the Interim Order shall have been granted in form and substance satisfactory to Stone Ridge and Sproutly;
- (d) the Arrangement, with or without amendment, shall have been approved at the Sproutly Meeting by at least 66⅔% of the votes cast by the Sproutly Shareholders who voted their

Sproutly Shares at the Sproutly Meeting, in accordance with the provisions of the CBCA, the Interim Order and the requirements of any applicable Regulatory Authorities;

- (e) the Arrangement, with or without amendment, shall have been consented to in writing by Stone Ridge shareholders holding at least 50.1% of the issued and outstanding Stone Ridge Shares;
- (f) the Final Order shall have been granted in form and substance satisfactory to Stone Ridge and Sproutly, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to such parties on appeal or otherwise;
- (g) the Effective Date shall be on or before the Outside Date, as defined in the Arrangement Agreement subject to any extension available pursuant to Section 8.4 of the Arrangement Agreement;
- (h) there shall not be in force any Law, ruling, order or decree, and there shall not have been any action taken under any Law or by any Governmental Entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms hereof or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Arrangement which is materially adverse to Stone Ridge or Sproutly;
- (i) the CSE shall have conditionally approved the listing thereon of the Post-Consolidation Stone Ridge Shares to be issued pursuant to the Arrangement as of the Effective Date, or as soon as possible thereafter, subject to compliance with the usual requirements of the CSE;
- (j) the CSE shall have conditionally approved the Arrangement and the other transactions contemplated by the Arrangement Agreement;
- (k) completion of the Sproutly Private Placement;
- (l) all consents, waivers, permits, exemptions, orders and approvals of, and any registrations and filings with, any Governmental Entity and the expiry of any waiting periods, in connection with, or required to permit, the completion of the Arrangement, the failure of which to obtain or the non-expiry of which would be materially adverse to Stone Ridge or Sproutly or materially impede the completion of the Arrangement, shall have been obtained or received on terms that are reasonably satisfactory to each party hereto;
- (m) holders of not more than 5% of the outstanding Sproutly Shares shall have exercised Arrangement Dissent Rights that have not been withdrawn as at the Effective Date;
- (n) without limiting the scope of the foregoing conditions, all regulatory, third person and other consents, waivers, permits, exemptions, orders, approvals, agreements and amendments and modifications to agreements, indentures or arrangements which either Stone Ridge or Sproutly shall consider necessary or desirable in connection with the Arrangement shall have been obtained in form and substance satisfactory to them; and
- (o) the Arrangement Agreement shall not have been terminated pursuant to Article 9 of the Arrangement Agreement.

Additional Conditions to Obligations of Stone Ridge

The obligations of Stone Ridge to complete the Arrangement and the other transactions contemplated by the Arrangement Agreement are subject to fulfillment of the following conditions on or before the Effective Date or such other time as is specified below (each of which may be waived by Stone Ridge in whole or in part):

- (a) the representations and warranties made by Sproutly in the Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and Sproutly shall have provided to Stone Ridge an officer's certificate certifying such accuracy on the Effective Date;
- (b) Sproutly shall have complied in all material respects with its covenants in the Arrangement Agreement, and Sproutly shall have provided to Stone Ridge an officer's certificate certifying that Sproutly has so complied with its covenants therein;
- (c) the directors of Sproutly shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Sproutly to permit the consummation of the Arrangement;
- (d) immediately prior to the Effective Time, Stone Ridge shall be satisfied that Sproutly has outstanding no more than the securities set forth in Section 3.3 of the Arrangement Agreement and no other securities or obligations to issue securities.
- (e) no action, suit or proceeding has been taken or threatened against Sproutly before or by any court, tribunal or administrative body with the aim of preventing the Arrangement;
- (f) all requisite regulatory approvals, including Court approvals, if any, shall have been obtained and all requirements complied with by Sproutly in connection with the Arrangement;
- (g) there shall not have been a Material Adverse Change in respect of Sproutly since the execution date of the Arrangement Agreement; and
- (h) Stone Ridge being satisfied with its due diligence investigations of Sproutly and THR.

Additional Conditions to Obligations of Sproutly

The obligations of Sproutly to complete the Arrangement and the other transactions contemplated by the Arrangement Agreement are subject to fulfillment of the following conditions on or before the Effective Date or such other time as is specified below (each of which may be waived by Sproutly in whole or in part):

- (a) the representations and warranties made by Stone Ridge in the Arrangement Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and Stone Ridge shall have provided to Sproutly an officer's certificate thereof certifying such accuracy on the Effective Date;

- (b) Stone Ridge shall have complied in all material respects with its covenants in the Arrangement Agreement and Stone Ridge shall have provided to Sproutly an officer's certificate certifying that it has so complied with its covenants in the Arrangement Agreement;
- (c) immediately prior to the Effective Time, Sproutly shall be satisfied that Stone Ridge has outstanding:
 - a. no more than 15,817,500 Post-Consolidation Stone Ridge Shares,
 - b. no more than 8,775,000 Stone Ridge Warrants prior to giving effect to the Consolidation,
 - c. no more than 400,000 Stone Ridge Options prior to giving effect to the Consolidation,
 - d. and no other securities or obligations to issue securities (except pursuant to the Arrangement);
- (d) the directors of Stone Ridge shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Stone Ridge to permit the consummation of the Arrangement;
- (e) no action, suit or proceeding has been taken or threatened against Stone Ridge before or by any court, tribunal or administrative body with the aim of preventing the Arrangement;
- (f) all requisite regulatory approvals, including Court approvals, if any, shall have been obtained and all requirements complied with by Stone Ridge in connection with the Arrangement;
- (g) completion of the Stone Ridge Name Change;
- (h) all of the Stone Ridge mineral property interests and existing business being sold or terminated by Stone Ridge without liability to Stone Ridge;
- (i) Stone Ridge having no current liabilities or long-term debt as at the Effective Date, other than as disclosed in the financial statements of Stone Ridge and debts incurred in the ordinary course of business or for the purposes of the completion of the Transaction, including loans from directors;
- (j) the Consolidation has become effective;
- (k) Sproutly being satisfied with its due diligence investigations of Stone Ridge;
- (l) there shall not have been a Material Adverse Change in respect of Stone Ridge since the execution date of the Arrangement Agreement;
- (m) Sproutly shall be satisfied, acting reasonably, that the Post-Consolidation Stone Ridge Shares issued to Sproutly Shareholders pursuant to the Arrangement (i) shall not be subject to any hold period, restricted period or seasoning period under applicable Law that shall not have been satisfied on the Effective Date, and (ii) shall have been conditionally accepted for listing on the CSE, subject only to the filing of documentation that cannot be filed prior to the Effective Date; and
- (n) each of the directors, officers and employees of Stone Ridge (other than those agreed to by Sproutly) shall have provided their resignations together with releases in favour of Stone Ridge and Sproutly effective on the Effective Date, each in form and substance satisfactory and on terms

as are satisfactory to Sproutly, acting reasonably and the individuals named in Section 2.7 of the Arrangement Agreement having been appointed as directors of Stone Ridge.

Amendments

The Arrangement Agreement may, at any time and from time to time before or after the holding of the Meeting, be amended by mutual written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of the Sproutly Shareholders or the shareholders of Stone Ridge, and any such amendment may, without limitation:

- (a) change the time for the performance of any of the obligations or acts of any of the parties to the Arrangement Agreement;
- (b) waive any inaccuracies in or modify any representation or warranty contained herein or in any document delivered pursuant to the Arrangement Agreement;
- (c) waive compliance with or modify any of the covenants in the Arrangement Agreement and waive or modify performance of any of the obligations of any of the parties to the Arrangement Agreement; and
- (d) waive compliance with or modify any condition contained in the Arrangement Agreement;

provided that no such amendment shall reduce the consideration to be received by the Sproutly Shareholders without the approval of the Sproutly Shareholders, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

Expenses

The Arrangement Agreement provides that, except as expressly contemplated in the Arrangement Agreement, each party will bear its own costs and expenses incurred in connection with the Arrangement Agreement and the transactions contemplated thereby, the Meeting and the preparation and mailing of this Circular, including legal fees, accounting fees, printing costs, financial advisor fees and all disbursements by advisors.

RIGHTS OF DISSENTING SHAREHOLDERS

The following is a summary of the provisions of the CBCA relating to a Sproutly Shareholder's Dissent Rights in respect of the Arrangement Resolution, as noted in the Notice of the Meeting. Such summary is not a comprehensive statement of the procedures to be followed by a Sproutly Shareholder who seeks such Dissent Rights and is qualified in its entirety by reference to the Interim Order attached to this Circular as Schedule "D" and the full text of Section 190 of the CBCA which is attached to this Circular as Schedule "F".

The statutory provisions dealing with the right of dissent are technical and complex. Any Sproutly Shareholders wishing to exercise their Dissent Rights should seek independent legal advice, as failure to comply strictly with the provisions of Section 190 of the CBCA, as modified by the Interim Order, the Final Order and the Plan of Arrangement, may prejudice their right of dissent.

The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein based on the evidence presented at such hearing.

Pursuant to the Interim Order, each Sproutly Shareholder may exercise Dissent Rights under Section 190 of the CBCA as modified by the Interim Order and Articles of the Plan of Arrangement in respect of the Arrangement. Sproutly Shareholders who duly exercise such Dissent Rights and who are:

- (a) ultimately determined to be entitled to be paid fair value for their Sproutly Shares which fair value, notwithstanding anything to the contrary contained in Part XV of the CBCA, will be determined as of the close of business on the day before the Final Order becomes effective, will be deemed to have transferred such Sproutly Shares, as of the Effective Time, without any further act or formality, to Stone Ridge in consideration for a debt claim against Stone Ridge to be paid the fair value of the Sproutly Shares under the Dissent Rights and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights; or
- (b) ultimately are not entitled to be paid their fair value for any reason for their Sproutly Shares shall be deemed to have participated in the Arrangement on the same basis as non-dissenting holders of Sproutly Shares and shall receive Post-Consolidation Stone Ridge Shares on the basis determined in accordance with subsection 3.1(b) of this Plan of Arrangement.

Persons who are Beneficial Shareholders who wish to dissent with respect to their Sproutly Shares should be aware that only Registered Shareholders are entitled to dissent with respect to them. A Registered Shareholder such as an intermediary who holds Sproutly Shares as nominee for Beneficial Shareholders, some of whom wish to dissent, must exercise Dissent Rights on behalf of such Beneficial Shareholders with respect to the Sproutly Shares held for such Beneficial Shareholders. In such case, the Notice of Dissent (as defined below) should set forth the number of Sproutly Shares it covers.

A Sproutly Shareholder who wishes to dissent must send a written objection notice (the "Notice of Objection") objecting to the Arrangement Resolution to Sproutly by 4:30 p.m. (Vancouver time) on April 18, 2018 to Sproutly at its registered office at 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5, Attention: Keith Dolo, CEO. The Notice of Objection must set out the number of Sproutly Shares held by the Dissenting Shareholder.

The delivery of a Notice of Objection does not deprive such Dissenting Shareholder of its right to vote at the Meeting, however, a vote in favour of the Arrangement Resolution may result in a loss of its Dissent Right. A vote against the Arrangement Resolution, whether in person or by proxy, does not constitute a Notice of Objection, but a Sproutly Shareholder need not vote its Sproutly Shares against the Arrangement Resolution in order to object. Similarly, the revocation of a proxy conferring authority on the proxy holder to vote in favour of the Arrangement Resolution does not constitute a Notice of Objection in respect of the Arrangement Resolution, but any such proxy granted by a Sproutly Shareholder who intends to dissent should be validly revoked (see "General Proxy Matters – Appointment and Revocation of Proxies") in order to prevent the proxy holder from voting such Sproutly Shares in favour of the Arrangement Resolution. A vote in favour of the Arrangement Resolution, whether in person or by proxy, may constitute a loss of a Sproutly Shareholder's right to dissent. However, a Sproutly Shareholder may vote as a proxy holder for another Sproutly Shareholder whose proxy required an affirmative vote, without affecting the right of the proxy holder to exercise Dissent Rights.

If the Arrangement Resolution is passed at the Meeting or at an adjournment thereof, Sproutly is required to deliver to each Dissenting Shareholder, within 10 days after the approval of the Arrangement Resolution, a notice stating that the Arrangement Resolution has been adopted (the "**Notice of**

Resolution"). A Notice of Resolution is not required to be sent to any Dissenting Shareholder who voted in favour of the Arrangement Resolution or who has withdrawn their Notice of Objection. A Dissenting Shareholder then has 20 days after receipt of the Notice of Resolution or, if the Dissenting Shareholder does not receive a Notice of Resolution, within 20 days after learning that the Arrangement Resolution has been adopted, to send to Sproutly a written notice (a "**Demand Notice**") containing the Dissenting Shareholder's name and address, the number of Sproutly Shares in respect of which it dissents and a demand for payment of the fair value of such Sproutly Shares. A Dissenting Shareholder must within 30 days after sending the Demand Notice, send the certificates representing the Sproutly Shares in respect of which it is dissenting to Sproutly or its transfer agent or else the Dissenting Shareholder will lose its right to make a claim for the fair value of such Sproutly Shares. If a Dissent Right is being exercised by someone other than the beneficial owner of Sproutly Shares, this Demand Notice must be signed by such beneficial owner.

On sending the Demand Notice, a Dissenting Shareholder ceases to have any rights as a Sproutly Shareholder except the right to be paid the fair value of its Dissenting Shares, except where the Dissenting Shareholder withdraws its Demand Notice before Stone Ridge sends its Offer to Purchase (as defined below) or Sproutly decides not to proceed with the Arrangement, in which case, such shareholder's rights are reinstated as of the date it sent the Demand Notice.

Stone Ridge shall, not later than seven (7) days after the later of the date on which the Arrangement becomes effective or the date Sproutly receives a Demand Notice, send to each Dissenting Shareholder a written offer (the "**Offer to Purchase**") to pay for the Dissenting Shares in an amount considered by the directors of Stone Ridge to be the fair value thereof, accompanied by a statement and showing how the fair value was determined. Every Offer to Purchase shall be on the same terms. Dissenting Shareholders who accept the Offer to Purchase will, unless such payments prohibited by the CBCA, be paid within 10 days of acceptance, but any Offer to Purchase lapses if Stone Ridge does not receive an acceptance thereof within 30 days after the date on which the Offer to Purchase was made.

If a Dissenting Shareholder fails to strictly comply with the requirements of the Dissent Rights set out in Section 190 of the CBCA, as modified by the Interim Order, the Final Order and the Plan of Arrangement, it will lose its Dissent Rights, Sproutly will return to the Dissenting Shareholder the certificates representing the Dissenting Shares that were delivered to Sproutly, if any, and if the Arrangement is completed, that Dissenting Shareholder will be deemed to have participated in the Arrangement on the same terms as a Sproutly Shareholder.

If a Dissenting Shareholder strictly complies with the foregoing requirements of the Dissent Rights, but the Arrangement is not completed, Stone Ridge will return to the Dissenting Shareholder the certificates delivered to Stone Ridge by the Dissenting Shareholder, if any.

All notices of dissent to the Arrangement pursuant to Section 190 of the CBCA should be sent to Sproutly at its registered address at **10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 to the attention of Keith Dolo, CEO by 4:30 p.m. (Vancouver time) on April 18, 2018.**

The discussion above is only a summary of the Dissent Rights, which are technical and complex. A Sproutly Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of Section 190 of the CBCA.

Persons who are non-registered holders of Sproutly Shares registered in the name of an intermediary such as a broker, custodian, nominee, other intermediary, or in some other name, who wish to dissent should be aware that only the registered owner of such Sproutly Shares is entitled to dissent.

It is suggested that any Sproutly Shareholder wishing to avail himself or herself of the Dissent Rights seek his or her own legal advice as failure to comply strictly with the applicable provisions of the CBCA may prejudice the availability of such Dissent Rights. Dissenting Shareholders should note that the exercise of Dissent Rights can be a complex, time-consuming and expensive process.

Stone Ridge and Sproutly each have the right to terminate the Arrangement Agreement and to not complete the Arrangement if the Arrangement, with or without amendment, is not approved at the Sproutly Meeting by at least 66% of the votes cast by the Sproutly Shareholders who voted their Sproutly Shares at the Sproutly Meeting, in accordance with the provisions of the CBCA, the Interim Order and the requirements of any applicable regulatory authorities or holders of more than 5% of the outstanding Sproutly Shares have exercised Arrangement Dissent Rights that have not been withdrawn as at the Effective Date.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

GENERAL

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act in respect of the Arrangement to Sproutly Shareholders who, for purposes of the Tax Act and at all relevant times, are individuals who (i) deal at arm's length with, and are not affiliated with, Sproutly or Stone Ridge, and (ii) hold their Sproutly Shares and the Stone Ridge Shares to be received under the Arrangement as capital property. Individuals who meet all of the foregoing requirements are referred to as a "**Holder**" or "**Holders**" in this summary, and this summary only addresses such Holders.

Generally, Sproutly Shares and Stone Ridge Shares will be considered to be capital property to a Holder, unless the Holder holds the shares in the course of carrying on a business or acquired the shares in a transaction considered to be an adventure in the nature of trade. Certain Holders who are resident in Canada for the purposes of the Tax Act and whose Sproutly Shares or Stone Ridge Shares might not otherwise be capital property may, in certain circumstances, be entitled to make an irrevocable election under subsection 39(4) of the Tax Act to have such shares, and every other "Canadian security" as defined in the Tax Act owned by such Holder in the taxation year in which the election is made and in all subsequent taxation years, deemed to be capital property. Any Holder contemplating making a subsection 39(4) election should consult their tax adviser for advice as to whether the election is available or advisable in their particular circumstances.

This summary is based on the provisions of the Tax Act and the regulations in force as of the date hereof and Sproutly's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**"). This summary takes into account all specific proposals to amend the Tax Act or regulations that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that the Proposed Amendments will be enacted in the form proposed, although no assurance in this regard can be given.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable in respect of the proposed transaction and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law, whether by legislative, regulatory or judicial action, or

changes in the administrative and assessing practices of the CRA. This summary does not take into account any provincial, territorial or foreign tax considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein. Certain of the statements expressed below are expressed with the word "should" rather than "will". This is intended to convey that while the matter is not free from doubt, such that a contrary position could prevail, the statement expressed is considered to be more persuasive than the contrary position, such that the contrary position is unlikely to prevail. No income tax ruling or legal opinion has been sought or obtained in respect of any of the matters addressed in the summary.

This summary is not applicable to a Holder who has acquired Sproutly Shares on the exercise of a stock option received in respect of, in the course of, or by virtue of, employment with Sproutly; or a Holder who has elected to have the "functional currency" reporting rules apply, as defined in the Tax Act. The summary does not address the deductibility of interest by a Holder who has borrowed money to acquire Sproutly Shares, and all such persons should consult with their own tax advisors.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any particular Sproutly Shareholder. Consequently, all Sproutly Shareholders are urged to obtain their own tax advice in respect of the consequences to them of the Arrangement having regard to their particular circumstances.

CURRENCY CONVERSION

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Sproutly Shares and Stone Ridge Shares which are not denominated in Canadian dollars must be converted into Canadian dollars based on the exchange rate applicable on the effective date (as determined in accordance with the Tax Act) of the related acquisition, disposition or recognition of income.

HOLDERS RESIDENT IN CANADA

The following portion of this summary is generally applicable to a Holder (as defined above) who, for purposes of the Tax Act and at all relevant times, is resident solely in Canada. A Holder who meets these requirements is referred to in this summary as a "**Resident Holder**", and the following portion of the summary only addresses such Resident Holders.

Arrangement – Exchange of Sproutly Shares for Stone Ridge Shares

Under the Tax Act a Resident Holder whose Sproutly Shares are exchanged for Stone Ridge Shares under the Arrangement and who does not in his or her return of income for the taxation year in which the exchange occurs, include in his income any portion of the gain or loss otherwise determined as a result of the share exchange, will, pursuant to subsection 85.1(1) of the Tax Act, be deemed to have disposed of his or her Sproutly Shares for proceeds of disposition equal to the adjusted cost base of such Sproutly Shares. Therefore, no gain or loss will be realized on the exchange.

A Resident Holder's aggregate adjusted cost base of the Stone Ridge Shares acquired should equal the aggregate adjusted cost base of the Sproutly Shares exchanged for the Stone Ridge Shares. The Resident Holder's adjusted cost base of each Stone Ridge Share is subject to the averaging rules under the Tax Act.

Dividends on Stone Ridge Shares

A Resident Holder of Stone Ridge Shares (whether acquired under the Arrangement or otherwise) will be required to include in income any dividend received or deemed to be received on the Resident Holder's

Stone Ridge Shares, and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations. No comment is provided as to whether dividends paid by Stone Ridge (if any) will be eligible for the enhanced gross-up and dividend tax credit applicable to eligible dividends under the Tax Act.

Disposition of Stone Ridge Shares acquired on the Arrangement

A Resident Holder who disposes of or is deemed to have disposed of a Stone Ridge Share (other than to Stone Ridge) will realize a capital gain or capital loss, as the case may be, equal to the amount by which the proceeds of disposition in respect of such share exceeds or is exceeded by the aggregate of the adjusted cost base of such share and any reasonable expenses associated with the disposition.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder must be included in income in the taxation year in which it is realized. One-half of the amount of any capital loss (an "**allowable capital loss**") realized by a Resident Holder in a taxation year must be deducted from any taxable capital gains realized by the Resident Holder in that year. Allowable capital losses in excess of taxable capital gains in a particular taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years.

Dissenting Resident Holders

A dissenting Resident Holder who, as a result of validly exercising dissent rights in respect of the Arrangement, receives a cash payment from Stone Ridge in consideration for the holder's Sproutly Shares will realize a capital gain (capital loss) equal to the amount by which the payment, net of reasonable costs of disposition and (for greater certainty) any interest awarded by a Court, exceeds (is exceeded by) the adjusted cost base of the dissenting Resident Holder's Sproutly Shares determined immediately before the Effective Time. The dissenting Resident Holder will be required to include any resulting taxable capital gain in income, or be entitled to deduct any resulting allowable capital loss in accordance with the usual rules applicable to capital gains and losses (see "Certain Canadian Federal Income Tax Considerations – Taxation of Capital Gains and Capital Losses" above).

A dissenting Resident Holder must include in income any interest awarded by a Court to the dissenting Resident Holder.

Alternative Minimum Tax on Resident Holders

A capital gain realized, or a dividend received, by a Resident Holder may give rise to liability for alternative minimum tax under the Tax Act.

SECURITIES LAWS CONSIDERATIONS

The following is a brief summary of the securities laws considerations applicable to the Arrangement.

CANADIAN SECURITIES LAWS

Status under Canadian Securities Laws

Stone Ridge is a "reporting issuer" (i.e. a public company) in the Provinces of British Columbia, Alberta and Ontario. The Stone Ridge Shares are currently listed on the CSE (symbol: SO).

Sproutly is not a "reporting issuer" in any Canadian jurisdiction, and the Sproutly Shares are not currently listed on any stock exchange.

On the Effective Date, Stone Ridge will acquire all of the issued and outstanding Sproutly Shares in exchange for Stone Ridge Shares pursuant to the Plan of Arrangement, and as a result of the Transaction, Sproutly will become a wholly-owned subsidiary of Stone Ridge.

Issuance and Resale of Resulting Issuer Shares under Canadian Securities Laws

The issue of the Resulting Issuer Shares to the Sproutly Shareholders under the Plan of Arrangement constitutes a distribution of securities which is exempt from the registration and prospectus requirements of Securities Legislation of Canada. The Resulting Issuer Shares held by former Sproutly Shareholders may be resold in each of the provinces and territories of Canada, provided that: the Resulting Issuer is and has been a reporting issuer in a jurisdiction of Canada for the four (4) months immediately preceding the trade; the holder is not a "control person" as defined in the applicable Securities Legislation; no unusual effort is made to prepare the market or create a demand for those securities; no extraordinary commission or consideration is paid to a person in respect of that sale; and, if the holder is an insider or officer of Resulting Issuer, the holder has no reasonable grounds to believe that the Resulting Issuer is in default of securities legislation.

Each holder is urged to consult such holder's professional advisers to determine the conditions and restrictions applicable to trades in the Resulting Issuer Shares to which the Sproutly Shareholders are entitled under the Arrangement. There may also be restrictions placed on resale of such securities by the CSE. Resales of any such securities acquired in connection with the Arrangement may be required to be made through properly registered securities dealers.

UNITED STATES SECURITIES LAWS

The Resulting Issuer Shares issuable to Sproutly Shareholders in exchange for their Sproutly Shares under the Arrangement have not been registered under the U.S. Securities Act, and such securities will be issued in reliance upon the exemption from registration set forth in Section 3(a)(10) thereof. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by any court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. Sproutly intends to schedule a hearing by the Court on the Arrangement on or around March 26, 2018.

The solicitation of proxies for the Meeting is not subject to the requirements of Section 14(a) of the Exchange Act and the rules and regulations promulgated from time to time thereunder. Accordingly, the solicitations and transactions contemplated in this Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws, and this Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. Sproutly Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the Exchange Act. Specifically, information concerning the operations of Stone Ridge and Sproutly and their respective affiliates contained herein has been prepared in accordance with Canadian disclosure standards, which are not comparable in all respects to United States disclosure standards. The Resulting Issuer Shares are not and will not be listed for trading on any United States stock exchange. The pro forma and historical financial statements included or incorporated by reference in this Circular have been prepared in accordance with Canadian generally accepted accounting principles and Canadian auditing and auditor independence standards, which differ from United States generally accepted accounting principles and auditing and auditor independence standards in certain material respects, and thus may not be comparable in all respects to financial statements prepared in accordance with United States generally accepted accounting principles and subject to United States auditing and auditor independence standards.

Tax considerations applicable to persons subject to U.S. taxation have not been included in this Circular. There may be material United States tax consequences for persons subject to U.S. taxation as a result of the Arrangement, which may include, without limitation, the possibility that the Arrangement is a taxable transaction, in whole or in part, for United States federal income tax purposes, and the possibility that one or more of the Resulting Issuer, Stone Rider or Sproutly may be classified as a "passive foreign investment company", which classification would subject holders of securities of such issuers to special, generally adverse tax consequences.

Persons subject to U.S. taxation are advised to consult their tax advisors to determine the particular tax consequences to them of the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction.

The enforcement by Sproutly Shareholders of civil liabilities under the U.S. federal and states securities laws may be affected adversely by the fact that the Resulting Issuer, Stone Ridge, Sproutly and their respective affiliates are organized under the laws of Canada, that some or all of their officers and directors are residents of countries other than the United States, that the experts named in this Circular are residents of countries other than the United States, and that a substantial portion of the assets of the Resulting Issuer, Stone Ridge, Sproutly and their respective affiliates and such persons are, or will be, located outside the United States.

The Resulting Issuer Shares receivable pursuant to the Arrangement will generally be transferable without restriction under the U.S. Securities Act, except that the U.S. Securities Act imposes restrictions on the resale of securities received pursuant to the Arrangement by persons who are "affiliates" of the Resulting Issuer after the Arrangement, or were affiliates of Stone Ridge or Sproutly within 90 days prior to the completion of Arrangement. Persons who may be deemed to be "affiliates" of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Subject to certain limitations, such affiliates may immediately resell such securities outside the United States without registration under the U.S. Securities Act pursuant to Regulation S under the U.S.

Securities Act. Such affiliates may also resell such securities pursuant to Rule 144 under the U.S. Securities Act, if available.

The foregoing discussion is only a general overview of certain requirements of United States federal securities laws applicable to the resale of securities received upon completion of the Arrangement. **All holders of such securities are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.**

THE ARRANGEMENT AND THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE IN THE UNITED STATES PASSED ON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

INFORMATION CONCERNING SPROUTLY

The following information is presented on a pre-Transaction basis and is reflective of the current business, financial and share capital position of Sproutly. The Transaction will result in Sproutly becoming a wholly-owned subsidiary of Stone Ridge. See "Information Concerning the Resulting Issuer" for certain information pertaining to Stone Ridge on a post-Transaction basis.

CORPORATE STRUCTURE

Sproutly was incorporated on January 17, 2017 under the CBCA. The head office of Sproutly is located at #1050 - 1095 W. Pender Street, Vancouver, BC V6E 2M6 and the registered office is located at 10th Floor, 595 Howe Street, Vancouver, BC V6C 2T5.

INTERCORPORATE RELATIONSHIPS

Upon the closing of the THR Acquisition, Sproutly will have one wholly owned Subsidiary, THR, as set out below:



GENERAL DEVELOPMENT OF THE BUSINESS

General Description of Business

Sproutly is a Vancouver based privately-owned company incorporated under the CBCA on January 17, 2017. Sproutly's objective is to capitalize on the growing medicinal and impending legal recreational cannabis markets in Canada. Sproutly's vision is to become a leader in the production of cannabis and cannabis-based products while creating a brand focused on innovative CBD and ultra-premium products.

THR is an applicant with Health Canada for a License to cultivate and sell marijuana for medical purposes under the AMPR and is currently awaiting a pre-license inspection in order to become a licensed producer of cannabis under the ACMPR (see Risk Factors – Licensing Requirements under the ACMPR).

History

Sproutly was incorporated on January 17, 2017 with the goal of becoming the owner and operator of a producer of cannabis licensed by Health Canada. On November 23, 2017, Stone Ridge announced a letter of intent to acquire Sproutly in a reverse takeover transaction which would result in Sproutly becoming a publically traded company on the CSE. On February 8, 2018, Sproutly and Stone Ridge announced the signing of the definitive agreement with respect to the previously announced reverse takeover transaction. On February 28, 2018, Sproutly will complete the acquisition of THR, which will provide the company with a late-stage ACMPR applicant and cannabis production facility located in Toronto.

NARRATIVE DESCRIPTION OF THE BUSINESS

Sproutly

Sproutly is a privately-owned company incorporated under the CBCA on January 17, 2017 under the name Sproutly, Inc. The registered and head office of Sproutly is located at #1050 - 1095 W. Pender Street, Vancouver, BC. Sproutly will have one wholly-owned subsidiary, Toronto Herbal Remedies Inc., a late-stage ACMPR applicant. Sproutly's objective is to capitalize on the growing medicinal and impending legal recreational cannabis markets in Canada. Sproutly's vision is to become a leader in the production of cannabis and cannabis-based products while creating a brand focused on innovative CBD and ultra-premium products.

THR is an applicant with Health Canada for a License to cultivate and sell marijuana for medical purposes under the AMPR and is currently awaiting a pre-license inspection in order to become a licensed producer of cannabis under the ACMPR (see Risk Factors – Licensing Requirements under the ACMPR).

Regulations

The market for cannabis in Canada is regulated under the ACMPR, the Narcotic Control Regulations and other applicable law. Health Canada is the primary regulator of the industry as a whole. The ACMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

The ACMPR came into force on August 24, 2016, replacing the MMPR.

Under the ACMPR regime (similar to the MMPR), Canadian individuals may obtain a medical document (similar to a prescription) for medical marijuana from a health care practitioner (as defined in the ACMPR) and then directly submit that medical document to any licensed producer under the ACMPR for

fulfillment. The individual must submit a medical document and other accompanying personal information to the licensed producer before the licensed producer registers the individual as a client and can fulfil any orders. Once registered, the client can go online to the licensed producer's web-site and order securely through the site. Currently, the ACMPR only allows for the direct shipping of medical marihuana to the client's residence or shipping address, or to a caretaker or medical professional on behalf of a patient. This is done in order to track shipments of medical marihuana to the end user. The ACMPR also includes provisions permitting the personal production of medical marihuana.

The Liberal Party of Canada announced its intention to legalize, regulate, and restrict access to recreational cannabis as part of its campaign platform for the Canadian federal election of October 2015. Having obtained a majority government, the Liberal Party of Canada confirmed its commitment to legalize cannabis in November 2016 and affirmed that legalization will occur on or before July 1, 2018. The government has since introduced a federal legislation in April of 2017 which will establish a federal system of production and wholesale distribution of cannabis in Canada which will run parallel to existing ACMPR provisions. The federal legislation will leave issues such as retail distribution, legal age to be able to purchase cannabis, and excise taxes to the provinces. Most provinces have since released their intentions on such issues while preparing for legalization on July 1, 2018.

Licensed Producers

The ACMPR regime is based upon the production of Medical Marihuana (a) by government licensed producers to sell to patients; and (b) registered individual, in limited amounts, for personal use. The ACMPR provides that licensed producers must adhere to a strict regime with respect to quality control. Licensed producers must accurately label the active ingredient content of the product and must ensure that the product does not contain unacceptable levels of contaminants as specified under the Food and Drug Act. Production facilities must ensure "good production practices" and employees must follow "standard operating procedures" with respect to production (i.e. sanitation, standardization and processes) and processing (i.e. packaging, record keeping, safety and security). Finished products must be labeled and packaged according to pharmaceutical standards and must be stored securely as specified under the Narcotic Control Regulations.

Any applicant seeking to become a Licensed Producer under the ACMPR is subject to stringent Health Canada licensing requirements. The below table provides a general overview of the licensing process as described by Health Canada.

<u>Stage</u>	<u>Overview</u>
Stage 1	<u>Intake and Initial Screening</u> : When an application is received, it undergoes an assessment for completeness. If an application appears to be complete, it will be assigned an application number. The application number means that the application has completed the assessment. The Initial Screening includes an assessment of: 1) the proposed business plan; 2) the Security Clearance Application Form; and, 3) record-keeping methods pertaining to security, Good Production Practices, inventory, and destruction methods. Health Canada will also verify that applicants have provided notices to the senior officials with the local government where their proposed site is located.
Stage 2	<u>Detailed Review and Initiation of Security Clearance Process</u> : All information submitted to Health Canada, and any other relevant information, is reviewed to: 1) complete the assessment of the application to ensure that it meets the requirements of the Regulations; 2) establish that the issuance of the licence is

not likely to create risks to public health, safety or security, including the risk of cannabis being diverted to an illicit market or use; and 3) establish that there are no other grounds for refusing the application. An application will be thoroughly reviewed to ensure that the level of detail included in the application is sufficient to assess the requirements of the ACMPR and validate the information provided. Consideration is also given to the proposed security measures including those required by Subdivision C of the ACMPR and the description of the storage area for cannabis as required by the Security Directive; the credentials of the proposed quality assurance person to meet the good production requirements outlined in Subdivision D of the ACMPR and the details listed in the quality assurance report relating to premises, equipment and sanitation program. Physical security plans will be reviewed and assessed in detail at this stage. While the application is in the Detailed Review stage, the security clearance forms for key personnel will be sent for processing.

Stage 3 Issuance of Licence to Produce: Once Health Canada confirms that the requirements of the ACMPR have been met, and the application successfully completes the Detailed Review and Security Clearance stage, a licence to produce will be issued.

Stage 4 Introductory Inspection: As part of the Terms and Conditions on their licence, a licensed producer is required to notify Health Canada as cultivation begins. Once notified, Health Canada will schedule an initial inspection to verify that the licensed producer is meeting the requirements of the ACMPR including, but not limited to, the physical security requirements for the site, record-keeping practices and Good Production Practices and to confirm that the activities being conducted by the licensed producer correspond to those indicated on their licence. Before being authorized for the activity of sale, the licensed producer must undergo a Pre-Sale Inspection by Health Canada to verify that they are in full compliance with all requirements of the ACMPR, with a focus on good production practices.

Stage 5 Pre-Sales Inspection: If a licensed producer wishes to add the activity of sale to their existing licence, an amendment application must be submitted to the Office of Medical Cannabis. Health Canada will then schedule an inspection to verify that the licensed producer is meeting the requirements of the ACMPR including, but not limited to, Good Production Practices, packaging, labelling, shipping, and record keeping prior to allowing the sale or provision of product.

Stage 6 Issuance of Licence to Sell: To complete the assessment of the requirements of the ACMPR and establish that adding the activity of sale of cannabis products is not likely to create a risk to public health, safety or security, and to confirm that there are no other grounds for refusing the amendment application, the following information is reviewed: 1) results of the pre-sale inspection; 2) information submitted in the amendment application to add the activity of sale to the licence; and 3) any other relevant information. When the review is completed, an amended licence, including the activity of sale, is issued to the licensed producer. The licensed producer may now begin supplying cannabis products to registered clients, other licensed producers and/or other parties named in subsection 22(2) of the ACMPR, depending on the activities licensed.

Sproutly is currently awaiting the Issuance of Licence to Produce from Health Canada.

The Market

Health Canada has indicated that it believes that by 2018 there will be over 200,000 medical marihuana users in Canada. In October 2016 there were 129,876 patients registered under the ACMPR. The monthly compounded growth rate in the number of patients registered under the ACMPR for the period from April to October 2016 is approximately 24%.

According to Canaccord Genuity, the medical marihuana market sector is expected to grow to sales of \$1.8 bln in Canada. Further they indicate that expected recreational legalization in Canada of marihuana in 2017 would significantly increase demand driving sales of an additional \$5.0 bln. Together Canaccord Genuity expects the total (medial and recreational) market to grow to \$7.8 bln of total cannabis sales in Canada by 2020.

Operations

Upon closing of the THR Acquisition, Sproutly's cannabis cultivation facility, via its wholly-owned subsidiary THR (the "**THR Facility**") will be located approximately 8 km from downtown Toronto. Management believes that this close proximity to Downtown Toronto offers it strategic advantages in servicing cannabis users in Toronto which has a population of 6.4 million adults.

Sproutly owns the land and building where the THR facility is located.

The THR facility is approximately 16,600 square feet and has been retrofitted for cost-effective production of ultra-premium cannabis. The THR Facility contains 12 closed-loop production with pharmaceutical-grade grow rooms with state-of-the-art HVAC, lighting, watering and control systems.

The THR facility has been equipped with an 'oversize' level 9 vault with capacity for up to \$32 million of cannabis product on hand at any one time. Management believes the 'oversize' vault along with the THR Facility's close proximity to Downtown Toronto provides a unique opportunity to implement a distribution model with fast, cost-effective and consumer-responsive delivery for medicinal cannabis users in Toronto.

Specialized Skills and Knowledge

As of the date hereof, Sproutly employs approximately 14 full-time employees and 10 full-time contractors, working in areas including operations, quality assurance, and marketing, accounting, and administration. Sproutly also employs consultants as required from time to time.

Shirin Arabi is Sproutly's Designated Quality Assurance Person, a designation assigned to her by Health Canada. As Sproutly's Designated Quality Assurance Person, Shirin Arabi will oversee all aspects of cannabis production, processing and distribution. Shirin Arabi holds a M.Sc. in Agricultural Engineering and Plant Pathology and a B.Sc. in Plant Protection.

Principal Products

If and when Sproutly receives an ACMPR Producer License, its principal business will be the sale of cannabis to patients who have received medical authorizations to acquire and use such cannabis. A significant proportion of the cannabis sold by licensed producers in Canada takes the form of dried flower.

In July, 2015 it became lawful to extract the cannabis active ingredients (and terpenes), dissolve them in appropriate oils and sell the resulting oils to qualified patients.

Sproutly intends to be producing and selling dried cannabis and cannabis oils to qualified patients. Pricing of Sproutly's products will be established in response to market conditions.

Fulfillment will generally be through the delivery facilities of Canada Post and the private courier industry.

Competition

Health Canada publishes a list of approved Medical Marihuana Production Licenses granted. However, Health Canada does not publish a list of applications in process. As of January 4, 2018, Health Canada had granted 84 Medical Marihuana Production Licenses, 47 in Ontario, 18 in British Columbia and 19 elsewhere in Canada. As of May 25, 2017, Health Canada disclosed that it has received 1,665 applications to become a License Producer, of which 265 have been refused, 69 have been withdrawn, 858 have been returned and 428 are in progress.

THR Acquisition

The THR facility will be acquired by Sproutly on Feb 28, 2018 which will result in Sproutly granting 11,544,388 Sproutly Shares in the exchange.

THR has been in development since 2014 and submitted its evidence package to Health Canada on March 14th for review. Due to the complexity of retro fitting an existing 16,600 sq ft building to meet Health Canada's acceptable standard, the construction was handled by Brad Daniels and Associates, an experienced general contracting firm located in the Greater Toronto Area. There were no revenues during the construction phase and the building costs together with the multi layered city approval process were handled by the general contractor. The construction plans were upgraded midway to include a state of the art closed loop system, a level 9 vault with the capacity to hold up to \$32 million in pharmaceutical products and completed with a state of the art testing laboratory. While THR will be Sproutly's first wholly owned cannabis facility operating under a Canadian ACMPR license, the Sproutly management team has been involved in the design, build, and completion of the THR facility since 2014 playing an active role in the management of the facility during the entire build process.

As a key stakeholder, Sproutly has spent considerable time and money on the THR business and acquisition. From working together with security experts to employing Good Production Practices through its three hundred standard operating Procedures, the Sproutly management team has been hands on in getting the facility ready for the cultivation of cannabis.

Sproutly is confident that the strategic geographic location of this state of the art facility in the proximity of the largest cannabis market in Canada will provide them an unmatched ability to deliver to the medical patient market. Within the GTA, Sproutly will carve out a niche for their boutique business model of high quality and reliable production of unique CBD strains.

The completion of the acquisition of THR will allow Sproutly to fully operate as a Canadian Licensed producer of Cannabis and apply for subsequent licenses within the ACMPR. Both the completion of the facility as well as the acquisition of 100% of the outstanding share of THR were both great milestones in the company's progress.

Sproutly expects that its financial position will greatly change in 2018 as the transaction to go public will provide it with the capital for immediate expansion and growth. THR will also provide a revenue stream for the first time since its application was submitted to Health Canada once it receives its sales license.

RISK FACTORS

Factors related to the THR Facility which may Prevent Realization of Business Objectives

As of the Record Date, the THR Facility will be substantially complete. The THR Facility will require an inspection by Health Canada prior to the granting of a licence under the ACMPR. Adverse changes or developments affecting construction of the THR Facility and commencement of production could have a material and adverse effect on Sproutly's business, financial condition and prospects. There is a risk that these changes or developments could cause the THR Facility to not be completed on time, on budget, or at all, as it can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

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

It is also possible that the final costs of constructing the THR Facility and commencing production may be significantly greater than anticipated by Sproutly's management, and may be greater than funds available to Sproutly, in which circumstance Sproutly may curtail, or extend the timeframes for completing its business plans.

Timeframes and Cost to Obtain a Licence Under the ACMPR

The timeframes and costs required for Sproutly or any applicant for a licence under the ACMPR to build the infrastructure required, to apply for, and to receive, a Licence can be significant. Estimates of the timeframe and costs cannot be reliably determined at this time given that Sproutly is at the pre-license inspection stage in the licensing process. The current backlog of applications from other licensees with Health Canada and the anticipated timeframe for processing and approval of any application cannot be reliably determined at this time.

Ultimately, in the process of meeting all licensing requirements, a facility meeting the rigorous requirements of Health Canada must be available for inspection by Health Canada before any licence can be granted.

Regulatory Risks

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

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

Governmental Regulations and Risks

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

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

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

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

Federal Court Case

The decision of *Allard v. Her Majesty the Queen* ("**Allard**") has recently been issued. In *Allard*, license holders under the old regime created by the Marijuana Medical Access Regulations ("**MMAR**") challenged the constitutionality of the MMPR. The court determined that the MMPR violated the Charter rights of the plaintiffs in *Allard* and as such ruled that the MMPR is of no force and effect. The judgment was

suspended for six months to allow the Government to implement a new or parallel medical marijuana regime. At this time, it is unclear how the Government will respond. The risks to the business of Sproutly represented by this or similar actions are that they might lead to court rulings or legislative changes that allow those with existing licenses to possess and/or grow medical marijuana and perhaps others to opt out of the regulated supply system implemented through the MMPR (or its successor regulations). This could significantly reduce the addressable market for Sproutly's products and could materially and adversely affect the business, financial condition and results of operations of Sproutly.

Legislative or Regulatory Reform

Sproutly's operations will be subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labeling, advertising, sale, transportation, storage and disposal of medical marijuana but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. Due to matters beyond the control of Sproutly, these laws, regulations, guidelines and policies may cause adverse effects to its operations.

The commercial medical marijuana industry is a new industry and Sproutly anticipates that such regulations will be subject to change as the Federal Government monitors licensed producers in action. As of the date of this Listing Statement, the MMPR have already been amended further.

Limited Operating History

While THR was incorporated and began carrying on business in 2013, and will become a wholly owned subsidiary of Sproutly on February 28, 2018, it is yet to generate any revenue. Sproutly is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that Sproutly will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

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

Risks Inherent in an Agricultural Business

Sproutly's business may, in the future, involve the growing of medical marijuana, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although all such growing is expected to be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Reliance on Management

Another risk associated with the production and sale of medical marijuana is the loss of important staff members. Sproutly is currently in good standing with all high level employees and believes that with well managed practices will remain in good standing. The success of Sproutly will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the

services of such individuals could have a material adverse effect on Sproutly's business, operating results or financial condition.

Insurance and Uninsured Risks

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

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

Difficult to Forecast

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

Management of Growth

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

Internal Controls

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

Risks Related to the Medical Marihuana Industry

Dried Marihuana is Not an Approved Drug or Medicine

Dried marijuana is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of marijuana, but the courts have required reasonable access to a legal source of marijuana when authorized by a healthcare practitioner.

Sproutly is Not a Licensed Producer Under the ACMPR

THR has applied to Health Canada to become a licensed producer under the ACMPR that would enable Sproutly to cultivate and sell medical marihuana to patients across Canada. Sproutly has not yet received a licence and as such is not a licensed producer. However, THR is currently in the pre-license inspection stage of the licensing process. Sproutly's ability to cultivate, store and sell medical marihuana in Canada is dependent on obtaining a licence from Health Canada and there can be no assurance that Sproutly will obtain such a licence.

Sproutly's success to date includes:

- Sproutly has advanced to the pre-license inspection stage of the licensing process;
- Sproutly personnel have passed through the security clearance stage of the licensing process; and
- Sproutly has substantially completed the build out of its proposed THR Facility.

Even if Sproutly is successful in obtaining a licence, such licence will subject Sproutly to ongoing compliance and reporting requirements. Failure to comply with the requirements of the licence or any failure to maintain the licence could have a material adverse impact on the business, financial condition and operating results of Sproutly. Furthermore, the licence will have an expiry date of approximately one year from the date it is granted. Upon expiration of the licence, Sproutly would be required to submit an application for renewal to Health Canada containing information prescribed under the ACMPR and renewal cannot be assured.

Licensing Requirements Under the ACMPR

The market for cannabis (including medical marihuana) in Canada is regulated by the Controlled Drugs and Substances Act ("**CDSA**"), the ACMPR, the Narcotic Control Regulations, and other applicable law. Health Canada is the primary regulator of the industry as a whole. The ACMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

Applicants and licensed producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of marihuana, and physical security measures to protect against potential diversion. Licensed producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale. This approval process includes testing (and validation of testing) for microbial and chemical contaminants to ensure that they are within established tolerance limits for herbal medicines for human consumption as required under the Food and Drugs Act, and determining the percentage by weight of

Sproutly Will Be an Entrant Engaging in a New Industry

The medical marijuana industry is fairly new. There can be no assurance that an active and liquid market for shares of Sproutly will develop and shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that Sproutly will be successful in the long term.

Unfavourable Publicity or Consumer Perception

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

Product Liability

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

Product Recalls

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

Competition

If Sproutly is successful in securing an ACMPR license, Sproutly will face competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than Sproutly. In addition, the government has only issued to date a small number of licenses under the ACMPR to produce and sell medical marihuana. There are, however, several hundred applicants for licenses. The number of licenses granted could have an impact on the operations of Sproutly. Because of the early stage of the industry in which Sproutly operates, Sproutly expects to face additional competition from new entrants. If the number of users of medical marihuana in Canada increases, the demand for products will increase and Sproutly expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, Sproutly will require a continued high level of investment in research and development, marketing, sales and client support.

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

FINANCIAL STATEMENTS

Sproutly's audited financial statements for the period ended November 30, 2017 has been previously provided to shareholders of Sproutly. Attached as Schedule "H" is a copy of Sproutly's financial statements for the period ended November 30, 2017.

MATERIAL CHANGES IN THE AFFAIRS OF SPROUTLY

Other than as described in this Circular in relation to the Transaction, Sproutly currently has no plans or proposals for any material changes in the affairs of Sproutly, such as any contract or agreement under negotiation, any proposal to liquidate Sproutly, to sell, lease or exchange all or a substantial part of its assets, to amalgamate it or to make any material changes in its business, corporate structure (debt or equity), management or personnel.

ADDITIONAL INFORMATION CONCERNING SPROUTLY

For additional information concerning Sproutly, please see "Information Concerning Sproutly" attached as Schedule "L" to this Circular.

INFORMATION CONCERNING STONE RIDGE

The following information is provided by Stone Ridge, is presented on a pre-Transaction basis (except where otherwise indicated) and is reflective of the current business, financial and share capital position of Stone Ridge. See "Information Concerning the Resulting Issuer" for certain information pertaining to Stone Ridge on a Post-Transaction basis.

STONE RIDGE FINANCIAL STATEMENTS

Copies of the financial statements and MD&A of Stone Ridge listed below are attached to this Circular as follows:

- (a) the unaudited interim financial statements of Stone Ridge for the nine month period ended November 30, 2017 and November 30, 2016 and the audited financial statements of Stone Ridge for the years ended February 28, 2017 and February 29, 2016, together with the notes thereto and the auditor's report thereon, are attached as Schedule "J" hereto; and
- (b) MD&A of Stone Ridge for the none month ended November 30, 2107 and MD&A of Stone Ridge for the years ended February 28, 2017 are attached as Schedule "K" hereto.

CORPORATE STRUCTURE

Stone Ridge was incorporated under the BCBCA on January 26, 2012. The head office of Stone Ridge is located at Suite 200 – 551 Howe Street, Vancouver, British Columbia, V6C 2C2. Stone Ridge's registered office is located at Suite 1750, 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6. The principal business of Stone Ridge has been mineral exploration in British Columbia.

The current directors and officers of Stone Ridge are Robert Coltura (President, CEO, CFO and Director), Jerry A. Minni (Director), Stephen B. Butrenchuk (Director) and Matthew Coltura (Director).

INTERCORPORATE RELATIONSHIPS

Stone Ridge has no subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Stone Ridge has since inception been engaged in the business of mineral exploration in British Columbia. Its objective was to locate and develop economic precious and base metals properties of merit.

History

Stone Ridge entered into the Property Option Agreement dated January 26, 2012 with KGE Management Ltd. and John Chapman (collectively, the "**Optionors**"), whereunder Stone Ridge was granted an irrevocable and exclusive option to acquire a 100% interest in the Hanson Property, consisting of two (2) contiguous mineral claims comprising an aggregate 3,554.8 hectares, located in the Omineca Mining Division, British Columbia, Canada. The terms of the Property Option Agreement were amended on February 25, 2012, August 1, 2013, September 19, 2014, February 23, 2015, July 23, 2015, November 13, 2015, January 14, 2016 and April 24, 2017.

To exercise its option to acquire a 100% interest in the Hanson Property, pursuant to the terms of the Property Option Agreement, Stone Ridge agreed to pay an aggregate \$161,220 and to issue an aggregate

630,000 Stone Ridge Shares to the Optionors and incur an aggregate minimum \$2,600,000 in exploration expenditures on the Hanson Property in stages over a period of four years.

To date, Stone Ridge has paid a total of \$26,220 and issued 125,000 Stone Ridge Shares to the Optionors and has incurred \$154,066 in exploration expenditures on the Hanson Property pursuant to the Property Option Agreement. In 2017 Stone Ridge terminated the Property Option Agreement and write off all of its investment in the Hanson Property.

PRIOR SALES

During the 12 month period preceding the date of this Circular, the following Stone Ridge Shares were issued:

Date	Number of Stone Ridge Shares	Issue Price Per Share (on a pre-Stone Ridge Consolidation basis) (\$)	Aggregate Issue Price (on a pre-Stone Ridge Consolidation basis) (\$)	Consideration Received
April 6, 2017	280,000	\$0.10	\$40,000	Cash
October 4, 2017	120,000	\$0.10	\$12,000	Cash
December 14, 2017	4,500	\$0.10	\$450	Cash
January 12, 2018	13,500,000	\$0.05	\$675,000	Cash
January 12, 2018	1,350,000	\$0.05	\$67,500	Services
January 26, 2018	33,000	\$0.10	\$3,300	Cash
February 2, 2018	71,000	\$0.10	\$7,100	Cash

STOCK EXCHANGE PRICE

The following table sets out trading information for the common shares of Stone Ridge for the periods indicated.

Time Period	High (\$) ⁽³⁾	Low (\$)	Total Volume ⁽³⁾
February 2018	0.435	0.25	439,100
January 2018	0.60	0.23	1,684,167
December 2017	0.33	0.25	215,571
November 2017	0.35	0.06	197,571
October 2017	0.10	0.06	5,000
September 2017	0.15	0.06	96,000
August 2017	0.06	0.06	100,100
July 2017	-	-	-
June 2017	0.06	0.055	30,000
May 2017	0.07	0.065	48,000
April 2017	0.065	0.065	3,000
March 2017	0.05	0.05	39,000
February 2017	0.05	0.05	8,000

⁽¹⁾ Stone Ridge's common shares began trading on the CSE on April 13, 2016.

⁽²⁾ All figures set out in the chart above are given on a pre-Stone Ridge Consolidation basis.

MATERIAL CONTRACTS

Since incorporation, the only material contracts entered into by Stone Ridge, other than contracts entered into in the ordinary course of business, are as follows:

1. Property Option Agreement dated January 26, 2012, as amended, among Stone Ridge, KGE Management Ltd. and John Chapman (see "*Information Concerning Stone Ridge – General Development of Business*").
2. Arrangement Agreement dated February 7, 2018 between Stone Ridge and Sproutly (see Schedule "B").

The Arrangement Agreement is enclosed herein under Schedule "B" and copies of the remaining agreements are available on SEDAR at www.sedar.com under Stone Ridge's profile.

ADDITIONAL INFORMATION CONCERNING STONE RIDGE

For additional information concerning Stone Ridge, please see "Information Concerning Stone Ridge" attached as Schedule "M" to this Circular.

INFORMATION CONCERNING THE RESULTING ISSUER

The Transaction will result in Sproutly becoming a wholly-owned subsidiary of Stone Ridge. The following information is presented on a post-Transaction basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer after giving effect to the Transaction. This section only includes information respecting Stone Ridge and Sproutly after the Transaction that is materially different from information provided earlier in this Circular. See the various headings under "Information Concerning Sproutly" and "Information Concerning Stone Ridge" for additional information regarding Sproutly and Stone Ridge, respectively. See also the Pro Forma Financial Statements attached hereto as Schedule "C".

CORPORATE STRUCTURE

Name and Incorporation

Following completion of the Transaction, it is anticipated that the Resulting Issuer will operate under the name "Sproutly, Inc." and will continue to be governed by the BCBCA.

The head office of the Resulting Issuer will be located at #1050 - 1095 W. Pender Street, Vancouver, BC V6E 2M6 and the registered office will be located at 10th Floor, 595 Howe Street, Vancouver, BC V6C 2T5.

Inter-corporate Relationships

On completion of the Transaction, the Resulting Issuer will hold 100% of the issued and outstanding shares of Sproutly, Sproutly will be a direct wholly owned subsidiary of the Resulting Issuer and THR will be an indirect wholly-owned subsidiary. The Resulting Issuer will continue to be governed by the BCBCA.

NARRATIVE DESCRIPTION OF THE BUSINESS

Stated Business Objectives

For the narrative description of the business of the Resulting Issuer, including development milestones of the business, see "Information Concerning Sproutly – General Development of the Business". See "Information Concerning Sproutly – Narrative Description of the Business" for further information on Sproutly's assets and business plan.

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

Available Funds

As of January 31, 2018, Stone Ridge has a working capital of approximately \$507,983 and Sproutly has a working capital shortfall of approximately \$227,861. Accordingly, the estimated consolidated working capital on an adjusted basis to the Resulting Issuer as of January 31, 2018 was approximately \$280,112.

Upon completion of the Transaction, the Resulting Issuer will have estimated funds of approximately \$280,112 available, comprised of:

Approximate working capital of Stone Ridge as at January 31, 2018	\$507,983
Approximate working capital of Sproutly as at January 31, 2018	\$(227,861)
TOTAL	\$280,112

Principal Purpose of Funds

The principal purposes of the available funds will be to fund, among other things, sales and marketing, research and development, for administrative costs and for general working capital purposes and to pay for the regulatory and legal costs to complete the Transaction. Specifically, the Resulting Issuer intends to use the funds available for the following purposes:

Principal Purpose of Funds	Amount (\$)
Working Capital	\$3,567,371
Cultivation Costs	\$1,000,000
Capital Expenditures	\$600,000
Regulatory and Legal Costs to Complete Transaction	\$250,000
TOTAL	\$5,471,371

The Resulting Issuer intends to spend the net funds available to it as stated in this Circular. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

FULLY DILUTED SHARE CAPITAL

The following table sets out the anticipated share capital of the Resulting Issuer, on a fully-diluted basis, immediately upon completion of the Transaction:

	Number of Securities Issued or Reserved (Fully Diluted)	% of Total Issued and Outstanding Stone Ridge Shares (Fully Diluted)
Common Shares (Sproutly)	102,506,616	71.08%
Common Shares (Stone Ridge)	19,450,437	13.49%
Stock Options (Sproutly)	7,102,811	4.92%
Warrants (Sproutly)	10,354,466	7.18%
Stock Options (Stone Ridge)	200,000	0.14%
Warrants (Stone Ridge)	4,608,250	3.20%
TOTAL	144,222,580	100%

OPTIONS TO PURCHASE SECURITIES

Upon closing of the Transaction, the Resulting Issuer will have the following options and warrants to purchase Resulting Issuer Shares issued and outstanding:

- a) 1,450,000 Sproutly Options with an exercise price of \$0.01 which entitle the holder thereof to acquire 2,942,593 Resulting Issuer until March 25, 2027;
- b) 50,000 Sproutly Options with an exercise price of \$0.01 which entitle the holder thereof to acquire 101,469 Resulting Issuer Shares until April 18, 2027;
- c) 2,000,000 Sproutly Options with an exercise price of \$0.50 which entitle the holder thereof to acquire 4,058,749 Resulting Issuer Shares until March 25, 2027;
- d) 3,706,580 Sproutly Warrants with an exercise price of \$1.50 which entitle the holder thereof to acquire 7,522,039 Resulting Issuer Shares until January 30, 2020, and January 31, 2020;
- e) 550,000 Sproutly Warrants with an exercise price of \$0.45 which entitle the holder thereof to acquire 1,116,156 Resulting Issuer Shares until November 30, 2019;
- f) 845,714 broker warrants with an exercise price of \$0.35 which entitle the holder thereof to acquire 1,716,270 Resulting Issuer Shares until the date that is two years from the closing of Sproutly Private Placement;
- g) 200,000 Stone Ridge Options which entitle the holders thereof to acquire an aggregate of 200,000 Resulting Issuer Shares at \$0.10 per share and which expire May 4, 2020;
- h) 3,712,500 Stone Ridge Warrants which entitle the holders thereof to acquire an aggregate of 3,712,500 Resulting Issuer Shares at \$0.10 per share until January 12, 2019; and
- i) 675,000 Stone Ridge Warrants which entitle the holders thereof to acquire an aggregate of 675,000 Resulting Issuer Shares at \$0.05 per share until January 12, 2019.

RISK FACTORS

An investment in the Resulting Issuer should continue to be considered speculative due to the nature of Sproutly's business and the present stage of its development.

The risk factors disclosed under "Information Concerning Sproutly – Risk Factors" in respect of Sproutly's business will continue to apply to the Resulting Issuer and should be considered in respect of the business of Stone Ridge on completion of the Transaction. See also "The Arrangement – Arrangement Risk Factors" for a discussion of some of the risk factors relating to the Arrangement.

Additional risks and uncertainties not currently known to Sproutly or Stone Ridge, or that Sproutly and Stone Ridge currently deem to be immaterial, may also materially and adversely affect the business of the Resulting Issuer.

In addition, the following risk factors should be carefully considered by investors:

Loss of Entire Investment

An investment in the securities of Resulting Issuer is speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high risk investments and who can afford to lose their entire investment should consider an investment in the Resulting Issuer.

The Resulting Issuer 's securities may experience price volatility

Securities markets have recently had a high level of price and volume volatility, and the market price 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. Factors unrelated to the financial performance or prospects of the Resulting Issuer may include macroeconomic developments locally and globally, and market perceptions of the attractiveness of particular industries. As a result of any of these factors, the market price of the Resulting Issuer Shares at any given point in time may not accurately reflect the long term value of the Resulting Issuer.

In the past, following periods of volatility in the market price of a company's securities, shareholders have in some cases instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could significantly harm profitability and the reputation of the Resulting Issuer.

Additional Capital Requirements and Dilution

In order for the Resulting Issuer to grow, remain competitive, develop new products, and expand its customer base, the Resulting Issuer may require additional capital in the future. Its ability to obtain additional capital in the future is subject to a variety of uncertainties, including its future financial condition, results of operations and cash flows; general market conditions for capital raising activities by medical device and related companies. The Resulting Issuer may be unable to obtain additional capital in a timely manner or on acceptable terms or at all. Furthermore, the terms and amount of any additional capital raised through issuances of equity securities may result in significant shareholder dilution (including former Sproutly Shareholders).

Discretion in the Use of Available Funds

Management will have broad discretion concerning the use of the available funds of the Resulting Issuer as well as the timing of their expenditures. As a result, shareholders and investors will be relying on the judgment of management of the Resulting Issuer for the application of the available funds of the Resulting Issuer (see "Available Funds and Principal Purposes" above). Management may use the available funds in ways that an investor may not consider desirable. The results and the effectiveness of the application of the available funds are uncertain. If the available funds are not applied effectively, the Resulting Issuer's results of operations may suffer.

The Resulting Issuer may be unable to establish and maintain an effective system of controls and procedures over financial and non-financial information, and as a result, the Resulting Issuer may be unable to accurately disclose relevant information, report its financial results or prevent fraud

The Resulting Issuer's reporting obligations as a public company will place a significant strain on its management, operational and financial resources and systems for the foreseeable future. Until the completion of the Transaction, Sproutly has been a private company with limited accounting personnel and other resources to address any reporting requirements. In connection with the Transaction, a number

of deficiencies in the Resulting Issuer's internal controls over financial reporting have been identified that could adversely affect the Resulting Issuer's ability to record, process, summarize and report financial data consistent with the assertions of its management in its consolidated financial statements. Certain identified internal control deficiencies include the lack of a formalized Canadian GAAP closing and reporting process, internal audit resources and accounting personnel with advanced Canadian public company reporting and GAAP accounting skills. The Resulting Issuer's failure to establish and maintain effective disclosure controls and procedures and internal control over financial reporting could result in the loss of investor confidence in the reliability of the Resulting Issuer's reporting processes, which in turn could harm the Resulting Issuer's business and negatively impact the trading price of the Resulting Issuer Shares.

Conflicts of Interest

The Resulting Issuer's directors and officers may serve as directors or officers of other companies or companies providing services to the Resulting Issuer or they may have significant shareholdings in other companies. Situations may arise where the directors and/or officers of the Resulting Issuer may be in competition with the Resulting Issuer. Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. 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.

Payment of Dividends Unlikely

There is no assurance that the Resulting Issuer will pay dividends on its shares in the near future. The Resulting Issuer will likely require all its funds to further the development of its business for the foreseeable future.

Lack of Revenue and a History of Operating Losses

Sproutly and the Resulting Issuer do not have any operational history or earnings and Sproutly has incurred net losses and negative cash flow from its operations since incorporation in 2017. Although the Resulting Issuer will hope to eventually generate revenues, significant operating losses are to be anticipated for at least the next few years and possibly longer. To the extent that such expenses do not result in the creation of appropriate revenues, the Resulting Issuer's business may be materially adversely affected.

ADDITIONAL INFORMATION CONCERNING THE RESULTING ISSUER

For additional information concerning the Resulting Issuer, please see "Information Concerning the Resulting Issuer" attached as Schedule "N" to this Circular.

EXPERTS

MNP LLP are the auditors of Sproutly and has advised Sproutly that MNP LLP has not received nor will receive any beneficial interests, direct or indirect, in any securities or other property of Sproutly or Stone Ridge or any of its associates or affiliates. MNP LLP reports that it is independent of Sproutly in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

APPROVAL OF CIRCULAR

The contents and the sending of the Notice of meeting and this Circular have been approved by the Sproutly Board.

SCHEDULE "A"

SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF SPROUTLY, INC.

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The arrangement (the "**Arrangement**") under section 192 of the *Canada Business Corporations Act* (British Columbia) (the "**Act**") involving Sproutly, Inc. ("**Sproutly**"), Stone Ridge Exploration Corp. ("**Stone Ridge**") and the holders of outstanding Shares of Sproutly (the "**Shareholders**"), as more particularly described and set forth in the Information Circular (the "**Circular**") of Sproutly dated February 28, 2018 (as the Arrangement may be modified or amended), is hereby authorized, approved and adopted.
2. The Plan of Arrangement (the "**Plan of Arrangement**") involving Sproutly, Stone Ridge and the Shareholders, the full text of which is set out as Schedule "A" to the amended and restated arrangement agreement made as of March 20, 2018 between Stone Ridge and Sproutly (the "**Arrangement Agreement**") (as the Plan of Arrangement may be or may have been amended), is hereby approved and adopted.
3. The amendment of Sproutly's Articles, if required, to effect the Sproutly Name Change (as defined and described in the Circular) is hereby authorized and approved.
4. The Arrangement Agreement, the actions of the directors of Sproutly in approving the Arrangement Agreement and the actions of the directors and officers of Sproutly in executing and delivering the Arrangement Agreement and any amendments thereto in accordance with its terms are hereby ratified and approved.
5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the Shareholders or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of Sproutly are hereby authorized and empowered (i) to amend the Arrangement Agreement, or the Plan of Arrangement to the extent permitted by the Arrangement Agreement, and (ii) not to proceed with the Arrangement without further approval of the Shareholders, but only if the Arrangement Agreement is terminated in accordance with Article 9 thereof.
6. Any officer or director of Sproutly is hereby authorized and directed for and on behalf of Sproutly to execute or cause to be executed, under the corporate seal of Sproutly or otherwise, and to deliver or cause to be delivered, all such documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such authorization to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE "B"

ARRANGEMENT AGREEMENT WITH ATTACHED PLAN OF ARRANGEMENT

(SEE ATTACHED)

AMENDED AND RESTATED ARRANGEMENT AGREEMENT

between

STONE RIDGE EXPLORATION CORP.

and

SPROUTLY, INC.

Dated as of the 20th day of March, 2018

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Schedule A Plan of Arrangement

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is made as of the 20th day of March, 2018.

BETWEEN:

STONE RIDGE EXPLORATION CORP., a corporation existing under the *Business Corporations Act* (British Columbia) ("**Stone Ridge**")

- and -

SPROUTLY, INC., a corporation existing under the *Canada Business Corporations Act* ("**Sproutly**")

WITNESSES THAT:

WHEREAS Stone Ridge and Sproutly propose to effect a business combination to combine the business and assets of Sproutly with those of Stone Ridge;

AND WHEREAS Stone Ridge wishes to acquire all of the outstanding common shares of Sproutly at one time in a single transaction;

AND WHEREAS the parties hereto intend to carry out the proposed business combination by way of a plan of arrangement under the provisions of the *Canada Business Corporations Act*;

NOW THEREFORE in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto hereby covenant and agree as follows:

ARTICLE 1 DEFINITIONS, INTERPRETATION AND SCHEDULE

1.1 Definitions

In this Agreement, unless the context otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the meaning ascribed to such capitalized word or term below:

- (a) "**ACMPR**" means the *Access to Cannabis for Medical Purposes Regulations* (Canada), as amended;
- (b) "**ACMPR Application**" means an application to become a licenced producer of medical cannabis under the ACMPR or equivalent predecessor legislation in Canada;
- (c) "**Affiliate**" has the meaning set forth in the CBCA;

- (d) **"Agreement"**, **"this Agreement"**, **"herein"**, **"hereto"**, **"hereof"** and **"hereunder"** and similar expressions refer to this arrangement agreement, as the same may be amended or supplemented from time to time and, where applicable, to the appropriate Schedules hereto;
- (e) **"Applicable Corporate Laws"**, in the context that refers to one or more Persons, means all corporate laws, including the CBCA and/or BCBCA (as applicable), as the foregoing apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;
- (f) **"Applicable Laws"**, in the context that refers to one or more Persons, means the Laws that apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;
- (g) **"Applicable Securities Laws"** in the context that refers to one or more Persons, means, collectively, and as the context may require, the securities legislation of each of the provinces and territories of Canada, the rules of the CSE, and the rules, regulations and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Time, as the foregoing apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;
- (h) **"Arrangement"** means the arrangement under the provisions of section 192 of the CBCA on the terms and conditions set forth in the Plan of Arrangement, subject to any amendment or supplement thereto made in accordance therewith or at the direction of the Court in the Final Order;
- (i) **"Arrangement Dissent Rights"** means the rights of dissent in respect of the Arrangement as described in the Plan of Arrangement;
- (j) **"Arrangement Resolution"** means the special resolution in respect of the Arrangement to be considered at the Sproutly Meeting;
- (k) **"Articles of Arrangement"** means the articles of arrangement giving effect to the Arrangement, issued pursuant to Subsection 192(7) of the CBCA;
- (l) **"BCBCA"** means the *Business Corporations Act* (British Columbia) S.B.C. 2002, c. 57 as from time to time amended or re-enacted, including the regulations promulgated thereunder;
- (m) **"Business Day"** means any day, other than a Saturday, a Sunday or a statutory holiday in the Province of British Columbia and also excluding any day on which the principal chartered banks located in the City of Vancouver are not open for business;
- (n) **"CBCA"** means the *Canada Business Corporations Act*, R.S.C. 1985. c. C-44 as amended, including the regulations promulgated thereunder;
- (o) **"Certificate of Arrangement"** means the certificate of arrangement giving effect to the Arrangement, issued pursuant to Subsection 192(7) of the CBCA;
- (p) **"Claim"** means any claim, demand, lawsuit, proceeding, arbitration or governmental investigation, in each case, whether asserted, threatened, pending or existing;

- (q) "**Consolidation**" means the consolidation after the date hereof of the issued and outstanding Stone Ridge Shares on the basis of two (2) Stone Ridge Shares being consolidated into one (1) Post-Consolidation Stone Ridge Share;
- (r) "**Court**" means the Supreme Court of British Columbia;
- (s) "**CSE**" means the Canadian Securities Exchange;
- (t) "**CSE Conditional Acceptance**" means either a conditional acceptance letter or other written confirmation from the CSE that, following the satisfaction of the conditions set out by the CSE, Stone Ridge, after giving effect to the transactions contemplated by this Agreement will qualify for listing on the CSE;
- (u) "**Effective Date**" means the date that is shown on the Certificate of Arrangement;
- (v) "**Effective Time**" means the first moment of time (Vancouver time) on the Effective Date;
- (w) "**Encumbrance**" includes any mortgage, pledge, assignment, charge, lien, claim security interest, adverse interest, adverse claim, other third party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (x) "**Environmental Laws**" means all applicable federal, provincial, state, local and foreign laws imposing liability or standards of conduct for or relating to the regulation of activities, materials, substances or wastes in connection with or for the protection of human health, safety, the environment or natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation);
- (y) "**Environmental Liability**" means, with respect to any Person, all liabilities, obligations, responsibilities, remedial and removal costs, investigation costs, capital costs, operation and maintenance costs, losses, damages, punitive damages, property damages, consequential damages, treble damages, costs and expenses, fines, penalties and sanctions incurred as a result of or related to any claim, suit, action, administrative order, investigation, proceeding or demand by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law, relating to any environmental matter arising under or related to any Environmental Laws, Environmental Permits, or in connection with any release or threatened release or presence of a Hazardous Substance whether on, at, in, under, from, or about or in the vicinity of any real or personal property;
- (z) "**Environmental Permits**" means all permits, licenses, written authorizations, certificates, approvals, program participation requirements, sign-offs or registrations required by or available with or from any Governmental Authority under any Environmental Laws;
- (aa) "**Exchange Ratio**" means 2.02937459412508 Post-Consolidation Stone Ridge Shares for each one (1) Sproutly Share, upon and subject to the terms and conditions of this Agreement;
- (bb) "**Final Order**" means the final order of the Court approving the Arrangement as provided in Section 6.4;
- (cc) "**Governing Documents**" means either the Stone Ridge Governing Documents, or the Sproutly Governing Documents, as the case may be;

- (dd) **"Governmental Entity" or "Governmental Authority"** means any (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (ii) any subdivision, agency, commission, board or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- (ee) **"Hazardous Substances"** means any pollutant, contaminant, waste or chemical, or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous or deleterious substance, waste or material, including petroleum, polychlorinated biphenyls, asbestos and urea-formaldehyde insulation, and any other material or contaminant regulated or defined pursuant to, or that could result in liability under, any Environmental Law;
- (ff) **"IFRS"** means International Financial Reporting Standards as set by the International Accounting Standards Board;
- (gg) **"Information Circular"** means the management information circular of Sproutly to be sent by Sproutly to its shareholders in connection with the Sproutly Meeting as such information circular may be affirmed, amended or modified subject to the Agreement;
- (hh) **"Interim Order"** means the interim order of the Court contemplated by Section 2.2, in a form acceptable to Sproutly and Stone Ridge, each acting reasonably, providing for, among other things, the calling and holding of the Sproutly Meeting, as the same may be amended, modified, supplemented or varied by the Court (with the consent of the parties, acting reasonably);
- (ii) **"in writing"** means written information including documents, files, records, books and other materials made available, delivered or produced to a party hereto by or on behalf of another party hereto including in the course of the former's due diligence review of the latter;
- (jj) **"Law"** means any law, by-law, rule, regulation, order, ordinance, protocol, code, guideline, policy, notice, direction and judgement or other requirement of any Governmental Entity;
- (kk) **"Listing"** means the listing of the Post-Consolidation Stone Ridge Shares on the CSE or such other Canadian stock exchange as may be agreed upon by the Parties;
- (ll) **"Material Adverse Change"** means, in respect of either Stone Ridge or Sproutly, as the case may be, any change in the business, operations, results of operations, assets, capitalization, financial condition, licenses, permits, leases, concessions, rights, liabilities, prospects or privileges, whether contractual or otherwise, of such party or any subsidiary, which is materially adverse to the business of such party and its subsidiaries (considered as a whole), other than a change (i) that arises out of a matter that has been publicly disclosed or otherwise disclosed in writing by a party to the other prior to the date hereof; (ii) that results from conditions affecting the cannabis industry generally; (iii) that results from general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere; or (iv) that is consented to by the other party hereto or results from any matter consented to by the other party hereto;
- (mm) **"Material Adverse Effect"**, in relation to any event or change, means an effect that is or would reasonably be expected to be materially adverse to the financial condition, operations, assets, liabilities, or business of Stone Ridge or Sproutly, as the case may be, and their respective subsidiaries (considered as a whole); provided that a Material Adverse Effect shall not include an adverse effect resulting from a change (i) that arises out of a matter that has been publicly disclosed

or otherwise disclosed in writing by a party to the other; (ii) that results from conditions affecting the cannabis industry generally; or (iii) that results from general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere; or (iv) that is consented to by the other party hereto or results from any matter consented to by the other party hereto;

- (nn) **"Name Change"** means the change of name of Stone Ridge to "Sproutly Inc." or such other name as may be agreed upon by Stone Ridge and Sproutly;
- (oo) **"Outside Date"** means May 7, 2018 or such other date as may be agreed to in writing by the Parties;
- (pp) **"Parties"** means each of Stone Ridge and Sproutly and "Party" means each one of them, as applicable;
- (qq) **"Person"** means any individual (or group of individuals) corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executor or similar official, Government Authority or other legal entity;
- (rr) **"Plan of Arrangement"** means the plan of arrangement substantially in the form and content set out in Schedule A hereto and any amendment or variation thereto made in accordance with section 6.1 of the Plan of Arrangement or Sections 9.1 and 9.2 of this Agreement;
- (ss) **"Post-Consolidation Stone Ridge Share"** means a common share of Stone Ridge immediately after giving effect to the Consolidation;
- (tt) **"Registrar"** means the Registrar of Companies or a Deputy Registrar of Companies appointed under the BCBCA;
- (uu) **"Regulatory Approvals"** means all regulatory approvals required to be obtained prior to the Effective Time for all of the transactions contemplated herein, including without limitation all required approvals of the Regulatory Authorities;
- (vv) **"Regulatory Authorities"** means, collectively, the CSE and the securities commissions and, if applicable, the securities regulatory authority, in the applicable jurisdictions in Canada;
- (ww) **"Returns"** means all reports, forms, elections, information statements and returns (whether in tangible, electronic or other form) and includes any amendments, schedules, attachments, supplements, appendices and exhibits thereto relating to, or required to be filed or prepared in connection with, any Taxes;
- (xx) **"Securities Authorities"** means the British Columbia Securities Commission and the other applicable securities regulatory authorities in Canada collectively;
- (yy) **"Sproutly"** means Sproutly, Inc., a corporation incorporated under the laws of Canada;
- (zz) **"Sproutly Financial Statements"** means the audited financial statements of Sproutly for the period ended November 30, 2017;
- (aaa) **"Sproutly Governing Documents"** means the certificate of incorporation, articles and by-laws of Sproutly;

- (bbb) "**Sproutly Meeting**" means the special meeting, including any adjournments or postponements thereof, of the Sproutly Shareholders to be held, among other things, to consider, and if deemed advisable, to approve the Arrangement;
- (ccc) "**Sproutly Options**" means stock options to acquire Sproutly Shares exercisable at a price of \$0.01 or \$0.50 per Sproutly Share until no later than April 18, 2027;
- (ddd) "**Sproutly Private Placement**" means a private placement of up to \$3,700,000 in convertible debentures, convertible into Sproutly Shares at \$0.35 per share or such higher amount as may be agreed upon by Sproutly and Stone Ridge;
- (eee) "**Sproutly Shareholders**" means the holders of Sproutly Shares;
- (fff) "**Sproutly Shares**" means the common shares in the capital of Sproutly, as constituted on the date hereof;
- (ggg) "**Sproutly Warrant**" means a common share purchase warrant of Sproutly entitling the holder to purchase one Sproutly Share;
- (hhh) "**Sproutly Warrants**" means, collectively, the outstanding warrants to acquire Sproutly Shares;
- (iii) "**Stone Ridge**" means Stone Ridge Exploration Corp., a corporation incorporated under the BCBCA;
- (jjj) "**Stone Ridge Board**" means the board of directors of Stone Ridge;
- (kkk) "**Stone Ridge Governing Documents**" means the notice of articles and articles of incorporation of Stone Ridge, as amended to the date hereof and the by-laws of Stone Ridge;
- (lll) "**Stone Ridge Options**" means the options to purchase Stone Ridge Shares outstanding under the Stone Ridge Stock Option Plan;
- (mmm) "**Stone Ridge Public Disclosure Record**" means all documents and information required to be filed by Stone Ridge under securities laws on the System for Electronic Document Analysis and Retrieval (SEDAR) during the two years prior to the date hereof;
- (nnn) "**Stone Ridge Shareholders**" means the holders of Stone Ridge Shares;
- (ooo) "**Stone Ridge Shares**" means the common shares in the capital of Stone Ridge, as constituted on the date hereof;
- (ppp) "**Stone Ridge Stock Option Plan**" means the stock option plan of Stone Ridge existing at the date hereof;
- (qqq) "**Stone Ridge Warrants**" means warrants to purchase up to 441,500 Stone Ridge Shares until April 13, 2018 at a price of \$0.10 per share; warrants to purchase up to 7,425,000 Stone Ridge Shares until January 12, 2019 at a price of \$0.10 per share; and warrants to purchase up to 1,350,000 Stone Ridge Shares until January 12, 2019 at a price of \$0.05 per share;
- (rrr) "**subsidiary**" has the meaning set forth in the BCBCA;

- (sss) **"Taxes"** shall mean, with respect to any person, all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any federal, provincial, territorial, state, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), capital, payroll and employee withholding taxes, labour taxes, unemployment insurance, social insurance taxes, sales and use taxes, ad valorem taxes, value added taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing;
- (ttt) **"THR"** means Toronto Herbal Remedies Inc., an Ontario corporation;
- (uuu) **"THR Acquisition"** means the acquisition by Sproutly of 100% of the issued and outstanding common shares of THR;
- (vvv) **"THR Facility"** means the secured site facility located in the Greater Toronto Area owned by THR for the proposed purposes of the production and storage of medical cannabis when licenced under the ACMPR;
- (www) **"THR Financial Statements"** means the audited financial statements of THR for the year ended March 31, 2017 and unaudited interim statements for the period ended September 30, 2017; and
- (xxx) **"U.S. Securities Act"** means the *United States Securities Act of 1933*, as amended.

In addition, words and phrases used but not otherwise defined herein and defined in the CBCA shall have the same meaning herein as in the CBCA unless the context otherwise requires.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, Subsections, Paragraphs and Subparagraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereto", "hereunder" and similar expressions refer to this Agreement and the schedules attached hereto and not to any particular article, section or other portion hereof and include any agreement, schedule or instrument supplementary or ancillary hereto or thereto.

1.3 Number, Gender and Persons

In this Agreement, unless the context otherwise requires, words importing the singular only shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter and words importing a person or persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any governmental agency, political subdivision or instrumentality thereof) and any other entity of any kind or nature whatsoever.

1.4 Date for any Action

If the date on which any action is required to be taken hereunder by any party hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Statutory References

Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute, regulation or rule in force from time to time and any statute or regulation that supplements or supersedes such statute, regulation or rule.

1.6 Currency

Unless otherwise stated, all references in this Agreement to amounts of money are expressed in lawful money of Canada.

1.7 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable Law, the parties hereto waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties hereto will engage in good faith negotiations to replace any provision hereof which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which approximates as much as possible the invalid or unenforceable provision which it replaces.

1.8 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made hereunder shall be made in a manner consistent with IFRS, consistently applied.

1.9 Knowledge

Whenever in this Agreement a representation and warranty is qualified by the statement "to the best knowledge" of a Party or any similar statement, that statement shall mean in the case of Stone Ridge, to the best knowledge of the Robert Coltura, Chief Executive Officer of Stone Ridge, and in the case of Sproutly, to the best knowledge of Keith Dolo, Chief Executive Officer of Sproutly, after having made due and reasonable enquiries and investigations.

1.10 Schedule

The following schedule is attached to, and is deemed to be incorporated into and forms part of, this Agreement:

Schedule	Matter
A	Plan of Arrangement

ARTICLE 2
THE ARRANGEMENT

2.1 Plan of Arrangement

- (a) The Parties agree to carry out the Arrangement pursuant to which (among other things) each Sproutly Shareholder (other than those Sproutly Shareholders who have validly exercised Arrangement Dissent Rights) shall receive, for each one (1) Sproutly Share, 2.02937459412508 Post-Consolidation Stone Ridge Shares (the "**Exchange Ratio**").
- (b) The Arrangement has been and shall continue to be structured and carried out such that the exchange of securities pursuant to the Arrangement: (i) will be made in compliance with Applicable Securities Laws; and (ii) assuming the Arrangement Resolution is approved and the Final Order is obtained, the exchange of Sproutly Shares for Post-Consolidation Stone Ridge Shares will not require registration under the U.S. Securities Act, in reliance on the exemption from registration provided by section 3(a)(10) of the U.S. Securities Act.
- (c) Sproutly will file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the Sproutly Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement Resolution and related matters to be considered at the Sproutly Meeting.
- (d) Provided all necessary approvals for the Arrangement Resolution are obtained from the Sproutly Shareholders, Sproutly shall, with the cooperation and assistance of Stone Ridge, submit the Arrangement to the Court and apply for the Final Order.
- (e) Upon issuance of the Final Order and subject to the satisfaction or waiver of the conditions precedent in Article 8, Sproutly shall file Articles of Arrangement under the CBCA and all other documents as may be required to give effect to the Arrangement.
- (f) The Parties shall use their commercially reasonable efforts to cause the Effective Date to occur on or about April 30, 2018 or as soon thereafter as reasonably practicable and in any event by the Outside Date.

2.2 Interim Order and the Sproutly Meeting

Sproutly shall as soon as reasonably practicable apply to the Court (with the required notice to the Director under the CBCA) pursuant to Section 192 of the CBCA and, in cooperation with Stone Ridge, acting reasonably, prepare, file and diligently pursue an application for the Interim Order, which shall provide, among other things:

- (a) for the calling and the holding of the Sproutly Meeting, including the record date for determining the Persons to whom notice of the Sproutly Meeting is to be provided and for determining the Persons entitled to vote at the Sproutly Meeting;
- (b) that the securities of Sproutly for which holders as at the record date established for the Sproutly Meeting shall be entitled to vote on the Arrangement Resolution shall be the Sproutly Shares;

(c) that all Sproutly Shareholders as at the record date established for the Sproutly Meeting shall be entitled to vote on the Arrangement Resolution, with each Sproutly Shareholder being entitled to one vote for each Sproutly Share held by it;

(d) that the requisite level of approval for the Arrangement Resolution shall be at least two-thirds of the aggregate votes cast on the Arrangement Resolution by those Sproutly Shareholders present in person or represented by proxy and entitled to vote at the Sproutly Meeting;

(e) that, in all other respects, the terms, restrictions and conditions of the constating documents of Sproutly, including quorum requirements and all other matters, shall apply in respect of the Sproutly Meeting, except as modified by the Interim Order;

(f) for the grant of Arrangement Dissent Rights to the Sproutly Shareholders in the manner set forth in Plan of Arrangement and the Interim Order;

(g) for the notice requirements with respect to the application by Sproutly to the Court for the Final Order; and

(h) that the Sproutly Meeting may be adjourned or postponed from time to time by Sproutly with the consent of Sproutly without the need for additional approval of the Court.

2.3 Stone Ridge Options

Stone Ridge agrees to take all steps necessary to cause all Stone Ridge Options to be cancelled at the Effective Time, except for options to purchase up to 200,000 Post-Consolidation Stone Ridge Shares at \$0.20 per share.

2.4 Adjustments in the Share Exchange Ratio

If, between the date of this Agreement and the Effective Time, the outstanding Sproutly Shares or Stone Ridge Shares are changed into a different number or class of shares by reason of any stock split, division or subdivision of shares, stock dividend, reverse stock split, consolidation of shares (other than the Consolidation), reclassification, recapitalization or other similar transaction, then the Exchange Ratio (as defined in the Plan of Arrangement) shall be appropriately adjusted.

2.5 Information Circular, Sproutly Meeting

(a) As promptly as practicable following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws, including Applicable Securities Laws:

(i) Sproutly shall prepare the Information Circular together with any other documents required by Applicable Laws in connection with the Sproutly Meeting, in consultation with, and with assistance from Stone Ridge;

(ii) Sproutly shall cause the Information Circular to be mailed to Sproutly Shareholders, and other Persons as may be required pursuant to the Interim Order and Applicable Laws, and filed with applicable Governmental Authorities in all jurisdictions where the same is required to be mailed and filed; and

(iii) Sproutly shall convene and hold the Sproutly Meeting, and shall use its reasonable commercial efforts to do so by April 20, 2018, and shall not adjourn, postpone or cancel (or

propose to adjourn, postpone or cancel) such meetings without the prior written consent of Stone Ridge except:

- (A) as required for quorum purposes (in which case the Sproutly Meeting shall be adjourned and not cancelled) or by Applicable Laws or by a Governmental Authority; or
 - (B) for an adjournment or postponement with the prior written consent of Stone Ridge for the purpose of attempting to obtain the requisite approval of the Arrangement Resolution or an adjournment or postponement pursuant to Section 8.4;
- (b) Stone Ridge shall, in a timely manner, furnish Sproutly information verbally for Stone Ridge that is required to be included in the Information Circular pursuant to Applicable Securities Laws.
 - (c) Sproutly and Stone Ridge shall cooperate in the preparation, filing and mailing of the Information Circular. Sproutly and Stone Ridge will provide each other and their respective representatives with a reasonable opportunity to review and comment on the Information Circular and any other relevant documentation and shall incorporate all reasonable comments made in connection therewith; and the Information Circular shall be reasonably satisfactory to the Parties and their respective counsel before it is filed or distributed to the shareholders of Sproutly.
 - (d) The Parties agree that the Information Circular will contain such information and disclosure as is determined to be necessary, in the sole determination of Sproutly, such that Sproutly will be able to conduct its special meeting business at the Sproutly Meeting, subject to the rights of Stone Ridge in Subsection 2.5(c).

2.6 Preparation of Filings

- (a) Stone Ridge and Sproutly shall cooperate in:
 - (i) seeking the Interim Order and the Final Order, including by Stone Ridge providing Sproutly on a timely basis any information required to be supplied by Stone Ridge concerning itself in connection therewith. Sproutly shall provide legal counsel to Stone Ridge with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and shall give reasonable consideration to all such comments. Sproutly shall also provide legal counsel to Stone Ridge on a timely basis with copies of any notice of appearance and evidence served on Sproutly or its legal counsel in respect of the application for the Final Order or any appeal therefrom. Subject to Applicable Laws, Sproutly shall not file any material with the Court or any Governmental Authority in connection with the Arrangement or serve any such material, and shall not agree to modify or amend materials so filed or served, except with Stone Ridge's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided that nothing herein shall require Stone Ridge to agree or consent to any increase in the consideration to be received by Sproutly Shareholders or other modification or amendment to such filed or served materials that expands or increases Stone Ridge's obligations, or diminishes or limits Stone Ridge's rights, set forth in any such filed or served materials or under this Agreement; and
 - (ii) the taking of all such action as may be required under the CBCA, the BCBCA, Applicable Securities Laws and U.S. Securities Act in connection with the transactions contemplated by this Agreement and the Plan of Arrangement and the taking of all such action as may be

required under the CBCA, the BCBCA, Applicable Securities Laws and the U.S. Securities Act in connection with the transactions contemplated by this Agreement and the Plan of Arrangement.

- (iii) Each of Stone Ridge and Sproutly shall promptly furnish to the other all information concerning it as may be required for the effectuation of the actions described in Section 2.1 and the foregoing provisions of this Section 2.6, and each covenants that no information furnished by it in connection with such actions or otherwise in connection with the consummation of the Arrangement and the other transactions contemplated by this Agreement will contain any misrepresentation.

2.7 Stone Ridge Directors

The Parties agree that immediately following the completion of Arrangement, the Stone Ridge Board shall consist of Keith Dolo, Aman Bains and two additional board members to be chosen by Sproutly.

2.8 Stone Ridge Officers

The Parties agree that, immediately following the completion of the Arrangement, the Stone Ridge Board, as it exists at that time, shall appoint Keith Dolo, CEO; Craig Loverock, CFO; Karin Studer, COO;.

2.9 Effective Date

The Arrangement shall become effective at the Effective Time. Sproutly shall use its reasonable commercial efforts to: (a) mail the Information Circular to the Sproutly Shareholders by March 29, 2018; (b) hold the Sproutly Meeting by April 20, 2018; and (c) cause the Effective Date to occur on or about April 30, 2018 or as soon thereafter as reasonably practicable and in any event by the Outside Date.

2.10 Dissenting Shareholders

Registered Sproutly Shareholders entitled to vote at the Sproutly Meeting may exercise Arrangement Dissent Rights with respect to their Sproutly Shares in connection with the Arrangement pursuant to and in the manner set forth in the Plan of Arrangement and the Interim Order. Sproutly shall promptly give Stone Ridge notice of any written notice of a dissent, withdrawal of such notice, and any other instruments served pursuant to such Dissent Rights and received by Sproutly and promptly provide Stone Ridge with copies of such notices and written objections and all other correspondence related thereto.

2.11 Consultation

Stone Ridge and Sproutly agree to consult with each other prior to issuing any press release or otherwise making any public statement with respect to this Agreement or the Arrangement or making any filing with any federal, provincial or state governmental or regulatory agency or with any stock exchange with respect thereto.

2.12 Pre-closing

Unless this Agreement is terminated pursuant to the provisions hereof, Stone Ridge and Sproutly shall meet at the offices of Sproutly's legal counsel, DuMoulin Black, at 10:00 a.m. on the day immediately prior to the Effective Date or at such other time or on such other date as they may mutually agree upon and each of them shall then table the documents required to be delivered by such party

hereunder to complete the transaction contemplated hereby, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released at the Effective Time, upon the Arrangement becoming effective.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF SPROUTLY

Sproutly hereby represents and warrants to Stone Ridge as follows and acknowledges that Stone Ridge is relying upon such representations and warranties in connection with the entering into of this Agreement and performance of its obligations hereunder.

Concerning Sproutly

3.1 Board Approval

As of the date hereof, the board of directors of Sproutly has approved the execution and performance of this Agreement

3.2 Organization and Qualification

Sproutly is a validly subsisting corporation or company under the laws of its jurisdiction of incorporation and has the corporate power and capacity to own or lease its property and assets and to carry on its business as now conducted by it.

3.3 Capitalization

The authorized share capital of Sproutly consists of an unlimited number of Sproutly Shares. There are currently outstanding 28,957,548 Sproutly Shares, 1,450,000 Sproutly Options which entitle the holders thereof to acquire 1,450,000 Sproutly Shares at a price of \$0.01 per share until March 25, 2027, 50,000 Sproutly Options which entitle the holder thereof to acquire 50,000 Sproutly Shares at a price of \$0.01 per share until April 18, 2027, 2,000,000 Sproutly Options which entitle the holders thereof to acquire 2,000,000 Sproutly Shares at a price of \$0.50 per share until March 25, 2027, 3,706,580 Sproutly Warrants which entitle the holders thereof to acquire 3,706,580 Sproutly Shares at a price of \$1.50 per share until January 30, 2020, and January 31, 2020, and a \$330,000 convertible debenture which entitles the holder to acquire up to 1,100,000 Sproutly Shares plus 550,000 Sproutly Warrants until May 30, 2018, which Sproutly Warrants entitle the holder to acquire 550,000 Sproutly Shares at a price of \$0.45 per share until November 30, 2019. Except for as set forth herein, there are no options, warrants, conversion privileges or other rights, shareholder rights plans, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by Sproutly of any securities of Sproutly (including Sproutly Shares), nor are there any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of Sproutly (including Sproutly Shares). All outstanding Sproutly Shares have been duly authorized and validly issued and are fully paid and non-assessable, and all Sproutly Shares issuable upon the exercise of Sproutly Options and Sproutly Warrants in accordance with their respective terms will or have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights. All securities of Sproutly (including Sproutly Shares) have been issued in compliance with all Applicable Laws. Other than the Sproutly Options and the Sproutly Warrants, there are or will be no securities of Sproutly outstanding which have the right to vote generally (or which are convertible into or exchangeable for securities having the right to vote generally) with the Sproutly Shareholders on any matter, and there are no outstanding contractual or other obligations of any of Sproutly to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition

of any of its outstanding securities. There are no outstanding bonds, debentures or other evidences of indebtedness of having the right to vote with the Sproutly Shareholders on any matters.

3.4 Authority Relative to this Agreement

Sproutly has the requisite corporate power, authority and capacity to enter into this Agreement. Subject to the receipt of the approval of Sproutly shareholders to the Arrangement, Sproutly has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Sproutly of the transactions contemplated hereby have been duly authorized by the board of directors of Sproutly and no other corporate proceedings or other third party consents on the part of Sproutly are or will be necessary to authorize the performance of its obligations under this Agreement and the completion of the transactions contemplated hereby other than the approval of the board of directors of the Information Circular and the documents to be filed in connection with the Interim Order and the Final Order, approval of the Sproutly Shareholders of the Arrangement as contemplated by the Interim Order and such other matters as are necessary under the CBCA and the Interim Order and the Final Order to consummate the Arrangement and such other regulatory approvals as may be required. This Agreement has been duly executed and delivered by Sproutly and constitutes a legal, valid and binding obligation of Sproutly, enforceable against Sproutly in accordance with its terms, subject to the qualifications that such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, dissolution or other laws of general application relating to or affecting the rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

3.5 No Violation or Termination

Neither the authorization, execution and delivery of this Agreement by Sproutly, nor the completion of the transactions contemplated by this Agreement, nor the performance of Sproutly's obligations hereunder, nor compliance by Sproutly with any of the provisions hereof, will:

- (i) result in a violation, contravention or breach of any of the terms, conditions or provisions of the constating documents of Sproutly or any agreement or instrument to which Sproutly is a party or by which Sproutly is bound, including without limitation its agreement for the acquisition of THR, or constitute a default by Sproutly thereunder, or under any statute, regulation, judgment, decree or law by which Sproutly is subject or bound, or result in the creation or imposition of any lien upon the assets of Sproutly;
- (ii) result in a violation by Sproutly of any Applicable Law or any applicable order of any Governmental Authority having jurisdiction over Sproutly;
- (iii) trigger a right of termination or acceleration, cause any indebtedness to come due before its stated maturity, cause any credit commitment to cease to be available, or cause any payment or other obligation to be imposed on Sproutly;
- (iv) cause the suspension or revocation of any permit currently in effect with respect to Sproutly;
- (v) result in a violation, breach or suspension, or otherwise adversely affect, the ACMPR Applications of Sproutly or THR;

other than any such violations, contraventions, breaches, defaults, encumbrances, terminations or accelerations that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Sproutly.

3.6 No Rights of First Refusal

Neither the authorization, execution and delivery of this Agreement by Sproutly, nor the completion of the transactions contemplated by this Agreement, nor the performance of Sproutly's obligations hereunder, nor compliance by Sproutly with any of the provisions hereof, will give rise to any rights of first refusal or trigger any change in control provisions or any restrictions or limitations under any note, bond, mortgage, indenture, contract or permit to which Sproutly is a party, or result in the imposition of any lien upon any of the assets of Sproutly.

3.7 Consents

There are no consents, approvals and notices required from any third party under any contracts to which Sproutly is party (or otherwise) in order for Sproutly to proceed with the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement.

3.8 Reporting Issuer Status and Securities Law Matters

The issued and outstanding securities of Sproutly are not listed on any stock exchange and, to the knowledge of Sproutly, no investigation or other proceedings involving Sproutly which may operate to prevent or restrict trading of any securities of Sproutly are currently in progress or pending before any applicable securities regulatory authority. Sproutly is not a "reporting issuer" under the securities laws of any Canadian province.

3.9 Ownership of Subsidiaries

Other than the proposed acquisition of THR, Sproutly does not own or will not own shares or ownership interests in any corporation or other entity.

3.10 Sproutly Financial Statements

The Sproutly Financial Statements were prepared in accordance with IFRS consistently applied (except as otherwise indicated in such statements and the notes thereto or in the related report of Sproutly's independent auditors), fairly present in all material respects the financial position, results of operations and changes in financial position of Sproutly as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited statements, to normal period-end adjustments) and reflect reserves required by IFRS in respect of all material contingent liabilities, if any, of Sproutly. There has been no material change in Sproutly's accounting policies since November 30, 2017, except as described in the notes to the Sproutly Financial Statements. The Sproutly Financial Statements will be consolidated with the THR Financial Statements.

3.11 Books and Records

The financial books, records and accounts of Sproutly, in all material respects: (i) have been maintained in accordance with Applicable Law; (ii) in each case are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of Sproutly; and (iii) accurately and fairly reflect the basis for Sproutly Financial Statements.

3.12 Minute Books

The minute book of Sproutly is true and correct in all material respects, and contains the duly signed minutes of all meetings of the boards of directors and shareholders and all resolutions and written consents passed by the boards of directors and shareholders.

3.13 No Undisclosed Liabilities

Sproutly does not have any material outstanding indebtedness or liabilities, nor is Sproutly party to or bound by any surety, guarantee, indemnification or assumption agreement or endorsement thereof, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any other person, other than (i) those specifically identified in the Sproutly Financial Statements and (ii) those incurred in the ordinary course of business since November 30, 2017.

3.14 No Material Change

Since November 30, 2017, there has been no material change in respect of Sproutly, and the debt, business and material property of Sproutly conform in all respects to the descriptions thereof contained in the Sproutly Financial Statements; and there has been no dividend or distribution of any kind declared, paid or made by Sproutly on any Sproutly Shares.

3.15 Litigation

There are no actions, suits or other legal proceedings currently pending or, to the knowledge of Sproutly, threatened against Sproutly which individually or in the aggregate have, or could reasonably be expected to have, a Material Adverse Effect on Sproutly. Neither Sproutly nor its assets or properties are subject to any outstanding material judgment, order, writ, injunction or decree.

3.16 Bankruptcy

Sproutly is not insolvent within the meaning of applicable bankruptcy, insolvency or fraudulent conveyance laws. No act or proceeding has been taken or, to the knowledge of Sproutly, threatened by or against in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of any of Sproutly or the appointment of a trustee, receiver, manager or other administrator of Sproutly or any of its respective properties or assets.

3.17 Taxes

- (i) Sproutly has duly and timely filed all Returns required to be filed by it prior to the date hereof, and all such Returns are complete and correct in all material respects.
- (ii) Sproutly has paid on a timely basis all Taxes which are due and payable and all assessments and reassessments, other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the Sproutly Financial Statements.
- (iii) Except as provided for in the Sproutly Financial Statements, no material deficiencies, litigation, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes and Sproutly is not a party to any action or proceeding for assessment or collection of Taxes and no such event has been asserted or, to the knowledge of Sproutly, threatened against Sproutly or any of its respective assets that would reasonably be expected to have a Material Adverse Effect on Sproutly.

- (iv) No claim has been made by any Governmental Authority in a jurisdiction where Sproutly does file Returns that Sproutly is or may be subject to Tax by that jurisdiction.
- (v) There are no liens for unpaid Taxes (other than in respect of Taxes not yet due and payable) upon any of the assets of Sproutly.
- (vi) Sproutly has withheld or collected all amounts required to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Authority when required by Applicable Law to do so, except where the failure to do so would not, individually or in the aggregate, result in a Material Adverse Effect on Sproutly.
- (vii) There are no outstanding agreements extending or waiving the statutory period of limitations applicable to any claim for, or the period for the collection or assessment or reassessment of, Taxes due from Sproutly for any taxable period, and no request for any such waiver or extension is currently pending.
- (viii) Sproutly has given to Stone Ridge true, correct and complete copies of all their income and capital Tax returns, examination reports and statements of deficiencies for taxable periods and transactions consummated for which the applicable statutory periods of limitations have not expired, and there are no omissions in the foregoing.

3.18 Environmental Matters

To the knowledge of Sproutly, Sproutly:

- (i) and its business, operations, and properties are in material compliance with all Environmental Laws and all terms and conditions of all Environmental Permits;
- (ii) has not received any order, request or notice from any person alleging a material violation of any Environmental Law;
- (iii) (A) is not a party or subject to any litigation or administrative proceeding, nor is any litigation or administrative proceeding threatened against it or its property or assets, which in either case (1) asserts or alleges that it violated any Environmental Laws, (2) asserts or alleges that it is required to clean up, remove, or take remedial or other response action due to the release of, any Hazardous Substances, or (3) asserts or alleges that it is required to pay all or a portion of the cost of any past, present or future cleanup, removal, or remedial or other response action which arises out of or is related to the release of, any Hazardous Substances; (B) has no knowledge of any conditions existing currently which could reasonably be expected to subject it to damages, penalties, injunctive relief or cleanup costs under any Environmental Laws, or which require or are likely to require cleanup, removal, remedial action or other response by it pursuant to applicable Environmental Laws; and (C) is not subject to any judgment, decree, order or citation related to or arising out of applicable Environmental Law and has not been named or listed as a potentially responsible party by any Governmental Authority in a matter arising under any Environmental Laws; and
- (iv) is not involved in operations and has no knowledge of any facts, circumstances or conditions, including any Release of Hazardous Material, that would reasonably be expected to result in any Environmental Liabilities.

3.19 Regulatory Matters

Sproutly has operated and are currently operating in material compliance with all Applicable Laws, including all applicable rules, regulations, guidelines and policies of any Governmental Authority having jurisdiction over Sproutly or its activities.

3.20 Employee Benefits

- (i) Sproutly has complied, in all material respects, with the terms of all health, welfare, supplemental unemployment benefit, bonus, incentive, profit sharing, deferred compensation, stock purchase, stock compensation, stock option, disability, pension or retirement plans and other employee compensation or benefit plans, policies, arrangements, agreements, practices or undertakings, whether oral or written, formal or informal, funded or unfunded, insured or uninsured, which are maintained by or binding upon Sproutly or in respect of which Sproutly has any actual or potential liability (collectively, the “**Sproutly Benefit Plans**”), and has complied with all Applicable Laws and collective bargaining agreements relating thereto.
- (ii) Each Sproutly Benefit Plan is and has been established, registered (if required), qualified, invested and administered, in all material respects, in compliance with the terms of such Sproutly Benefit Plan (including the terms of any documents applicable to such Sproutly Benefit Plan), all Applicable Laws and any collective bargaining agreement relating thereto.
- (iii) All obligations of Sproutly regarding the Sproutly Benefit Plans have been satisfied in all material respects and no Taxes are owing or exigible under any of the Sproutly Benefit Plans by Sproutly. All employer and employee payments, contributions and premiums required to be paid to or remitted in respect of each Sproutly Benefit Plan have been paid or remitted in a timely fashion in accordance with its terms and all Applicable Laws.
- (iv) To the knowledge of Sproutly, (A) no Sproutly Benefit Plan is subject to any pending investigation, examination or other proceeding, action or claim initiated by any Governmental Authority, or by any other party (other than routine claims for benefits), and (B) there exists no state of facts which after notice or lapse of time or both would reasonably be expected to give rise to any such investigation, examination or other proceeding, action or claim or to affect the registration or qualification of any Sproutly Benefit Plan required to be registered or qualified.
- (v) Sproutly has no formal plan and have made no promise or commitment, whether legally binding or not, to create any additional Sproutly Benefit Plan or to improve or change the benefits provided under any Sproutly Benefit Plan.
- (vi) There are no entities other than Sproutly participating in any Sproutly Benefit Plan.
- (vii) Neither the execution and delivery of this Agreement by Sproutly nor completion or compliance by Sproutly with any of the provisions hereof shall result in any payment (including severance, unemployment compensation, bonuses or otherwise) becoming due to any director or employee of Sproutly or result in any increase in or acceleration of contributions, liabilities or benefits, or acceleration of vesting under any Sproutly Benefit Plan.

3.21 Labour and Employment

- (i) All current assessments under applicable workers compensation legislation in relation to the employees of Sproutly have been paid or accrued by Sproutly, as applicable, and Sproutly is not subject to any special or penalty assessment under such legislation which has not been paid.
- (ii) No employee or consultant of Sproutly is party to a change of control, severance, termination, golden parachute or similar agreement or provision or would receive payments under such agreement or provision as a result of the Arrangement.
- (iii) Sproutly is not party to any collective agreements. There are no outstanding or, to the knowledge of Sproutly, threatened labour tribunal proceedings of any kind, including unfair labour practice proceedings, or any proceedings which could result in certification of a trade union as bargaining agent for any employees of Sproutly. To the knowledge of Sproutly, there are no threatened or apparent union organizing activities involving employees of the Sproutly Companies nor is Sproutly currently negotiating any collective agreement.

3.22 Absence of Cease Trade Orders

No order ceasing or suspending trading in the Sproutly Shares (or any of them) or any other securities of Sproutly is outstanding and no proceedings for this purpose have been instituted or, to the knowledge of Sproutly, are pending, contemplated or threatened.

3.23 Restrictions on Business Activities

There is no arbitral award, judgment, injunction, constitutional ruling, order or decree binding upon Sproutly that has or could reasonably be expected to have the effect of prohibiting, restricting or impairing any business practice of Sproutly, any acquisition or disposition of property by Sproutly, or the conduct of their business and which could reasonably be expected to have a Material Adverse Effect on Sproutly.

3.24 Brokers

Except as otherwise disclosed herein, no broker, investment banker, financial advisor or other person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby, including the THR Acquisition, based upon arrangements made by or on behalf of Sproutly.

Concerning THR

3.25 THR Acquisition

Sproutly has acquired all of the issued and outstanding shares of THR, which owns the THR Facility, free and clear of all encumbrances of any nature or kind, except for debt that will be exchanged for Sproutly Shares in connection with the THR Acquisition.

3.26 Licencing and Permits

THR has submitted an ACMPR Application to Health Canada, and the ACMPR Application has received intake and initial screening, and is now under review and initiation of the security clearance process for the THR Facility located within the Greater Toronto Area.

3.27 THR Financial Statement

The THR Financial Statements were or will be prepared in accordance with IFRS consistently applied (except as otherwise indicated in such statements and the notes thereto or in the related report of THR's independent auditors), fairly present in all material respects the financial position, results of operations and changes in financial position of THR as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited statements, to normal period-end adjustments) and reflect reserves required by IFRS in respect of all material contingent liabilities, if any, of THR. There has been no material change in THR's accounting policies since September 30, 2017, except as described in the notes to the THR Financial Statements. The THR Financial Statements will be consolidated with the Sproutly Financial Statements.

3.28 Books and Records

The financial books, records and accounts of THR, in all material respects: (i) have been maintained in accordance with Applicable Law; (ii) in each case are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of THR; and (iii) accurately and fairly reflect the basis for THR Financial Statements.

3.29 Minute Books

The minute book of THR is true and correct in all material respects, and contains the duly signed minutes of all meetings of the boards of directors and shareholders and all resolutions and written consents passed by the boards of directors and shareholders.

3.30 No Undisclosed Liabilities

Except for debt that will be exchanged for Sproutly Shares in connection with the THR Acquisition as otherwise disclosed herein, THR does not have any material outstanding indebtedness or liabilities, nor is THR party to or bound by any surety, guarantee, indemnification or assumption agreement or endorsement thereof, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any other person, other than (i) those specifically identified in the THR Financial Statements and (ii) those incurred in the ordinary course of business since September 30, 2017.

3.31 No Material Change

Since September 30, 2017, there has been no material change in respect of THR, and the debt, business and material property of THR conform in all respects to the descriptions thereof contained in the THR Financial Statements; and there has been no dividend or distribution of any kind declared, paid or made by THR on any securities of THR.

3.32 Litigation

There are no actions, suits or other legal proceedings currently pending or, to the knowledge of THR, threatened against THR which individually or in the aggregate have, or could reasonably be expected

to have, a Material Adverse Effect on THR. Neither THR nor its assets or properties are subject to any outstanding material judgment, order, writ, injunction or decree.

3.33 Bankruptcy

THR is not insolvent within the meaning of applicable bankruptcy, insolvency or fraudulent conveyance laws. No act or proceeding has been taken or, threatened by or against in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of any of THR or the appointment of a trustee, receiver, manager or other administrator of THR or any of its respective properties or assets.

3.34 Taxes

- (i) THR has duly and timely filed all Returns required to be filed by it prior to the date hereof, and all such Returns are complete and correct in all material respects.
- (ii) THR has paid on a timely basis all Taxes which are due and payable and all assessments and reassessments, other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the THR Financial Statements.
- (iii) Except as provided for in the THR Financial Statements, no material deficiencies, litigation, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes and THR is not a party to any action or proceeding for assessment or collection of Taxes and no such event has been asserted or threatened against THR or any of its respective assets that would reasonably be expected to have a Material Adverse Effect on THR.
- (iv) No claim has been made by any Governmental Authority in a jurisdiction where THR does file Returns that THR is or may be subject to Tax by that jurisdiction.
- (v) There are no liens for unpaid Taxes (other than in respect of Taxes not yet due and payable) upon any of the assets of THR.
- (vi) THR has withheld or collected all amounts required to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Authority when required by Applicable Law to do so, except where the failure to do so would not, individually or in the aggregate, result in a Material Adverse Effect on THR.
- (vii) There are no outstanding agreements extending or waiving the statutory period of limitations applicable to any claim for, or the period for the collection or assessment or reassessment of, Taxes due from THR for any taxable period, and no request for any such waiver or extension is currently pending.
- (viii) THR has given to Sproutly true, correct and complete copies of all their income and capital Tax returns, examination reports and statements of deficiencies for taxable periods and transactions consummated for which the applicable statutory periods of limitations have not expired, and there are no omissions in the foregoing.

3.35 Environmental Matters

THR:

- (i) and its business, operations, and properties are in material compliance with all Environmental Laws and all terms and conditions of all Environmental Permits;
- (ii) has not received any order, request or notice from any person alleging a material violation of any Environmental Law;
- (iii) (A) is not a party or subject to any litigation or administrative proceeding, nor is any litigation or administrative proceeding threatened against it or its property or assets, which in either case (1) asserts or alleges that it violated any Environmental Laws, (2) asserts or alleges that it is required to clean up, remove, or take remedial or other response action due to the release of, any Hazardous Substances, or (3) asserts or alleges that it is required to pay all or a portion of the cost of any past, present or future cleanup, removal, or remedial or other response action which arises out of or is related to the release of, any Hazardous Substances; (B) has no knowledge of any conditions existing currently which could reasonably be expected to subject it to damages, penalties, injunctive relief or cleanup costs under any Environmental Laws, or which require or are likely to require cleanup, removal, remedial action or other response by it pursuant to applicable Environmental Laws; and (C) is not subject to any judgment, decree, order or citation related to or arising out of applicable Environmental Law and has not been named or listed as a potentially responsible party by any Governmental Authority in a matter arising under any Environmental Laws; and
- (iv) is not involved in operations and has no knowledge of any facts, circumstances or conditions, including any Release of Hazardous Material, that would reasonably be expected to result in any Environmental Liabilities.

3.36 Regulatory Matters

THR has operated and are currently operating in material compliance with all Applicable Laws, including all applicable rules, regulations, guidelines and policies of any Governmental Authority having jurisdiction over THR or its activities.

3.37 Employee Benefits

- (i) THR has complied, in all material respects, with the terms of all health, welfare, supplemental unemployment benefit, bonus, incentive, profit sharing, deferred compensation, stock purchase, stock compensation, stock option, disability, pension or retirement plans and other employee compensation or benefit plans, policies, arrangements, agreements, practices or undertakings, whether oral or written, formal or informal, funded or unfunded, insured or uninsured, which are maintained by or binding upon THR or in respect of which THR has any actual or potential liability (collectively, the “**THR Benefit Plans**”), and has complied with all Applicable Laws and collective bargaining agreements relating thereto.
- (ii) Each THR Benefit Plan is and has been established, registered (if required), qualified, invested and administered, in all material respects, in compliance with the terms of such

THR Benefit Plan (including the terms of any documents applicable to such THR Benefit Plan), all Applicable Laws and any collective bargaining agreement relating thereto.

- (iii) All obligations of THR regarding the THR Benefit Plans have been satisfied in all material respects and no Taxes are owing or exigible under any of the THR Benefit Plans by THR. All employer and employee payments, contributions and premiums required to be paid to or remitted in respect of each THR Benefit Plan have been paid or remitted in a timely fashion in accordance with its terms and all Applicable Laws.
- (iv) To the knowledge of THR, (A) no THR Benefit Plan is subject to any pending investigation, examination or other proceeding, action or claim initiated by any Governmental Authority, or by any other party (other than routine claims for benefits), and (B) there exists no state of facts which after notice or lapse of time or both would reasonably be expected to give rise to any such investigation, examination or other proceeding, action or claim or to affect the registration or qualification of any THR Benefit Plan required to be registered or qualified.
- (v) THR has no formal plan and have made no promise or commitment, whether legally binding or not, to create any additional THR Benefit Plan or to improve or change the benefits provided under any THR Benefit Plan.
- (vi) There are no entities other than THR participating in any THR Benefit Plan.
- (vii) Neither the execution and delivery of the agreement for the THR Acquisition by Sproutly nor completion or compliance by Sproutly with any of the provisions thereof shall result in any payment (including severance, unemployment compensation, bonuses or otherwise) becoming due to any director or employee of THR or result in any increase in or acceleration of contributions, liabilities or benefits, or acceleration of vesting under any THR Benefit Plan.

3.38 Labour and Employment

- (i) All current assessments under applicable workers compensation legislation in relation to the employees of THR have been paid or accrued by THR, as applicable, and THR is not subject to any special or penalty assessment under such legislation which has not been paid.
- (ii) No employee or consultant of THR is party to a change of control, severance, termination, golden parachute or similar agreement or provision or would receive payments under such agreement or provision as a result of the THR Arrangement.
- (iii) THR is not party to any collective agreements. There are no outstanding or, to the knowledge of THR, threatened labour tribunal proceedings of any kind, including unfair labour practice proceedings, or any proceedings which could result in certification of a trade union as bargaining agent for any employees of THR. There are no threatened or apparent union organizing activities involving employees of THR nor is THR currently negotiating any collective agreement.

3.39 Absence of Cease Trade Orders

No order ceasing or suspending trading in any of the securities of THR is outstanding and no proceedings for this purpose have been instituted or are pending, contemplated or threatened.

3.40 Restrictions on Business Activities

There is no arbitral award, judgment, injunction, constitutional ruling, order or decree binding upon THR that has or could reasonably be expected to have the effect of prohibiting, restricting or impairing any business practice of THR, any acquisition or disposition of property by THR, or the conduct of their business and which could reasonably be expected to have a Material Adverse Effect on THR.

3.42 Brokers

No broker, investment banker, financial advisor or other person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the THR Acquisition based upon arrangements made by or on behalf of THR.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF STONE RIDGE

Stone Ridge hereby represents and warrants to Sproutly as follows and acknowledges that Sproutly is relying upon such representations and warranties in connection with the entering into of this Agreement and the performance of its obligations hereunder.

4.1 Board Approval

As of the date hereof, the board of directors of Stone Ridge has approved the execution and performance of this Agreement.

4.2 Organization and Qualification

Stone Ridge is a validly subsisting corporation under the laws of its jurisdiction of incorporation and has the corporate power and capacity to own or lease its property and assets and to carry on its business as now conducted by it.

4.3 Capitalization

The authorized share capital of Stone Ridge consists of an unlimited number of Stone Ridge Shares. Prior to giving effect to the Consolidation, there are currently outstanding 31,193,500 Stone Ridge Shares, 400,000 Stone Ridge Options which entitle the holders thereof to acquire an aggregate of 400,000 Stone Ridge Shares at \$0.10 per share and which expire May 4, 2020, 441,500 Stone Ridge Warrants which entitle the holders thereof to acquire an aggregate of 441,500 Stone Ridge Shares at \$0.10 per share and which expire until April 13, 2018, 7,425,000 Stone Ridge Warrants which entitle the holders thereof to acquire an aggregate of 7,425,000 Stone Ridge Shares at \$0.10 per share until January 12, 2019, and 1,350,000 Stone Ridge Warrants which entitle the holders thereof to acquire an aggregate of 1,350,000 Stone Ridge Shares at \$0.05 per share until January 12, 2019. Except for securities issuable pursuant to the Stone Ridge Options, Stone Ridge Warrants and a finder's fee consisting of 3,853,687 Post-Consolidation Stone Ridge Shares, there are no options, warrants, conversion privileges or other rights, shareholder rights plans, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by Stone Ridge of any securities of Stone Ridge (including Stone Ridge Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of Stone Ridge (including Stone Ridge Shares) or of the subsidiaries of Stone Ridge. All outstanding Stone Ridge Shares have been duly authorized and validly issued, are fully paid and non-assessable, and all Stone Ridge Shares issuable upon the exercise of Stone Ridge Options or Stone Ridge Warrants in accordance with their respective terms

have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights. All securities of Stone Ridge (including the Stone Ridge Shares) have been issued in compliance with all Applicable Laws. Other than the Stone Ridge Warrants and Stone Ridge Options (i) there are or will be no outstanding securities of Stone Ridge which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the shareholders of Stone Ridge on any matter, and (ii) there are no outstanding contractual or other obligations of Stone Ridge to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any of its outstanding securities. There are no outstanding bonds, debentures or other evidences of indebtedness of Stone Ridge having the right to vote with the shareholders of Stone Ridge on any matters.

4.4 Escrowed Securities

There are currently 2,250,000 Stone Ridge Shares subject to a Form 46-201F1 Escrow Agreement, pursuant to National Policy 46-201 Escrow for Initial Public Offerings.

4.5 Authority Relative to this Agreement

Stone Ridge has the requisite corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by Stone Ridge and the performance of its obligations under this Agreement have been duly authorized by the board of directors of Stone Ridge and no other corporate proceedings on its part are necessary to authorize this Agreement. This Agreement has been duly executed and delivered by Stone Ridge and constitutes legal, valid and binding obligations of Stone Ridge, enforceable against Stone Ridge in accordance with its terms, subject to the qualifications that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting the rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered

4.6 No Violation of Termination

Neither the authorization, execution and delivery of this Agreement by Stone Ridge, nor the completion of the transactions contemplated by this Agreement, nor the performance of Stone Ridge's obligations hereunder, nor compliance by Stone Ridge with any of the provisions hereof or thereof, will:

- (i) result in a violation, contravention or breach of any of the terms, conditions or provisions of the notice of articles, articles or by-laws of Stone Ridge or any agreement or instrument to which Stone Ridge is a party or by which it is bound, nor will it constitute a default by Stone Ridge thereunder or under any statute, regulation, judgment, decree or law to which Stone Ridge is subject or by which it is bound, nor will it result in the creation or imposition of any lien upon the assets of Stone Ridge;
- (ii) result in a violation by Stone Ridge of any Applicable Law or any applicable order of any Governmental Authority having jurisdiction over Stone Ridge;
- (iii) trigger a right of termination or acceleration, or cause any indebtedness to be come due before its stated maturity, or cause any credit commitment to cease to be available, or cause any payment or other obligation to be imposed on Stone Ridge;
or

- (iv) cause the suspension or revocation of any permit currently in effect in regard of Stone Ridge,

other than any such violations, contraventions, breaches, defaults, encumbrances, terminations or accelerations that, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Stone Ridge.

4.7 No Rights of First Refusal

Neither the authorization, execution and delivery of this Agreement by Stone Ridge, nor the completion of the transactions contemplated by this Agreement, nor the performance of Stone Ridge's obligations hereunder, nor compliance by Stone Ridge with any of the provisions hereof, will give rise to any rights of first refusal or trigger any change in control provisions or any restrictions or limitations under any note, bond, mortgage, indenture, contract or permit to which Stone Ridge is a party, or result in the imposition of any lien upon any of the assets of Stone Ridge.

4.8 Consents

There are no consents, approvals and notices required from any third party under any contracts to which Stone Ridge is party (or otherwise) in order for Stone Ridge to proceed with the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement.

4.9 Listing

The outstanding Stone Ridge Shares are listed on the CSE; Stone Ridge is in material compliance with all filing and other requirements of the CSE and is otherwise in good standing with the CSE; and the CSE has provided no notice of any investigation into or proceeding against Stone Ridge or of any delisting of the Stone Ridge Shares.

4.10 Reporting Issuer Status and Securities Law Matters

Stone Ridge is a "reporting issuer" in the Provinces of British Columbia, Alberta and Ontario and is not on any list of reporting issuers in default under the securities laws of such provinces. To the knowledge of Stone Ridge, no inquiry or investigation (formal or informal) of any Regulatory Authority is in effect or ongoing or expected to be implemented or undertaken.

4.11 Ownership of Subsidiaries

Stone Ridge does not own shares or ownership interests in any corporation or other entity.

4.12 Public Filings

Stone Ridge has filed all documents in the Stone Ridge Public Disclosure Record with the Regulatory Authorities and the CSE. All such documents and information comprising the Stone Ridge Public Disclosure Record, as of their respective dates (and the dates of any amendments thereto), (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and (ii) complied in all material respects with the requirements of Applicable Laws, and any amendments to the Stone Ridge Public Disclosure Record required to be made have been filed on a timely basis with the Regulatory Authorities and the CSE. Stone Ridge has not filed any confidential material change report with any Securities Authorities that at the date of this Agreement remains confidential.

4.13 Stone Ridge Financial Statements

Stone Ridge's audited financial statements as at and for the fiscal year ended February 28, 2017 and February 29, 2016 (including the notes thereto) and Stone Ridge's unaudited interim financial statements as at and for the nine months ended November 30, 2017 (collectively, the "Stone Ridge Financial Statements") were prepared in accordance with IFRS consistently applied (except (A) as otherwise indicated in such statements and the notes thereto or, in the case of audited statements, in the related report of Stone Ridge's independent auditors, and (B) in the case of unaudited statements, as are subject to normal period-end adjustments and which may omit notes which are not required by Applicable Laws in the unaudited statements), fairly present in all material respects the financial position, results of operations and changes in financial position of Stone Ridge as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited statements, to normal period-end adjustments), and reflect reserves required by IFRS in respect of all material contingent liabilities, if any, of Stone Ridge. There has been no material change in Stone Ridge's accounting policies, except as described in the notes to the Stone Ridge Financial Statements, since November 30, 2017.

4.14 Books and Records

The financial books, records and accounts of Stone Ridge, in all material respects: (i) have been maintained in accordance with Applicable Law; (ii) in each case are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of Stone Ridge; and (iii) accurately and fairly reflect the basis for Stone Ridge Financial Statements.

4.15 Minute Book

The minute book of Stone Ridge is true and correct in all material respects and contains the duly signed minutes of all meeting of the board of directors and shareholders and all resolutions passed by the board of directors and the shareholders.

4.16 No Undisclosed Liabilities

Stone Ridge does not have any outstanding indebtedness or liabilities, nor is Stone Ridge party to or bound by any surety, guarantee, indemnification or assumption agreement, or endorsement thereof, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any other person, other than those specifically identified in the Stone Ridge Financial Statements.

4.17 No Material Changes

Since November 30, 2017, except as disclosed in the Stone Ridge Public Disclosure Record, there has been no Material Adverse Change in respect of Stone Ridge, and the debt, business and material property of Stone Ridge conforms in all respects to the descriptions thereof contained in the Stone Ridge Public Disclosure Record; and there has been no dividend or distribution of any kind declared, paid or made by Stone Ridge on any Stone Ridge Shares.

4.18 Litigation

There are no actions, suits or other legal proceedings currently pending or, to the knowledge of Stone Ridge, threatened against, which individually or in the aggregate have, or could reasonably be expected to have, a Material Adverse Effect on Stone Ridge. Neither Stone Ridge nor its assets or properties are subject to any outstanding material judgment, order, writ, injunction or decree.

4.19 Bankruptcy

Stone Ridge is not insolvent within the meaning of applicable bankruptcy, insolvency or fraudulent conveyance laws. No act or proceeding has been taken or, to the knowledge of Stone Ridge, threatened by or against Stone Ridge in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of Stone Ridge or the appointment of a trustee, receiver, manager or other administrator of any of Stone Ridge or any of its respective properties or assets.

4.20 Taxes

- (i) Stone Ridge has duly and timely filed all Returns required to be filed by it prior to the date hereof, and all such Returns are complete and correct in all material respects.
- (ii) Stone Ridge has paid on a timely basis all Taxes which are due and payable and all assessments and reassessments, other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the most recently published Stone Ridge Financial Statements.
- (iii) Except as provided for in the Stone Ridge Financial Statements, no material deficiencies, litigation, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes of Stone Ridge, and Stone Ridge is not a party to any action or proceeding for assessment or collection of Taxes and no such event has been asserted or, to the knowledge of Stone Ridge, threatened against Stone Ridge or any of its assets, that would reasonably be expected to have a Material Adverse Effect on Stone Ridge.
- (iv) No claim has been made by any Governmental Authority in a jurisdiction where Stone Ridge does not file Returns that Stone Ridge is or may be subject to Tax by that jurisdiction.
- (v) There are no liens for unpaid Taxes (other than in respect of Taxes not yet due and payable) upon any of the assets of Stone Ridge.
- (vi) Stone Ridge has withheld or collected all amounts required to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Authority required by Applicable Law to do so, except where the failure to do so would not, individually or in the aggregate, result in a Material Adverse Effect on Stone Ridge.
- (vii) There are no outstanding agreements extending or waiving the statutory period of limitations applicable to any claim for, or the period for the collection or assessment or reassessment of, Taxes due from Stone Ridge for any taxable period, and no request for any such waiver or extension is currently pending.
- (viii) Stone Ridge has given to Sproutly true, correct and complete copies of all their income and capital Tax returns, examination reports and statements of deficiencies for taxable periods and transactions consummated for which the applicable statutory periods of limitations have not expired, and there are no omissions in the foregoing.

4.21 Environmental Matters

To the knowledge of Stone Ridge, Stone Ridge:

- (i) and its business, operations, and properties are in material compliance with all Environmental Laws and all terms and conditions of all Environmental Permits;
- (ii) has not received any order, request or notice from any person alleging a violation of any Environmental Law;
- (iii) (A) is not a party to any litigation or administrative proceeding, nor so far as it knows is any litigation or administrative proceeding threatened against it or its property or assets, which in either case (1) asserts or alleges that it violated any Environmental Laws, (2) asserts or alleges that it is required to clean up, remove or take remedial or other response action due to the release of any Hazardous Substances, or (3) asserts or alleges that it is required to pay all or a portion of the cost of any past, present or future cleanup, removal or remedial or other response action which arises out of or is related to the release of any Hazardous Substances; (B) has no knowledge of any conditions existing currently which could reasonably be expected to subject it to damages, penalties, injunctive relief or cleanup costs under any Environmental Laws or which require or are likely to require cleanup, removal, remedial action or other response by it pursuant to applicable Environmental Laws; and (C) is not subject to any judgment, decree, order or citation related to or arising out of applicable Environmental Law and has not been named or listed as a potentially responsible party by any Governmental Authority in a matter arising under any Environmental Laws; and
- (iv) is not involved in operations and has no knowledge of any facts, circumstances or conditions, including any release of Hazardous Material, that would reasonably be expected to result in any Environmental Liabilities.

4.22 Regulatory Matters

Stone Ridge has operated and is currently operating in material compliance with all Applicable Laws, including all applicable rules, regulations, guidelines and policies of any Governmental Authority having jurisdiction over Stone Ridge or its activities.

4.23 Employee Benefits

- (i) Stone Ridge has complied, in all material respects, with the terms of all health, welfare, supplemental unemployment benefit, bonus, incentive, profit sharing, deferred compensation, stock purchase, stock compensation, stock option, disability, pension or retirement plans and other employee compensation or benefit plans, policies, arrangements, agreements, practices or undertakings, whether oral or written, formal or informal, funded or unfunded, insured or uninsured, which are maintained by or binding upon Stone Ridge or in respect of which Stone Ridge has any actual or potential liability (collectively, the “**Stone Ridge Benefit Plans**”), and has complied with all Applicable Laws and collective bargaining agreements relating thereto.
- (ii) Each Stone Benefit Plan is and has been established, registered (if required), qualified, invested and administered, in all material respects, in compliance with the terms of such

Stone Ridge Benefit Plan (including the terms of any documents applicable to such Stone Ridge Benefit Plan), all Applicable Laws and any collective bargaining agreement relating thereto.

- (iii) All obligations of any of Stone Ridge regarding the Stone Ridge Benefit Plans have been satisfied in all material respects and no Taxes are owing or exigible under any of the Stone Ridge Benefit Plans by Stone Ridge. All employer and employee payments, contributions and premiums required to be paid to or remitted in respect of each Stone Ridge Benefit Plan have been paid or remitted in a timely fashion in accordance with its terms and all Applicable Laws.
- (iv) To the knowledge of Stone Ridge, (A) no Stone Ridge Benefit Plan is subject to any pending investigation, examination or other proceeding, action or claim initiated by any Governmental Authority, or by any other party (other than routine claims for benefits), and (B) there exists no state of facts which after notice or lapse of time or both would reasonably be expected to give rise to any such investigation, examination or other proceeding, action or claim, or to affect the registration or qualification of any Stone Ridge Benefit Plan required to be registered or qualified.
- (v) Stone Ridge has no formal plan and have made no promise or commitment, whether legally binding or not, to create any additional Stone Ridge Benefit Plan or to improve or change the benefits provided under any Stone Ridge Benefit Plan.
- (vi) There are no entities other than Stone Ridge participating in any Stone Ridge Benefit Plan.
- (vii) Neither the execution and delivery of this Agreement by Stone Ridge nor completion or compliance by Stone Ridge with any of the provisions hereof shall result in any payment (including severance, unemployment compensation, bonuses or otherwise) becoming due to any director or employee of Stone Ridge or result in any increase in or acceleration of contributions, liabilities or benefits, or acceleration of vesting, under any Stone Ridge Benefit Plan.

4.24 Labour and Employment

- (i) All current assessments under applicable workers compensation legislation in relation to the employees of Stone Ridge have been paid or accrued by Stone Ridge, as applicable, and Stone Ridge's are not subject to any special or penalty assessment under such legislation which has not been paid.
- (ii) No employee of Stone Ridge is party to a change of control, severance, termination, golden parachute or similar agreement or provision or would receive payments under such agreement or provision as a result of the Arrangement.
- (iii) Stone Ridge is not party to any collective agreements. There are no outstanding or, to the knowledge of Stone Ridge, threatened labour tribunal proceedings of any kind, including unfair labour practice proceedings, or any proceedings which could result in certification of a trade union as bargaining agent for any employees of Stone Ridge. To the knowledge of Stone Ridge, there are no threatened or apparent union organizing activities involving employees of Stone Ridge.

4.25 Absence of Cease Trade Orders

No order ceasing or suspending trading in the Stone Ridge Shares (or any of them) or any other securities of Stone Ridge is outstanding and no proceedings for this purpose have been instituted or, to the knowledge of Stone Ridge, are pending, contemplated or threatened.

4.26 Related Party Transactions

To the knowledge of Stone Ridge, there are no contracts or other transactions currently in place between Stone Ridge, on the one hand, and, on the other hand: (i) any officer or director of any of Stone Ridge; (ii) any holder of record or, to the knowledge of Stone Ridge, beneficial owner of 10% or more of the Stone Ridge Shares; or (iii) any affiliate or associate of any of the foregoing persons.

4.27 Restrictions on Business Activities

There is no arbitral award, judgment, injunction, constitutional ruling, order or decree binding upon any Stone Ridge that has or could reasonably be expected to have the effect of prohibiting, restricting or impairing any business practice of Stone Ridge, any acquisition or disposition of property by Stone Ridge, or the conduct of business by Stone Ridge as currently conducted, which could reasonably be expected to have a Material Adverse Effect on Stone Ridge.

4.28 Brokers

No broker, investment banker, financial advisor or other person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Stone Ridge.

4.29 Insurance

Stone Ridge does not maintain policies of insurance.

4.30 Issuance of Post-Consolidation Stone Ridge Shares

The Post-Consolidation Stone Ridge Shares to be issued pursuant to the Arrangement will be duly and validly issued as fully paid and non-assessable common shares in the capital of Stone Ridge.

**ARTICLE 5
CONDUCT OF BUSINESS**

5.1 Conduct of Business

Each of Stone Ridge and Sproutly covenants and agrees that, during the period from the date of this Agreement until the earlier of: (i) the Effective Time; or (ii) the date that this Agreement is terminated, except as required by law or as otherwise expressly permitted or specifically contemplated by this Agreement, except with the written consent of the other party hereto (not to be unreasonably withheld):

- (a) it shall conduct its business only in the usual and ordinary course of business and consistent with past practice;

- (b) it shall not (i) amend its Governing Documents; or (ii) declare, set aside or pay any dividend or make any other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares;
- (c) it shall not take any actions which would or might be reasonably expected to materially impede or otherwise frustrate the completion of the Arrangement; and
- (d) it shall refrain from taking any action that would render, or that reasonably may be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect.

ARTICLE 6 COVENANTS OF SPROUTLY

6.1 Interim Order

As soon as practicable, Sproutly shall file, proceed with and diligently prosecute an application to the Court for the Interim Order on terms and conditions acceptable to Stone Ridge and Sproutly, acting reasonably provided that nothing shall require Sproutly to consent to any modification of this Agreement, the Arrangement, or Sproutly's obligations hereunder.

6.2 Sproutly Meeting

In a timely and expeditious manner, subject to the provisions hereof, Sproutly shall:

- (a) forthwith carry out such terms of the Interim Order as are required under the terms thereof to be carried out by Sproutly;
- (b) file the Information Circular in all jurisdictions where the Information Circular is required to be filed and mail the Information Circular, as ordered by the Interim Order and in accordance with all applicable Laws complying in all material respects with all applicable Laws on the date of mailing thereto;
- (c) convene the Sproutly Meeting on or about April 20, 2018 or as otherwise provided by the Interim Order;
- (d) solicit proxies to be voted at the Sproutly Meeting in favour of the Arrangement;
- (e) promptly advise Stone Ridge of the number of Sproutly Shares for which Sproutly receives notices of dissent or written objections to the Arrangement and provide Stone Ridge with copies of such notices and written objections;
- (f) conduct the Sproutly Meeting in accordance with the Interim Order, the CBCA, the Sproutly Governing Documents and as otherwise required by Applicable Laws; and
- (g) take all such actions as may be required under the CBCA and the Interim Order in connection with the transactions contemplated by this Agreement and the Plan of Arrangement.

6.3 Amendments

In a timely and expeditious manner, Sproutly shall prepare, in consultation with Stone Ridge, and file any mutually agreed (or otherwise required by applicable Laws) amendments or supplements to the

Information Circular with respect to the Sproutly Meeting and mail such amendments or supplements, as required by the Interim Order and in accordance with all applicable Laws, in all jurisdictions where such amendments or supplements are required to be mailed, complying in all material respects with all applicable legal requirements on the date of mailing thereof.

6.4 Final Order

Subject to the approval of the Arrangement at the Sproutly Meeting, in accordance with the provisions of the Interim Order, Sproutly shall forthwith file, proceed with and diligently prosecute an application for the Final Order.

6.5 Copy of Documents

Except for non-substantive communications, Sproutly shall, as soon as reasonably possible, furnish to Stone Ridge a copy of each notice, report, schedule or other document or communication delivered, filed or received by Sproutly in connection with the Arrangement, the Interim Order or the Sproutly Meeting, any filings under applicable Laws and any dealings with regulatory agencies (including the CSE) in connection with, or in any way affecting, the transactions contemplated in this Agreement.

6.6 Financial Statements Information and Assistance

- (a) forthwith prepare and deliver the financial statements required by securities regulators and the CSE in connection with the completion of the Arrangement, which will include audited financial statements of Sproutly prepared in accordance with IFRS and audited financial statements of THR prepared in accordance with IFRS, as well as a pro forma financial statements of Sproutly, THR, and Stone Ridge on a consolidated basis;
- (b) in a timely manner, provide Stone Ridge with any information relating to Sproutly, its business and its shareholders in respect of the Arrangement and Sproutly Private Placement, required to be included in the Prospectus and/or any filing statement, information circular or other filing required by the Regulatory Authorities and deliver the same as soon as practicable after the date hereof;
- (c) assist Stone Ridge with obtaining all Regulatory Approvals and CSE Conditional Acceptance by providing Stone Ridge with such information and documents as Stone Ridge may reasonably request;
- (d) comply with the terms of this Agreement and faithfully and expeditiously seek to complete the Arrangement and related transactions by the Outside Date.

6.7 Certain Actions

Sproutly shall:

- (a) not take any action that would interfere with or be inconsistent with the completion of the transactions contemplated hereunder or would render, or that reasonably may be expected to render, any representation or warranty made by Sproutly in this Agreement untrue in any material respect at any time prior to the Effective Time if then made;
- (b) not grant to any officer or director an increase in compensation in any form, grant any general salary increase other than in accordance with the requirements of any existing agreements, grant to any other employee any increase in compensation in any form other than routine increases in the ordinary course of business, or make any loan to any officer or director;

- (c) not, without the prior written consent of Stone Ridge, adopt or amend or make any contribution to any bonus, profit sharing, option, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees, except as is necessary to comply with Applicable Laws or with respect to existing provisions of any such plans, programs, arrangements or agreements;
- (d) promptly notify Stone Ridge of (i) any Material Adverse Change, or any change which could reasonably be expected to become a Material Adverse Change, in respect of the business or in the conduct of the business of Sproutly and THR; (ii) any material Governmental Entity or third person complaints, investigations or hearings (or communications indicating that the same may be contemplated); (iii) any breach by Sproutly of any covenant contained in this Agreement; and (iv) any event occurring subsequent to the date hereof that would render any representation or warranty of Sproutly contained in this Agreement, if made on or as of the date of such event or the Effective Date, to be untrue or incorrect in any material respect;
- (e) not issue any debt, equity, or other securities (other than: (i) pursuant to the exercise of any outstanding Sproutly Options, Sproutly Warrants and convertible debentures listed in Section 3.3 hereto; (ii) the 9,021,505 Sproutly Shares issuable for debt in connection with the THR Acquisition; (iii) up to 10,672,799 Sproutly Shares issuable pursuant to the conversion of debentures issued under the Sproutly Private Placement, up to 845,714 broker warrants (the “**Broker Warrants**”) issuable to certain brokers in connection with the Sproutly Private Placement, such Broker Warrants being exercisable for up to 845,714 Sproutly Shares; and (iv) up to 759,581 Sproutly Shares to be issued as a financial advisory fee in connection with services rendered in the normal course of business), except with the written consent of Stone Ridge;
- (f) not borrow money or incur any indebtedness for money borrowed, except as agreed to by Stone Ridge in writing;
- (g) not declare or pay any dividends or distribute any of Sproutly’s properties or assets;
- (h) not amend Sproutly’s Notice of Articles or Articles, except as agreed to by Stone Ridge in writing or as required to give effect to the transactions contemplated herein;
- (i) except as permitted or contemplated herein, not enter into any transaction or material contract not in the ordinary course of business; and
- (j) comply with the terms of this Agreement and faithfully and expeditiously seek to complete the Arrangement and related transactions by the Outside Date.

6.8 Satisfaction of Conditions

Sproutly shall use all commercially reasonable efforts to satisfy or cause the satisfaction of the conditions precedent to its obligations and the obligations of Stone Ridge hereunder set forth in Article 8 hereof to the extent the same is within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by this Agreement, including using its commercially reasonable efforts to:

- (a) obtain the approval of holders of at least 66⅔% of Sproutly Shares voted at the Sproutly Meeting to the Arrangement;

- (b) obtain all consents, approvals and authorizations as are required to be obtained by them under any applicable Law or from any Governmental Authority which would, if not obtained, materially impede the completion of the transactions contemplated hereby or have a Material Adverse Effect on Sproutly;
- (c) effect all necessary registrations, filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the transactions contemplated by this Agreement and participate, and appear in any proceedings of, any party hereto before any Governmental Authority;
- (d) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement, the transactions contemplated hereby or seeking to stop, or otherwise adversely affecting the ability of the parties hereto to consummate, the transactions contemplated hereby;
- (e) fulfil all conditions and satisfy all provisions of this Agreement and the Plan of Arrangement required to be fulfilled or satisfied by Sproutly; and
- (f) co-operate with Stone Ridge in connection with the performance by Stone Ridge of its obligations hereunder.

6.9 Refrain from Certain Actions

Sproutly shall not take any action, refrain from taking any action (subject to its commercially reasonable efforts), or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to materially impede the completion of the transactions contemplated hereby or which would have a Material Adverse Effect on Sproutly provided that where Sproutly is required to take any such action or refrain from taking such action (subject to its commercially reasonable efforts) as a result of this Agreement, it shall immediately notify Stone Ridge in writing of such circumstances.

6.10 Access

Sproutly shall permit representatives of Stone Ridge full access during Sproutly's business hours to its books, records and property including, without limitation, all of the assets, contracts, financial records and minute books of Sproutly, so as to permit Stone Ridge to make such investigation of Sproutly as Stone Ridge deems necessary.

6.11 Co-operation

Sproutly shall make, or co-operate as necessary in the making of, all other necessary filings and applications under all applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Laws.

6.12 Closing Documents

Sproutly shall execute and deliver, deliver or cause to be delivered at the closing of the transactions contemplated hereby such customary certificates, resolutions and other closing documents as may be required by Stone Ridge, acting reasonably.

6.13 Non-Solicitation

Sproutly covenants and agrees that, during the period from the date of this Agreement until the earlier of: (i) the Effective Time; or (ii) the date that this Agreement is terminated, except with the written consent of Stone Ridge or as otherwise expressly permitted or specifically contemplated by this Agreement, Sproutly shall not solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Arrangement, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any shareholder proposal or "takeover bid," exempt or otherwise, within the meaning of the Securities Act (British Columbia), for securities or assets of Sproutly, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Arrangement, including, without limitation, allowing access to any third party to conduct due diligence, nor to permit any of its officers or directors to authorize such access, except as required by statutory obligations or directors' fiduciary duties; and in the event Sproutly, including any of its officers or directors, receives any form of offer or inquiry, Sproutly will forthwith (in any event within one business day following receipt) notify Stone Ridge of such offer or inquiry and provide Stone Ridge with such details as it may request.

ARTICLE 7 COVENANTS OF STONE RIDGE

7.1 Interim Order

Stone Ridge shall provide all reasonable assistance to Sproutly to enable it to file, proceed with and diligently prosecute an application to the Court for the Interim Order on terms and conditions acceptable to Stone Ridge and Sproutly, acting reasonably provided that nothing shall require Stone Ridge to consent to any modification of this Agreement, the Arrangement, or Stone Ridge's obligations hereunder.

7.2 Stone Ridge Assistance

In a timely and expeditious manner, Stone Ridge shall:

- (a) forthwith carry out such terms of the Interim Order and Final Order as applicable to it and will use its reasonable commercial efforts to assist Sproutly in obtaining such orders; provided that nothing shall require Stone Ridge to consent to any modifications of this Agreement, the Plan of Arrangement or any of the obligations of Stone Ridge hereunder or thereunder; and
- (b) take all such actions as may be required under the CBCA and the BCBCA in connection with the transactions contemplated by this Agreement and the Plan of Arrangement.

7.3 Copy of Documents

Except for non-substantive communications, Stone Ridge shall, as soon as reasonably possible, furnish to Sproutly a copy of each notice, report, schedule or other document or communication delivered, filed or received by Stone Ridge in connection with the Arrangement or the Interim Order, any filings under applicable Laws and any dealings with regulatory agencies (including the CSE) in connection with, or in any way affecting, the transactions contemplated in this Agreement.

7.4 Certain Actions

Stone Ridge shall:

- (a) not grant to any officer or director an increase in compensation in any form, grant any general salary increase other than in accordance with the requirements of any existing agreements, grant to any other employee any increase in compensation in any form other than routine increases in the ordinary course of business, or make any loan to any officer or director;
- (b) not, without the prior written consent of Sproutly, adopt or amend or make any contribution to any bonus, profit sharing, option, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees, except as is necessary to comply with Applicable Laws or with respect to existing provisions of any such plans, programs, arrangements or agreements;
- (c) not take any action that would interfere with or be inconsistent with the completion of the transactions contemplated hereunder or would render, or that reasonably may be expected to render, any representation or warranty made by Stone Ridge in this Agreement untrue in any material respect at any time prior to the Effective Time if then made;
- (d) use commercial reasonable efforts to:
 - (i) obtain all necessary shareholder and Regulatory Approvals as may be required for the performance of Stone Ridge of its obligations under this Agreement prior to the Effective Time;
 - (ii) complete the Consolidation prior to the Effective Time; and
 - (iii) complete the Name Change on or before the Effective Time;
- (e) maintain its status as a "reporting issuer" (or similar designated entity) not in default in all of the provinces of Canada where it is currently a reporting issuer in material compliance with all applicable Laws and to maintain the listing of the outstanding Stone Ridge Shares on the CSE;
- (f) promptly notify Sproutly of (A) any Material Adverse Change, or any change which could reasonably be expected to become a Material Adverse Change, in respect of the business or in the conduct of the business of Stone Ridge, (B) any material Governmental Entity or third person complaints, investigations or hearings (or communications indicating that the same may be contemplated), (C) any breach by Stone Ridge of any covenant contained in this Agreement, and (D) any event occurring subsequent to the date hereof that would render any representation or warranty of Stone Ridge contained in this Agreement, if made on or as of the date of such event or the Effective Date, to be untrue or incorrect in any material respect;
- (g) prepare and file with the Securities Authorities all necessary applications to seek exemptions, if required, from the prospectus, registration and other requirements of the applicable securities laws of Canada for the issue by Stone Ridge and delivery by Stone Ridge of Post-Consolidation Stone Ridge Shares pursuant to the Arrangement so that such securities may trade following the completion of the Arrangement without a hold period;
- (h) cause to be taken all necessary action to allot and reserve for issuance the Post-Consolidation Stone Ridge Shares to be issued in exchange for Sproutly Shares in connection with the Arrangement and,

on the Effective Date, cause to be issued fully paid and non-assessable Post-Consolidation Stone Ridge Shares to those persons entitled thereto pursuant to the Arrangement;

- (i) on the Effective Date, provide to Stone Ridge's transfer agent an irrevocable direction authorizing and directing such transfer agent to deliver the Post-Consolidation Stone Ridge Shares issuable pursuant to the Arrangement to Sproutly Shareholders in accordance with the terms of the Arrangement;
- (j) not issue any debt, equity, or other securities (other than pursuant to the exercise of any outstanding Stone Ridge Options and Stone Ridge Warrants), except with the written consent of Sproutly;
- (k) not borrow money or incur any indebtedness for money borrowed, except as agreed to by Sproutly in writing;
- (l) not make loans, advances or other payments to directors or officers unless is agreed to by Sproutly in writing;
- (m) not declare or pay any dividends or distribute any of Stone Ridge's properties or assets;
- (n) not amend Stone Ridge's Notice of Articles or Articles, except as agreed to by Sproutly in writing or as required to give effect to the transactions contemplated herein;
- (o) except as permitted or contemplated herein, not enter into any transaction or material contract not in the ordinary course of business; and
- (p) comply with the terms of this Agreement and faithfully and expeditiously seek to complete the Arrangement and related transactions by the Outside Date.

7.5 Satisfaction of Conditions

Stone Ridge shall use all commercially reasonable efforts to satisfy or cause the satisfaction of the conditions precedent to its obligations and the obligations of Sproutly hereunder set forth in Article 8 hereof to the extent that the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by this Agreement, including using its commercially reasonable efforts to:

- (a) obtain all consents, approvals and authorizations as are required to be obtained by Stone Ridge under any applicable Law or from any Governmental Authority which would, if not obtained, materially impede the completion of the transactions contemplated hereby or have a Material Adverse Effect on Stone Ridge;
- (b) effect all necessary registrations, filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the transactions contemplated by this Agreement and participate, and appear in any proceedings of, any party hereto before any Governmental Entity;
- (c) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement, the transactions contemplated hereby or seeking to stop, or otherwise

adversely affecting the ability of the parties hereto to consummate, the transactions contemplated hereby;

- (d) fulfil all conditions and satisfy all provisions of this Agreement and the Plan of Arrangement required to be fulfilled or satisfied by Stone Ridge; and
- (e) co-operate with Sproutly in connection with the performance by Sproutly of its obligations hereunder.

7.6 Refrain from Certain Actions

Stone Ridge shall not take any action, refrain from taking any action (subject to its commercially reasonable efforts), or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to materially impede the completion of the transactions contemplated hereby or which would have a Material Adverse Effect on Stone Ridge, provided that where Stone Ridge is required to take any such action or refrain from taking such action (subject to its commercially reasonable efforts) as a result of this Agreement, Stone Ridge shall immediately notify Sproutly in writing of such circumstances.

7.7 Access

Stone Ridge shall permit representatives of Sproutly full access during Stone Ridge's business hours to inspect Stone Ridge's property, books and records including, without limitation, all of the assets, contracts, financial records and minute books of Stone Ridge, so as to permit such investigation of Stone Ridge as Sproutly deems reasonably necessary.

7.8 Co-operation

Stone Ridge shall make, or co-operate as necessary in the making of, all other necessary filings and applications under all applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Laws.

7.9 Closing Documents

Stone Ridge shall execute and deliver, deliver or cause to be delivered at the closing of the transactions contemplated hereby such customary certificates, resolutions and other closing documents as may be required by Sproutly, acting reasonably.

7.10 Non-Solicitation

Stone Ridge covenants and agrees that, during the period from the date of this Agreement until the earlier of: (i) the Effective Time; or (ii) the date that this Agreement is terminated, except with the written consent of Sproutly or as otherwise expressly permitted or specifically contemplated by this Agreement, Stone Ridge shall not solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Arrangement, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any shareholder proposal or "takeover bid," exempt or otherwise, within the meaning of the Securities Act (British Columbia), for securities or assets of Stone Ridge, nor to undertake any

transaction or negotiate any transaction which would be or potentially could be in conflict with the Arrangement, including, without limitation, allowing access to any third party to conduct due diligence, nor to permit any of its officers or directors to authorize such access, except as required by statutory obligations or directors' fiduciary duties; and in the event Stone Ridge, including any of its officers or directors, receives any form of offer or inquiry, Stone Ridge will forthwith (in any event within one business day following receipt) notify Sproutly of such offer or inquiry and provide Sproutly with such details as it may request.

ARTICLE 8 CONDITIONS

8.1 Mutual Conditions

The respective obligations of Stone Ridge and Sproutly to complete the transactions contemplated hereby are subject to the fulfilment of the following conditions at or before the Effective Time or such other time as is specified below:

- (a) Completion of the Consolidation;
- (b) Completion of the THR Acquisition (which has been completed);
- (c) on or prior to March 28, 2018, the Interim Order shall have been granted in form and substance satisfactory to the parties hereto, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to the parties hereto, acting reasonably, on appeal or otherwise;
- (d) the Arrangement, with or without amendment, shall have been approved at the Sproutly Meeting by at least 66⅔% of the votes cast by the Sproutly Shareholders who voted their Sproutly Shares at the Sproutly Meeting, in accordance with the provisions of the CBCA, the Interim Order and the requirements of any applicable regulatory authorities;
- (e) the Arrangement, with or without amendment, shall have been consented to in writing by Stone Ridge Shareholders holding at least 50.1% of the issued and outstanding Stone Ridge Shares;
- (f) the Final Order shall have been granted in form and substance satisfactory to the parties hereto, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to such parties, acting reasonably, on appeal or otherwise;
- (g) the Effective Date shall be on or before the Outside Date, subject to any extension available to a party hereto pursuant to Section 8.4 hereof;
- (h) there shall not be in force any Law, ruling, order or decree, and there shall not have been any action taken under any Law or by any Governmental Entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms hereof or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Arrangement which is materially adverse to Stone Ridge or Sproutly;
- (i) the CSE shall have conditionally approved the listing thereon of the Post-Consolidation Stone Ridge Shares to be issued pursuant to the Arrangement as of the Effective Date, or as soon as possible thereafter, subject to compliance with the usual requirements of the CSE;

- (j) the CSE shall have conditionally approved the Arrangement and the other transactions contemplated by this Agreement;
- (k) completion of the Sproutly Private Placement;
- (l) all consents, waivers, permits, exemptions, orders and approvals of, and any registrations and filings with, any Governmental Entity and the expiry of any waiting periods, in connection with, or required to permit, the completion of the Arrangement, the failure of which to obtain or the non-expiry of which would be materially adverse to Stone Ridge or Sproutly or materially impede the completion of the Arrangement, shall have been obtained or received on terms that are reasonably satisfactory to each party hereto;
- (m) holders of not more than 5% of the outstanding Sproutly Shares shall have exercised Arrangement Dissent Rights that have not been withdrawn as at the Effective Date;
- (n) without limiting the scope of the foregoing conditions, all regulatory, third person and other consents, waivers, permits, exemptions, orders, approvals, agreements and amendments and modifications to agreements, indentures or arrangements which either Stone Ridge or Sproutly shall consider necessary or desirable in connection with the Arrangement shall have been obtained in form and substance satisfactory to them; and
- (o) this Agreement shall not have been terminated pursuant to Article 9 hereof.

The foregoing conditions are for the mutual benefit of the parties hereto and may be waived, in whole or in part, by a mutual agreement in writing of Stone Ridge and Sproutly at any time. If any of such conditions shall not be complied with or waived as aforesaid on or before the Outside Date or, if earlier, the date required for the performance thereof, then, subject to Section 8.4 hereof, Stone Ridge or Sproutly may, in addition to the other remedies it may have at law or in equity, rescind and terminate this Agreement by written notice to the other of them, prior to giving effect to the Arrangement, in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a material breach of this Agreement by such rescinding party hereto.

8.2 Stone Ridge Conditions

The obligation of Stone Ridge to complete the transactions contemplated herein is subject to the fulfilment of the following additional conditions at or before the Effective Time or such other time as is specified below:

- (a) the representations and warranties made by Sproutly in this Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and Sproutly shall have provided to Stone Ridge an officer's certificate certifying such accuracy on the Effective Date;
- (b) Sproutly shall have complied in all material respects with its covenants herein, and Sproutly shall have provided to Stone Ridge an officer's certificate certifying that Sproutly has so complied with its covenants herein;
- (c) the directors of Sproutly shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Sproutly to permit the consummation of the Arrangement;

- (d) immediately prior to the Effective Time, Stone Ridge shall be satisfied that Sproutly has outstanding no more than the securities set forth in Section 3.3 and no other securities or obligations to issue securities.
- (e) no action, suit or proceeding has been taken or threatened against Sproutly before or by any court, tribunal or administrative body with the aim of preventing the Arrangement;
- (f) all requisite regulatory approvals, including Court approvals, if any, shall have been obtained and all requirements complied with by Sproutly in connection with the Arrangement;
- (g) there shall not have been a Material Adverse Change in respect of Sproutly since the date hereof; and
- (h) Stone Ridge being satisfied with its due diligence investigations of Sproutly and THR.

The foregoing conditions are for the benefit of Stone Ridge and may be waived, in whole or in part, by Stone Ridge in writing at any time. If any of such conditions shall not be complied with or waived by Stone Ridge on or before Outside Date or the date required for the performance thereof, if earlier, then subject to Section 8.4 hereof, Stone Ridge may, in addition to the other remedies it may have at law or in equity, rescind and terminate this Agreement by written notice to Sproutly, prior to giving effect to the Arrangement, in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a material breach of this Agreement by Stone Ridge.

8.3 Sproutly Conditions

The obligation of Sproutly to complete the transactions contemplated herein is subject to the fulfilment of the following additional conditions at or before the Effective Time or such other time as is specified below:

- (a) the representations and warranties made by Stone Ridge in this Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and Stone Ridge shall have provided to Sproutly an officer's certificate thereof certifying such accuracy on the Effective Date;
- (b) Stone Ridge shall have complied in all material respects with its covenants herein and Stone Ridge shall have provided to Sproutly an officer's certificate certifying that it has so complied with its covenants herein;
- (c) immediately prior to the Effective Time, Sproutly shall be satisfied that Stone Ridge has outstanding:
 - (i) no more than 15,817,500 Post-Consolidation Stone Ridge Shares,
 - (ii) no more than 8,775,000 Stone Ridge Warrants prior to giving effect to the Consolidation,
 - (iii) no more than 400,000 Stone Ridge Options prior to giving effect to the Consolidation,
 and no other securities or obligations to issue securities (except pursuant to this Agreement);

- (d) the directors of Stone Ridge shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Stone Ridge to permit the consummation of the Arrangement;
- (e) no action, suit or proceeding has been taken or threatened against Stone Ridge before or by any court, tribunal or administrative body with the aim of preventing the Arrangement;
- (f) all requisite regulatory approvals, including Court approvals, if any, shall have been obtained and all requirements complied with by Stone Ridge in connection with the Arrangement;
- (g) completion of Name Change;
- (h) all of the Stone Ridge mineral property interests and existing business being sold or terminated by Stone Ridge without liability to Stone Ridge;
- (i) Stone Ridge having no current liabilities or long-term debt as at the Closing Date, other than as disclosed in the financial statements of Stone Ridge and debts incurred in the ordinary course of business or for the purposes of the completion of the Acquisition, including loans from directors;
- (j) the Consolidation has become effective;
- (k) Sproutly being satisfied with its due diligence investigations of Stone Ridge;
- (l) there shall not have been a Material Adverse Change in respect of Stone Ridge since the date hereof;
- (m) Sproutly shall be satisfied, acting reasonably, that the Post-Consolidation Stone Ridge Shares issued to Sproutly Shareholders pursuant to the Arrangement (i) shall not be subject to any hold period, restricted period or seasoning period under applicable Law that shall not have been satisfied on the Effective Date, and (ii) shall have been conditionally accepted for listing on the CSE, subject only to the filing of documentation that cannot be filed prior to the Effective Date; and
- (n) each of the directors, officers and employees of Stone Ridge (other than those agreed to by Sproutly) shall have provided their resignations together with releases in favour of Stone Ridge and Sproutly effective on the Effective Date, each in form and substance satisfactory and on terms as are satisfactory to Sproutly, acting reasonably and the individuals named in Section 2.7 having been appointed as directors of Stone Ridge.

The foregoing conditions are for the benefit of Sproutly and may be waived, in whole or in part, by Sproutly in writing at any time. If any of such conditions shall not be complied with or waived by Sproutly on or before the Outside Date or, if earlier, the date required for the performance thereof, then, subject to Section 8.4 hereof, Sproutly may, in addition to the other remedies it may have at law or in equity, rescind and terminate this Agreement by written notice to Stone Ridge, prior to giving effect to the Arrangement, in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a material breach of this Agreement by Sproutly.

8.4 Notice and Cure Provisions

Each party hereto shall give prompt notice to the other hereto of the occurrence, or failure to occur, at any time from the date hereof until the Effective Date, of any event or state of facts which occurrence or failure would, or would be likely to:

- (a) cause any of the representations or warranties of any other party hereto contained herein to be untrue or inaccurate in any material respect on the date hereof or on the Effective Date;
- (b) result in the failure to comply with or satisfy any covenant or agreement to be complied with or satisfied by any other party hereto prior to the Effective Date; or
- (c) result in the failure to satisfy any of the conditions precedent in its favour contained in Sections 8.1, 8.2 or 8.3 hereof, as the case may be.

Subject as herein provided, a party hereto may elect not to complete the transactions contemplated hereby pursuant to the provisions contained in Sections 8.1, 8.2 or 8.3 hereof or exercise any termination right arising therefrom; provided, however, that (i) promptly and in any event prior to giving effect to the Arrangement, the party hereto intending to rely thereon has delivered a written notice to the other party hereto specifying in reasonable detail the breaches of covenants or representations and warranties or other matters which the party hereto delivering such notice is asserting as the basis for the non-fulfilment of the applicable condition or termination right, as the case may be, and (ii) if any such notice is delivered, and a party hereto is proceeding diligently, at its own expense, to cure such matter, if such matter is susceptible to being cured, the party hereto which has delivered such notice may not terminate this Agreement until the later of Outside Date and the expiration of a period of 30 days from date of delivery of such notice. If such notice has been delivered prior to the date of the Sproutly Meeting, such meeting shall be postponed until the expiry of such period.

8.5 Merger of Conditions

The conditions set out in Sections 8.1, 8.2 or 8.3 hereof shall be conclusively deemed to have been satisfied, waived or released upon giving effect to the Arrangement. Stone Ridge and Sproutly acknowledge and agree that they shall have no right to give effect to the Arrangement unless such conditions have been satisfied, fulfilled or waived.

ARTICLE 9 AMENDMENT AND TERMINATION

9.1 Amendment

This Agreement may, at any time and from time to time before or after the holding of the Sproutly Meeting, be amended by mutual written agreement of the parties hereto without, subject to applicable Law, further notice to or authorization on the part of the Sproutly Shareholders or the Stone Ridge Shareholders, and any such amendment may, without limitation:

- (a) change the time for the performance of any of the obligations or acts of any of the parties hereto;
- (b) waive any inaccuracies in or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of any of the parties hereto; and
- (d) waive compliance with or modify any condition herein contained;

provided that no such amendment shall reduce the consideration to be received by the Sproutly Shareholders without the approval of the Sproutly Shareholders, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

9.2 Alternative Transaction

The parties hereto acknowledge and agree that, based upon tax, corporate, securities or other legal and other considerations, it may be more advantageous or appropriate to carry out the transaction contemplated herein by way of another form of plan of arrangement, amalgamation or take-over bid or other form of transaction ("**Other Transaction**"). In the event of such determination the parties agree to negotiate all such agreements, documents and arrangements that may be necessary or desirable to carry out the Other Transaction, provided that provisions hereof to the extent applicable or possible pursuant to applicable Laws shall apply *mutatis mutandis*, to such Other Transaction.

9.3 Termination

This Agreement may be terminated at any time prior to the Effective Date:

- (a) by mutual written consent of the parties hereto;
- (b) upon any circumstances hereunder that give rise to a right of termination of this Agreement as provided in Sections 8.1, 8.2 or 8.3 hereof, subject to Section 8.4 hereof;
- (c) by Stone Ridge or by Sproutly if the approval of the Arrangement by Sproutly Shareholders or the Stone Ridge Shareholders required by Subsections 8.1(d) and 8.1(e) respectively hereof in accordance with the terms of the Interim Order shall not have occurred on or before the Outside Date;
- (d) by Sproutly or by Stone Ridge in the event that the Arrangement does not become effective on or before the Outside Date, subject to Section 8.4 hereof;
- (e) by Sproutly if Stone Ridge shall be in material breach of any covenant, agreement or representation and warranty contained herein except for any breaches of representations, warranties, covenants or obligations which, in aggregate, would not have a Material Adverse Effect on Stone Ridge (taken as a whole) or on the ability to consummate the Arrangement provided that Stone Ridge shall have been given notice and five days to cure any such breach by Sproutly, if such breach is capable of being cured, and such breach shall not have been cured;
- (f) by Stone Ridge if Sproutly shall be in material breach of any covenant, agreement or representation and warranty contained herein except for any breaches of representations, warranties, covenants or obligations which, in aggregate, would not have a Material Adverse Effect on Sproutly (taken as a whole) or on the ability to consummate the Arrangement, provided that Sproutly shall have been given notice and five days to cure any such breach by Stone Ridge, if such breach is capable of being cured, and such breach shall not have been cured;
- (g) by Sproutly in the event of a Material Adverse Change of Stone Ridge;
- (h) by Stone Ridge in the event of a Material Adverse Change of Sproutly;
- (i) by Stone Ridge or by Sproutly if the Interim Order has been refused or has been granted in form or substance not satisfactory to Stone Ridge and Sproutly, acting reasonably, or has not been granted

on or prior to March 28, 2018 or, if issued, has been set aside or modified in a manner unacceptable to Stone Ridge and Sproutly, acting reasonably, on appeal or otherwise;

- (j) by Stone Ridge or by Sproutly if the Final Order has not been granted in form and substance satisfactory to Stone Ridge and Sproutly, acting reasonably, on or prior to the Outside Date, or, if issued, has been set aside or modified in a manner unacceptable to Stone Ridge and Sproutly, acting reasonably, on appeal or otherwise; and
- (k) if a court of competent jurisdiction or a governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and non-appealable, provided that the party seeking to terminate this Agreement pursuant to this Section 9.3 shall have used all commercially reasonable efforts to remove such order, decree, ruling or injunction;

provided that any termination by a party hereto in accordance with this Section 9.3 shall be made by such party delivering written notice to the other party or parties hereto prior to the Effective Date specifying in reasonable detail the matter or matters giving rise to such termination right.

9.4 Effect of Termination

In the event of the termination of this Agreement as provided in Section 9.3, this Agreement shall forthwith have no further force or effect, other than Section 10.3 (as provided therein) which shall survive termination, and there shall be no obligation on the part of Sproutly or Stone Ridge hereunder except those obligations that have accrued to such date. Nothing herein shall relieve any party from liability for any breach of this Agreement accruing prior to termination.

ARTICLE 10 GENERAL

10.1 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a party hereto shall be in writing and shall be delivered by hand to the party hereto to which the notice is to be given at the following addresses or sent by facsimile to the following numbers or to such other address or facsimile number as shall be specified by a party hereto by like notice. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a Business Day or, if not, then the next succeeding Business Day) and if sent by facsimile be deemed to have been given and received at the time of receipt (if a Business Day or, if not, then the next succeeding Business Day) unless actually received after 4:00 p.m. (Vancouver time) at the point of delivery in which case it shall be deemed to have been given and received on the next Business Day.

The address for service of each of the parties hereto shall be as follows:

(a) if to Sproutly:

Sproutly, Inc.
Suite 1050 – 1095 West Pender Street
Vancouver, B.C., V6E-2M6

Attention: Keith Dolo, CEO

with a copy to:

DuMoulin Black LLP
10th Floor, 595 Howe Street
Vancouver, BC V6C 2T5

Attention: Justin Kates
Facsimile No.: 604-684-8772

(b) if to Stone Ridge:

Stone Ridge Exploration Corp.
Suite 200-551 Howe Street
Vancouver, B.C. V6C 2C2

Attention: Robert Coltura, CEO

with a copy to:

Salley Bowes Harwardt LC
1750 – 1185 West Georgia Street
Vancouver, BC V6E 4E6

Attention: Paul Bowes
Facsimile No.: 604-688-0778

10.2 Remedies

The parties hereto acknowledge and agree that an award of money damages may be inadequate for any breach of this Agreement by any party hereto or its representatives and advisors and that such breach may cause the non-breaching party hereto irreparable harm. Accordingly, the parties hereto agree that, in the event of any such breach or threatened breach of this Agreement by one of the parties hereto, Stone Ridge (if Sproutly is the breaching party) or Sproutly (if Stone Ridge is the breaching party) will be entitled, without the requirement of posting a bond or other security, to seek equitable relief, including injunctive relief and specific performance. Subject to any other provision hereof, such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available hereunder or at law or in equity to each of the parties hereto.

10.3 Expenses

Except as expressly contemplated herein, each party hereto agrees to bear its own costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby, the Sproutly Meeting and the preparation and mailing of the Information Circular, including legal fees, accounting fees, printing costs, financial advisor fees and all disbursements by advisors.

10.4 Time of the Essence

Time shall be of the essence in this Agreement.

10.5 Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties hereto with respect to the subject matter hereof. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained herein or therein.

10.6 Further Assurances

Each party hereto shall, from time to time, and at all times hereafter, at the request of the other of them, but without further consideration, do, or cause to be done, all such other acts and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as shall be reasonably required in order to fully perform and carry out the terms and intent hereof including, without limitation, the Plan of Arrangement.

10.7 Governing Law

This Agreement shall be governed by, and be construed in accordance with, the Laws of the Province of British Columbia and the Laws of Canada applicable therein but the reference to such Laws shall not, by conflict of laws rules or otherwise, require the application of the Law of any jurisdiction other than the Province of British Columbia. Each party hereto hereby irrevocably attorns to the jurisdiction of the courts of the Province of British Columbia in respect of all matters arising under or in relation to this Agreement.

10.8 Execution in Counterparts

This Agreement may be executed in one or more counterparts, each of which shall conclusively be deemed to be an original and all such counterparts collectively shall be conclusively deemed to be one and the same.

10.9 Waiver

No waiver or release by any party hereto shall be effective unless in writing and executed by the party granting such waiver or release and any waiver or release shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence. Waivers may only be granted upon compliance with the provisions governing amendments set forth in Section 9 hereof.

10.10 Enurement and Assignment

This Agreement shall enure to the benefit of the parties hereto and their respective successors and permitted assigns and shall be binding upon the parties hereto and their respective successors. This Agreement may not be assigned by any party hereto without the prior written consent of the other party hereto.

[Remainder of this page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

SPROUTLY, INC.

Per: _____
Name: Keith Dolo
Title: CEO

STONE RIDGE EXPLORATION CORP.

Per: _____
Name: Robert Coltura
Title: CEO

**SCHEDULE A
PLAN OF ARRANGEMENT
PURSUANT TO SECTION 192**

OF THE CANADA BUSINESS CORPORATIONS ACT

**ARTICLE 1
INTERPRETATION**

- 1.1 In this Plan of Arrangement, the following terms have the following meanings:
- (a) "**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the arrangement pursuant to the provisions of the CBCA set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;
 - (b) "**Arrangement Agreement**" means the amended and restated arrangement agreement dated March 20, 2018 between Sproutly and Stone Ridge with respect to the Arrangement, and all amendments thereto;
 - (c) "**Arrangement Resolution**" means the special resolution in respect of the Arrangement to be voted upon by Sproutly Shareholders at the Sproutly Meeting;
 - (d) "**BCBCA**" means the *Business Corporations Act*, (British Columbia) S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder;
 - (e) "**Business Day**" means any day, other than a Saturday, a Sunday or a statutory holiday in the Province of British Columbia and also excluding any day on which the principal chartered banks located in the City of Vancouver are not open for business;
 - (f) "**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c.C-44 as amended, including the regulations promulgated thereunder;
 - (g) "**Certificate of Arrangement**" means the certificate of arrangement giving effect to the Arrangement, issued pursuant to Subsection 192(7) of the CBCA;
 - (h) "**Consolidation**" means the consolidation of Stone Ridge Shares on a 2 for to 1 basis to be effected prior to completion of the Arrangement;
 - (i) "**Court**" means the Supreme Court of British Columbia;
 - (j) "**Dissent Rights**" has the meaning set out in Section 5.1;
 - (k) "**Dissenting Shareholder**" means a registered Sproutly Shareholder who has validly exercised his, her or its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Sproutly Shares in respect of which Dissent Rights are validly exercised by such holder;
 - (l) "**Effective Date**" means the date shown on the Certificate of Arrangement;
 - (m) "**Effective Time**" means the first moment of time (Vancouver time) as the Effective Date;

- (n) "**Encumbrance**" includes any mortgage, pledge, assignment, charge, lien, claim security interest, adverse interest, adverse claim, other third party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (o) "**Exchange Ratio**" has the meaning set out in Section 3.1(b);
- (p) "**Final Order**" means the final order of the Court approving the Arrangement;
- (q) "**Information Circular**" means the management information circular Sproutly to be sent by Sproutly to its shareholders in connection with the Sproutly Meeting as such information circular may be affirmed, amended or modified subject to the Agreement;
- (r) "**Interim Order**" means the interim order of the Court contemplated by Section 2.2 of the Arrangement Agreement;
- (s) "**Person**" means any individual, association, body corporate, trustee, executor, administrator, legal representative, government, regulatory authority or other entity;
- (t) "**Post-Consolidation Stone Ridge Share**" means Stone Ridge Shares immediately following the Consolidation;
- (u) "**Sproutly Options**" means stock options exercisable to purchase Sproutly Shares at \$0.01 or \$0.50 per share outstanding under the Sproutly Option Plan at the Effective Time until no later than April 18, 2027;
- (v) "**Sproutly Option In-The-Money Amount**" in respect of a Sproutly Option means the amount, if any, by which the total fair market value (determined immediately before the Effective Time) of the Sproutly Shares that a holder is entitled to acquire on exercise of the Sproutly Option immediately before the Effective Time exceeds the amount payable under the Sproutly Option to acquire such shares;
- (w) "**Sproutly Option Plan**" means the stock option plan of Sproutly existing immediately prior to the Effective Time;
- (x) "**Sproutly Meeting**" means the special meeting of Sproutly Shareholders to be held and any adjournments thereof to consider and vote on the Arrangement Resolution among other matters;
- (y) "**Sproutly Shares**" means the common shares in the capital of Sproutly as constituted on the date hereof;
- (z) "**Sproutly Shareholders**" means the holders of Sproutly Shares;
- (aa) "**Sproutly Warrants**" means warrants to acquire Sproutly Shares outstanding at the Effective Time;
- (bb) "**Sproutly Warrantholders**" means the holders of Sproutly Warrants;
- (cc) "**Stone Ridge**" means Stone Ridge Exploration Corp., a company existing under the BCBCA;
- (dd) "**Stone Ridge Option In-The-Money Amount**" in respect of a Stone Ridge Option means the amount, if any, by which the total fair market value (determined immediately after the Effective Time) of the

Post-Consolidation Stone Ridge Shares that a holder is entitled to acquire on exercise of the Sproutly Option at and from the Effective Time exceeds the amount payable to acquire such Post-Consolidation Stone Ridge Shares;

- (ee) "**Stone Ridge Options**" means the options to purchase Stone Ridge Shares outstanding under the Stone Ridge Stock Option Plan;
- (ff) "**Stone Ridge Stock Option Plan**" means the stock option plan of Stone Ridge existing at the date hereof;
- (gg) "**Stone Ridge Shares**" means the common shares in the capital of Stone Ridge as constituted on the date hereof;
- (hh) "**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985, c.l. (5th Supp.), as amended, including the regulations promulgated thereunder; and

1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.

1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.

1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.

1.5 In the event that the date on which any action is required to be taken hereunder by any of the parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

ARTICLE 2 ARRANGEMENT AGREEMENT

2.1 This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.

2.2 This Plan of Arrangement, will become effective at, and be binding on and after, the Effective Time, on: (i) the Sproutly Shareholders, (ii) the Sproutly Warrantholders; (iii) holders of Sproutly Options, (iv) Sproutly; and (v) Stone Ridge.

2.3 The Final Order and the Certificate of Arrangement shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate of Arrangement shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence and at the times set out therein.

ARTICLE 3
ARRANGEMENT

3.1 Commencing at the Effective Time, each of the following events or transactions will occur and will be deemed to occur, without any further act or formality of or by Stone Ridge, Sproutly or another other person, sequentially commencing at the Effective Time:

- (a) each Sproutly Share held by a Dissenting Shareholder shall be irrevocably transferred to Stone Ridge, free and clear of all Encumbrances, without any further act or formality and:
 - (i) such Dissenting Shareholder shall cease to be the holder of such Sproutly Shares so transferred and will cease to have any rights as holder of such Sproutly Shares other than the right to be paid fair value for such Sproutly Shares by Stone Ridge;
 - (ii) such Dissenting Shareholder's name shall be removed as the holder of such Sproutly Shares from the securities register of holders of Sproutly Shares maintained by or on behalf of Sproutly; and
 - (iii) Stone Ridge shall become the sole legal and beneficial holder of such Sproutly Shares so transferred, free and clear of all Encumbrances, and shall be entered in the securities register of holders of Sproutly Shares maintained by or on behalf of Sproutly;
- (b) Sproutly Shareholders and Stone Ridge will complete a share exchange whereby:
 - (i) all of the issued and outstanding Sproutly Shares will be exchanged by Sproutly Shareholders (other than Dissenting Shareholders) on the basis of 2.02937459412508 Post-Consolidation Stone Ridge Shares for every one (1) Sproutly Share held (the "**Exchange Ratio**");
 - (ii) Stone Ridge will in exchange acquire all of the issued and outstanding Sproutly Shares; and
 - (iii) Sproutly will become a wholly-owned subsidiary of Stone Ridge;
- (c) in accordance with the Sproutly Option Plan, each holder of a Sproutly Option outstanding immediately prior to the Effective Time shall receive (and such holder shall accept), upon the exercise of such holder's Sproutly Option, in lieu of such Sproutly Share to which such holder was theretofore entitled, upon such exercise and for the same aggregate consideration payable therefor, the number of Post-Consolidation Stone Ridge Shares equal to the product of: (i) the number of Sproutly Shares subject to such Sproutly Option immediately prior to the Effective Time; and (ii) the Exchange Ratio. Each such Sproutly Option shall continue to be governed by and subject to the terms of the Sproutly Option Plan and any applicable agreements thereunder. If the adjustment to the Sproutly Options contemplated by this paragraph results in a disposition of Sproutly Options for options to acquire Post-Consolidation Stone Ridge Shares or "new" Sproutly Options, it is intended that the provisions of subsection 7(1.4) of the Tax Act will apply to any such disposition. Therefore, in the event the Stone Ridge Option In-The-Money Amount in respect of a Sproutly Option exceeds the Sproutly Option In-The-Money Amount in respect of the Sproutly Option, the number of Post-Consolidation Stone Ridge Shares which may be acquired on exercise of the Sproutly Option at and after the Effective Time will be adjusted accordingly with effect at and from the Effective Time to ensure that the Stone Ridge Option In-The-Money Amount in respect of the Sproutly Option does not exceed the Sproutly Option In-The-Money Amount in respect of the Sproutly Option and the ratio of the amount payable to acquire such shares to the value of such shares to be acquired shall be unchanged; and

- (d) in accordance with the certificates governing the terms and conditions of the Sproutly Warrants, each holder of a Sproutly Warrant outstanding immediately prior to the Effective Time shall be entitled to receive (and such holder shall accept), upon the exercise of such holder's Sproutly Warrants, in lieu of each Sproutly Share to which such holder was theretofore entitled, upon such exercise and for the same aggregate consideration payable therefor, the number of Post-Consolidation Stone Ridge Shares equal to the product of: (i) the number of Sproutly Shares subject to such Sproutly Warrant immediately prior to the Effective Time; and (ii) the Exchange Ratio. Each Sproutly Warrant shall continue to be governed by and be subject to the terms of the certificate governing the terms and conditions of such Sproutly Warrant. The steps referred to in this paragraph shall be deemed to constitute a "Reorganization" of the Sproutly Shares, including for the purposes of the certificates governing the terms and conditions of the Sproutly Warrants which contain such defined term.

ARTICLE 4 OUTSTANDING CERTIFICATES AND FRACTIONAL SECURITIES

4.1 From and after the Effective Time, certificates formerly representing Sproutly Shares under the Arrangement shall represent only the right to receive the consideration to which the Sproutly Shareholders are entitled under the Arrangement, or as to those held by Dissenting Shareholders, other than those Dissenting Shareholders deemed to have participated in the Arrangement pursuant to Section 5.1, to receive the fair value of the Sproutly Shares represented by such certificates.

4.2 From and after the Effective Time, any certificates representing the Sproutly Warrants shall represent only the right to receive the consideration to which the holders thereof are entitled pursuant to the terms thereunder.

4.3 Stone Ridge shall, as soon as practicable following the Effective Date forward or cause to be forwarded by first class mail (postage prepaid) to such former holder (other than a Dissenting Shareholder who exercised Dissent Rights which remain valid immediately prior to the Effective Time), at the address specified in the share register held by Stone Ridge's transfer agent, Direct Registration System statements issued by such transfer agent, evidencing the number of Stone Ridge Shares issued to such holder under the Arrangement.

4.4 No certificates representing fractional Stone Ridge Shares shall be issued pursuant to the Plan of Arrangement. In lieu of any fractional Stone Ridge Shares, each beneficial holder of Sproutly Shares otherwise entitled to a fractional interest in Stone Ridge Shares will receive the nearest whole number of Stone Ridge Shares.

4.5 Stone Ridge's transfer agent shall register the Stone Ridge Shares in the name of each Sproutly Shareholder entitled to receive Stone Ridge Shares pursuant to the Arrangement and shall deliver Direct Registration System statements issued by Stone Ridge's transfer agent evidencing such Stone Ridge Shares as soon as practicable after the Effective Date.

4.6 All dividends paid or distributions made in respect of Stone Ridge Shares issued to a former Sproutly Shareholder or Sproutly Warrantholder for which a certificate representing Stone Ridge Shares has not been delivered to such Sproutly Shareholder or Sproutly Warrantholder in accordance with this Article 4 shall be paid or delivered to Stone Ridge's transfer agent to be held in trust for such Sproutly Shareholder or Sproutly Warrantholder for delivery to such shareholder or warrantholder, net of all withholding and other taxes, upon delivery of the certificate in accordance with this Article 4 or surrendered to Stone Ridge pursuant to the exercise of Dissent Rights, as the case may be.

**ARTICLE 5
DISSENTING SHAREHOLDERS**

5.1 The holders of Sproutly Shares may exercise rights of dissent ("**Dissent Rights**") conferred by the Interim Order in the manner set out in Section 190 of the CBCA, as modified by the Interim Order with respect to the Arrangement, provided that the notice of dissent is received by 4:30 p.m. (Vancouver time) on the date which is two business days prior to the date of the Sproutly Meeting or any adjournment thereof. Without limiting the generality of the foregoing, holders who duly exercise such Dissent Rights and who are:

- (a) ultimately determined to be entitled to be paid fair value for their Sproutly Shares which fair value, notwithstanding anything to the contrary contained in Part XV of the CBCA, will be determined as of the close of business on the day before the Final Order becomes effective, will be deemed to have transferred such Sproutly Shares, as of the Effective Time, without any further act or formality, to Stone Ridge in consideration for a debt claim against Stone Ridge to be paid the fair value of the Sproutly Shares under the Dissent Rights and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights; or
- (b) ultimately are not entitled to be paid their fair value for any reason for their Sproutly Shares shall be deemed to have participated in the Arrangement on the same basis as non-dissenting holders of Sproutly Shares and shall receive Post-Consolidation Stone Ridge Shares on the basis determined in accordance with subsection 3.1(b) of this Plan of Arrangement.

For greater certainty, and in addition to any other restriction under Section 190 of the CBCA, neither:

- (i) Sproutly Warrantholders, nor
- (ii) Holders of Sproutly Options, nor
- (iii) Sproutly Shareholders who vote, or who have instructed a proxyholder to vote, in favour of the Arrangement Resolution;

shall be entitled to exercise Dissent Rights.

**ARTICLE 6
AMENDMENTS**

6.1 Sproutly and Stone Ridge may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be: (i) set out in writing; (ii) filed with the Court and, if made following the Sproutly Meeting, approved by the Court; and (iii) communicated to holders of Sproutly Shares and Sproutly Warrants, if and as required by the Court.

6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Sproutly and Stone Ridge at any time prior to or at the Sproutly Meeting with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Sproutly Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

6.3 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time but shall only be effective if it is consented to by Stone Ridge, provided that it concerns a matter which, in the reasonable opinion of Stone Ridge, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of Stone Ridge, or any former holder of Sproutly Shares or Sproutly Warrants.

SCHEDULE "C"

PRO FORMA FINANCIAL STATEMENTS

(SEE ATTACHED)

SPROUTLY INC.

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

Sproutly Inc.
Pro Forma Consolidated Statement of Financial Position
As at November 30, 2017
(Unaudited)

	Stone Ridge (Unaudited) as at November 30, 2017	Sproutly (Audited) as at November 30, 2017	THR (Unaudited) as at September 30, 2017	Pro Forma Adjustments	Ref	Resulting Issuer Pro Forma as at November 30, 2017
Cash	\$ 5	\$ 372,520	\$ 8,281	\$ 990,250 675,000 (24,685) 3,700,000 (250,000)	(b) (e) (f) (g) (i)	\$ 5,471,371
Accounts receivable	11,619	19,685	212,632			243,936
Due from THR		1,546,622		(1,546,622)	(d)	-
Other long term receivables		718,406				718,406
Property, plant and equipment	-		10,952,057			10,952,057
Intangible assets	-			5,342,429	(c)	5,342,429
Total Assets	11,624	2,657,233	11,172,970			22,728,199
Accounts payable and accrued liabilities	137,944	214,502	571,341	(541,042)	(f)	382,745
Loans payable	100	557,002	16,937,121	(1,301,180) (5,750,947) (330,000)	(d) (f) (h)	10,112,096
Total Liabilities	138,044	771,504	17,508,462			10,494,841
Share capital	753,923	50,000	1,643,573	(753,923) 3,039,396 (850,771) 675,000 4,356,764 3,965,853 385,000 3,403,826	(a) (b) (c) (e) (f) (g) (h) (i)	16,673,848
Subscription receipts	-	2,563,750	-	(2,563,750)	(b)	-
Warrants	-	-	-	514,604	(b)	514,604
Options	-	243,672	-	-		243,672
Contributed surplus	183,038	23,023	-	(183,038)	(a)	23,023
Deficit	(1,063,381)	(994,716)	(7,979,065)	1,063,381 6,193,200 (245,442) 1,910,540 (265,853) (55,000) (3,780,246)	(a) (c) (d) (f) (g) (h) (i)	(5,221,789)
Total Shareholders' Equity (Deficit)	(126,420)	1,885,729	(6,335,492)			12,233,358
Total Liabilities and Shareholders' Equity (Deficit)	11,624	2,657,233	11,172,970			22,728,199

Sproutly Inc.
Notes to Pro Forma Consolidated Financial Statements
(Unaudited)

1. Basis of Presentation

The accompanying unaudited pro forma consolidated financial statements of Sproutly Inc. (the “Company” or “Sproutly”) have been prepared by management after giving effect to the proposed acquisition of Toronto Herbal Remedies Inc. (“THR”) by Sproutly, as well as the proposed acquisition of Sproutly by Stone Ridge Exploration Inc. (“Stone Ridge”) (together the “Transactions”), and the proposed equity financing. In connection with the completion of the Acquisition, Stone Ridge intends to change its name to Sproutly Inc. Prior to completion of the acquisition, all securities of Stone Ridge will be consolidated on a two for one basis.

(a) Acquisition of THR by Sproutly

Under the terms of the acquisition, Sproutly will acquire 100% of the issued and outstanding common shares of THR in exchange for 10,434,424 common shares in the capital of Sproutly. This is accounted for as an asset acquisition for accounting purposes. All costs associated with the acquisition has been expensed.

(b) Acquisition of Sproutly by Stone Ridge – Reverse Takeover

Under the terms of the acquisition, Stone Ridge will acquire 100% of the issued and outstanding common shares of Sproutly Inc. in exchange for 200,137,184 pre-consolidation (100,068,592 post-consolidation) common shares in the capital of Stone Ridge. Sproutly will become a legal subsidiary of Stone Ridge. Stone Ridge will remain a publicly traded company.

(c) Equity Financing

Sproutly will issue a private placement of \$3,700,000 of convertible debt maturing in one year, paying interest of 10% per annum, accruing monthly. Immediately prior to the completion of the Acquisition by Stone Ridge, the principal and accrued interest under the Debentures will be automatically converted, without further action, into common shares at \$0.35 per share, resulting in the issuance of approximately 10,672,797 common shares of Sproutly.

The closing of the Transactions is subject to a number of conditions, including but not limited to regulatory and shareholders’ approval.

The unaudited pro forma consolidated statement of financial position as at November 30, 2017 have been prepared incorporating the assumptions and adjustments described in Note 2.

The acquisition of Sproutly by Stone Ridge has been accounted for in accordance with IFRS 2, Share Based-Payments. The Transaction is considered to be a reverse takeover of Stone Ridge by Sproutly. A reverse takeover transaction involving a non-public operating entity and a non-operating company is in substance a share-based payment transaction, rather than a business combination. The transaction is equivalent to the issuance of equity instruments (share, stock

Sproutly Inc.
Notes to Pro Forma Consolidated Financial Statements
(Unaudited)

options and warrants) by Sproutly for the net assets and the eventual public listing status of the non-operating company, Stone Ridge. The fair value of the shares issued was determined based on the fair value of the common shares issued by Sproutly.

The unaudited pro forma consolidated statement of financial position as at November 30, 2017 has been derived from the following financial statements:

- (i) the unaudited interim statement of financial position of Stone Ridge as at November 30, 2017;
- (ii) the unaudited interim statement of financial position of Sproutly as at November 30, 2017; and
- (iii) interim statement of financial position of THR as at September 30, 2017

The unaudited pro forma consolidated statement of financial have been prepared by management and, in the opinion of management, includes all adjustments necessary for fair presentation. No adjustments have been made to reflect additional costs or cost savings that could result from the combination of operations of Stone Ridge, Sproutly and THR, as management does not anticipate any material costs or cost savings as a result of the Transactions.

The unaudited pro forma consolidated statement of financial position have been prepared for illustration purposes only and may not be indicative of the combined results or financial position had the Transactions been in effect at the date and for the time period indicated.

2. Pro Forma Assumptions and Adjustments

The unaudited pro forma consolidated financial statements incorporate the following pro forma assumptions and adjustments:

- a) On the closing of the Transactions, the share capital, reserves and deficit of Stone Ridge are eliminated.
- b) Sproutly issued 7,413,760 Sproutly Units for subscription receipts received and new proceeds totalling \$3,554,000 received prior to November 30, 2017. Each Sproutly Unit consists of one (1) Sproutly Share and one half (1/2) of a share purchase warrant (the "Sproutly Warrants"). Each whole Sproutly Warrant entitles the holder to acquire one additional Sproutly Share at a price of \$1.50 per Sproutly Share for a period of 24 months following the date of issuance of the Sproutly Warrants.
- c) Acquisition of THR Inc. – Sproutly agreed to issue 11,544,388 common shares at \$0.41 per share in exchange for all of the outstanding shares of THR. The identifiable assets and liabilities of THR assumed by Sproutly are measured at their fair values at the acquisition date. The

Sproutly Inc.
Notes to Pro Forma Consolidated Financial Statements
(Unaudited)

excess of the consideration transferred over the fair value of the identifiable tangible and intangible net assets acquired and liability assumed is attributable to the value of the ACMPR license application. The fair values of the net assets acquired and liabilities assumed will be finalized subsequent to the closing of the transaction.

The pro forma THR transaction has been prepared using the following fair values of THR assets acquired and liabilities assumed by Sproutly:

Net assets acquired by Sproutly

Cash and equivalents	\$ (16,404)
Accounts receivable	212,632
Property, plant and equipment	10,952,057
Accounts payable and accrued liabilities	(571,341)
Loans payable	(11,186,174)
	<u>\$ (609,230)</u>

Consideration Paid

Fair value of Sproutly's 11,544,388 pre-consol common shares at \$0.41 per share deemed issued by Sproutly for THR common shares	<u>\$ 4,733,199</u>
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ACMPR License Application

\$ 5,342,429

- d) To eliminate intercompany accounts related to the acquisition of THR by Sproutly.
- e) On January 12, 2018, Stone Ridge completed a non-brokered equity financing issued 13,500,000 units, ("Units") for gross proceeds of \$675,000. Each Unit consists of one common share (a "Share") and one-half of one (½) non-transferable share purchase warrant (a "Warrant"). Each whole warrant entitles the holder thereof to purchase one additional Share of Stone Ridge at an exercise price of \$0.10 per share for a period of 12 months from the date of closing.

Finder's fees were paid to registered broker dealers in connection with the private placement consisting of 1,350,000 Units (the "Finder Units"), having the same terms and conditions as the Units issued to investors. In addition to the Finders' Units, 1,350,000 non-transferable warrants were issued to the finders (the "Finder Warrants"). Each Finder Warrant entitling a finder to purchase one Share of Stone Ridge at a price of \$0.05 per share until January 12, 2019.

- f) Concurrent with the closing of the acquisition of Sproutly by Stone Ridge, Sproutly agreed to issue 7,831,886 common shares at \$0.35 per share to THR debt holders to assume \$5,039,414 of THR debt. In conjunction with this, Sproutly issued 1,189,619 common shares to settle accrued interest payable to THR debt holders.

Sproutly Inc.
Notes to Pro Forma Consolidated Financial Statements
(Unaudited)

- g) Concurrent with the closing of the transaction, Sproutly will issue a private placement of \$3,700,000 of convertible debt maturing in one year, paying interest of 10% per annum, accruing monthly. Immediately prior to the completion of the Transactions, the principal and accrued interest under the Debentures will be automatically converted, without further action, into common shares at approximately \$0.35 per share, resulting in the issuance of approximately 10,672,797 common shares of Sproutly. In addition, Sproutly issued 759,581 common shares as a transaction fee as part of the closing of the transaction.
- h) Concurrent with the closing of the transaction, approximately \$330,000 of debt will convert into common shares at approximately \$0.35 per share, resulting in the issuance of approximately 1,100,000 common shares of Sproutly.
- i) The fair value of the consideration for the acquisition of Sproutly is as follows:

Fair value of Stone Ridge's existing 19,450,437 post-consolidation common shares at \$0.175 per share deemed issued by Sproutly	\$	3,403,826
Estimated qualifying transaction costs		250,000
Stone Ridge net working capital deficiency		126,420
<u>Value attributable to obtaining a listing status</u>	<u>\$</u>	<u>3,780,246</u>

Sproutly Inc.
Notes to Pro Forma Consolidated Financial Statements
(Unaudited)

3. Share Capital

The following table reconciles share capital of Sproutly Inc. to the pro forma share capital of the Resulting Issuer:

	Ref	Number of post- consolidation Shares*	Share Capital
Acquisition of THR			
Sproutly shares outstanding as at November 30, 2017		10,000,000	\$ 50,000
Sproutly shares issued for subscription receipts and new funds	(b)	7,413,160	3,554,000
Shares issued for THR shares	(c)	11,544,388	4,733,199
		28,957,548	8,337,199
Issuance of Sproutly Shares and Settlement of Debt			
Shares issued for THR debt	(f)	7,831,886	2,741,160
Shares issued for accrued interest	(f)	1,189,619	416,367
Shares issued for the conversion of Sproutly debt	(h)	1,100,000	385,000
Shares issued for advisory fees (Novus)	(g)	759,581	265,853
Shares issued upon concurrent financing	(g)	10,571,429	3,700,000
Shares issued for the accrued interest on the financing	(g)	101,369	35,479
		50,511,432	15,881,058
Elimination of Sproutly's shares		(50,511,432)	-
Stone Ridge's shares outstanding as at November 30, 2017		8,117,500	-
Shares issued for cash on January 12, 2018	(e)	6,804,250	675,000
Issuance of finders' fee shares on January 12, 2018 financing	(e)	675,000	-
Issuance of Stone Ridge shares to acquire Sproutly	(i)	102,506,615	17,938,658
Shares issued for finders' fees	(i)	3,853,687	-
		121,957,052	\$ 34,494,716

*Stone Ridge shares presented on a post consolidation basis of 2 old for 1 new common share

SCHEDULE "D"

INTERIM ORDER

(SEE ATTACHED)



S-184048

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 192 OF THE CANADA BUSINESS
CORPORATIONS ACT, R.S.C. 1985, c. C-44, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING
SPROUTLY, INC., ITS SECURITYHOLDERS AND
STONE RIDGE EXPLORATION CORP.

SPROUTLY, INC.

PETITIONER

**ORDER MADE AFTER APPLICATION
(INTERIM ORDER)**

BEFORE)
))
) MASTER KEIGHLEY) 23/Mar/2018
))

ON THE APPLICATION of the Petitioner, Sproutly, Inc. ("Sproutly") for an Interim Order under section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "CBCA") in connection with an arrangement involving Sproutly, its securityholders and Stone Ridge Exploration Corp. ("Stone Ridge") under section 192 of the CBCA

- without notice coming on for hearing at 800 Smithe Street, Vancouver, British Columbia on 23/Mar/2018 and on hearing Lucy H. Schilling, counsel for the Petitioner, and no one appearing for the Director appointed under the CBCA (the "Director") although duly given notice and upon reading the Affidavit No. 1 of Keith Dolo sworn on March 22, 2018 (the "Dolo Affidavit");

THIS COURT ORDERS that:

1. The Petitioner, Sproutly, be permitted to convene, hold and conduct a special meeting (the "**Meeting**") of the holders (the "**Sproutly Shareholders**") of common shares of Sproutly (the "**Sproutly Shares**") to *inter alia* consider and, if deemed advisable, pass with or without variation, a special resolution (the "**Arrangement Resolution**") authorizing, approving and adopting, with or without amendment, an arrangement (the "**Arrangement**") and the plan of arrangement implementing the Arrangement (the "**Plan of Arrangement**") substantially in the form included as Schedule A to the Arrangement Agreement (as defined below) attached as Schedule "B" to the Notice of Special Meeting and Information Circular of Sproutly (the "**Circular**") which is attached as Exhibit "A" to the Dolo Affidavit, involving Sproutly, the securityholders of Sproutly and Stone Ridge.
2. The Meeting shall be called, held and conducted on April 20, 2018, or such other date as may result from postponement or adjournment in accordance with paragraph 4 of this Interim Order, in accordance with the provisions of the CBCA, the articles and by-laws of Sproutly and applicable securities laws, and subject to the terms of this Interim Order and any further Order of this Court, and the rulings and directions of the Chair of the Meeting, such rulings and directions not to be inconsistent with this Interim Order, and to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating or governing or collateral to the Sproutly Shares or to which such shares are collateral, or the by-laws of Sproutly, this Interim Order shall govern.

AMENDMENTS

3. The Petitioner is authorized to make, in the manner contemplated by and subject to the amended and restated arrangement agreement dated March 20, 2018 between Stone Ridge and Sproutly (the "**Arrangement Agreement**") and Plan of Arrangement, as applicable, such amendments, revisions or supplements to the Arrangement Agreement, Arrangement, Plan of Arrangement, notice of special meeting for the Meeting or the Circular as it may determine without any additional notice to Sproutly Shareholders or any further Order of this Court. The Arrangement Agreement, Arrangement and Plan of Arrangement as so amended, revised or supplemented shall be the Arrangement Agreement, Arrangement and Plan of Arrangement that are the subject of the Arrangement Resolution.

ADJOURNMENTS AND POSTPONEMENTS

4. The board of directors of Sproutly by resolution shall be entitled to adjourn or postpone the Meeting on one or more occasions without the necessity of first convening the Meeting or first obtaining any vote of the Sproutly Shareholders regarding the adjournment or postponement and without the need for approval of the Court, subject to the terms of the Arrangement Agreement. Notice of any such adjournment shall be given by press release, newspaper advertisement, or by notice sent to the Sproutly Shareholders by one of the methods specified in paragraph 6 of this Interim Order, as determined to be the most appropriate method of communication by the Board of Directors of Sproutly.

RECORD DATE

5. The record date (the "**Record Date**") for determining Sproutly Shareholders entitled to receive notice of and attend at the Meeting is the close of business on March 26, 2018 or such other date as the board of directors of Sproutly may determine and as disclosed to the Sproutly Shareholders in the manner they see fit.

NOTICE OF THE MEETING

6. The following:
 - (a) notice of special meeting for the Meeting;
 - (b) the Circular;
 - (c) the Plan of Arrangement;
 - (d) Notice of Petition; and
 - (e) the form of proxy for use by the Sproutly Shareholders

(collectively, the "**Meeting Materials**"), in substantially the same form contained as Exhibits to the Dolo Affidavit, with such amendments and inclusions thereto as the directors of Sproutly and counsel for the Petitioner may deem necessary or desirable, provided that such amendments and inclusions are not inconsistent with the terms of this Interim Order, and this Interim Order (collectively with the Meeting Materials, the "**Mailed Materials**") shall be sent to:

- (I) the Sproutly Shareholders as they appear on the central securities register(s) of Sproutly on the Record Date, such Mailed Materials to be

sent at least twenty-one (21) days prior to the date of the Meeting, by one of the following methods:

- (i) by prepaid ordinary or air-mail addressed to the Sproutly Shareholder at his, her, or its address as it appears on the applicable securities registers of Sproutly as at the Record Date;
 - (ii) by delivery in person or by delivery to the addresses specified in paragraph (i) above; or
 - (iii) by email or facsimile transmission to any Sproutly Shareholder who identifies himself, herself or itself to the satisfaction of Sproutly, acting through its representatives, who requests such email or facsimile transmission; and
- (II) the directors and auditors of Sproutly by mailing the Mailed Materials by prepaid ordinary mail, or by email or facsimile transmission, to such persons at least twenty-one (21) days prior to the date of the Meeting;

and that service of the Notice of Petition as herein described, shall constitute good and sufficient service of such Notice of Petition upon all who may wish to appear in these proceedings, and no other service need be made.

7. Delivery of the Mailed Materials as ordered herein shall constitute compliance with the requirements of section 192 of the CBCA.
8. The accidental failure or omission to give notice of the Meeting, Notice of Petition or Notice of Application to, or the non-receipt of such notices by, or any failure or omission to give such notice as a result of events beyond the reasonable control of Sproutly (including, without limitation, any inability to use postal services) to any one or more of the persons specified herein shall not constitute a breach of this Interim Order, or in relation to notice to the Sproutly Shareholders, a defect in the calling of the Meeting, and shall not invalidate any resolution passed or proceeding taken at the Meeting, but if any such failure or omission is brought to the attention of Sproutly then it shall use reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.
9. Sproutly be at liberty to give notice of this application to persons outside the jurisdiction of this Court in the manner specified herein.

DEEMED RECEIPT OF NOTICE

10. The Meeting Materials shall be deemed, for the purposes of this Interim Order, to have been received:
 - (a) in the case of mailing, the day, Saturdays and holidays excepted, following the date of mailing;
 - (b) in the case of delivery in person, upon receipt thereof at the intended recipient's address or, in the case of delivery by courier, one (1) business day after receipt by the courier;
 - (c) in the case of transmission by email or facsimile, upon the transmission thereof; and
 - (d) in the case of advertisement, at the time of publication of the advertisement.

UPDATING MEETING MATERIALS

11. Notice of any amendments, updates or supplement to any of the information provided in the Meeting Materials may be communicated to the securityholders of Sproutly by press release, news release, newspaper advertisement or by notice sent to the securityholders by any of the means set forth in paragraph 6 herein, as determined to be the most appropriate method of communication by the Board of Directors of Sproutly.

QUORUM AND VOTING

12. The quorum required at the Meeting shall be the quorum required by the by-laws of Sproutly.
13. Each Sproutly Shareholder shall be entitled to one vote for each Sproutly Share held by such Sproutly Shareholder.
14. The vote of Sproutly Shareholders required to adopt the Arrangement Resolution at the Meeting shall be the affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes cast by Sproutly Shareholders who vote in person or by proxy at the Meeting.
15. The only persons entitled to vote at the Meeting or any adjournment(s) thereof either in person or by proxy shall be the registered holders of the Sproutly Shares as at the close of business on March 26, 2018 (and under applicable securities legislation and policies, the beneficial owners of the Sproutly Shares registered in the name of intermediaries). Such persons and

the directors and auditors of Sproutly shall also be entitled to notice of the Meeting.

SOLICITATION OF PROXIES

16. Sproutly is authorized to use the form of proxy in connection with the Meeting, in substantially the same form contained in Exhibit "B" to the Dolo Affidavit and Sproutly may in its discretion waive generally the time limits for deposit of proxies by Sproutly Shareholders if Sproutly deems it reasonable to do so. Sproutly is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as it may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine.
17. The procedure for the use of proxies at the Meeting shall be as set out in the Meeting Materials.

DISSENT RIGHTS

18. Each Sproutly Shareholder be accorded the rights of dissent with respect to the Arrangement Resolution approving the Arrangement, as set out in section 190 of the CBCA, as modified by Article 5 of the Plan of Arrangement, this Interim Order and the Final Order.

APPLICATION FOR THE FINAL ORDER

19. Unless the directors of Sproutly and/or Stone Ridge by resolution determine to abandon the Arrangement, upon the approval, with or without variation by the Sproutly Shareholders of the Arrangement Resolution, in the manner set forth in this Interim Order, the Petitioner may apply to this Court for an order (being the Final Order):
 - (a) pursuant to section 192(4) of the CBCA, declaring that the Arrangement, including the terms and conditions thereof and the issuances, exchanges and/or adjustments of securities contemplated therein, is fair and reasonable to the securityholders of Sproutly; and
 - (b) pursuant to section 192(4) of the CBCA, approving the Arrangement, including the terms and conditions thereof and the issuances, exchanges and/or adjustments of securities contemplated therein,

and that the application for the Final Order (the "**Final Application**") be set down for hearing before the presiding Master or Judge in Chambers at the Courthouse at 800 Smithe Street, Vancouver, British Columbia, on

April 27, 2018 at 9:45 a.m., or as soon thereafter as the Court may direct or counsel for Sproutly may be heard, and that Sproutly be at liberty to proceed with the Final Application on that date.

20. Any securityholder of Sproutly, any director or auditor of Sproutly, or any other interested party with leave of the Court desiring to support or oppose the application may appear and make submissions at the Final Application provided that such person must:
- (a) file a Response to Petition, in the form prescribed by the Supreme Court Civil Rules, together with any evidence or material which is to be presented to the Court at the hearing of the Final Application; and
 - (b) deliver the filed Response to Petition together with a copy of any evidence or material which is to be presented to the Court at the hearing of the Final Application, to the Petitioner's counsel at:

DuMoulin Black LLP
Barristers and Solicitors
10th Floor, 595 Howe Street
Vancouver, BC V6C 2T5

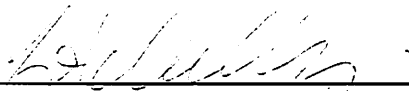
Attention: Lucy H. Schilling

by or before 4:30 p.m. (Vancouver time) on April 25, 2018.


21. The only persons entitled to notice of any further proceedings herein, including any hearing to sanction and approve the Arrangement, and to appear and be heard thereon, shall be the solicitors for Sproutly and persons who have filed and delivered a Response to Petition in accordance with this Interim Order.
22. Subject to other provisions in this Interim Order, no material other than that contained in the Circular need be served on any persons in respect of these proceedings.
23. If the Final Application is adjourned, only those persons who have filed and delivered a Response to Petition in accordance with this Order need to be served and provided with notice of the adjourned date.
24. The Petitioner shall be entitled, at any time, to apply to vary this Order.
25. Rules 8-1 and 16-1(8) – (12) will not apply to any further applications in respect of this proceeding, including the Final Application and any application to vary this Interim Order.

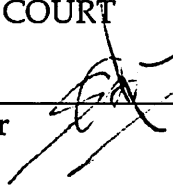
26. The Petitioner shall, and hereby does, have liberty to apply for such further orders as may be appropriate.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of Lawyer for the Petitioner,
Sproutly, Inc.
Lawyer: Lucy H. Schilling


BY THE COURT

Registrar 

Form
CHECKED
PEL

SCHEDULE "E"

NOTICE OF HEARING OF PETITION

(SEE ATTACHED)

No. S-184048
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING
SPROUTLY, INC., ITS SECURITYHOLDERS AND
STONE RIDGE EXPLORATION CORP.

SPROUTLY, INC.

PETITIONER

NOTICE OF PETITION

TO: The holders of Sproutly, Inc. ("**Sproutly**") common shares (the "**Sproutly Shareholders**") and holders of options and warrants of Sproutly (collectively, the "**Sproutly Securityholders**")

NOTICE IS HEREBY GIVEN that a Petition to the Court has been filed by Sproutly in the Supreme Court of British Columbia for approval, pursuant to section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 and amendments thereto (the "**CBCA**"), of an arrangement contemplated in an amended and restated arrangement agreement dated March 20, 2018 between Sproutly and Stone Ridge involving Sproutly, its securityholders and Stone Ridge Exploration Corp. (the "**Arrangement**").

NOTICE IS FURTHER GIVEN that by Order of Master Keighley, a master of the Supreme Court of British Columbia, dated March 23, 2018, the Court has given directions by means of an interim order (the "**Interim Order**") as to the calling of a meeting (the "**Meeting**") of the registered Sproutly Shareholders for the purpose of, among other things, considering and voting upon the special resolution to approve the Arrangement.

NOTICE IS FURTHER GIVEN that if the Arrangement is approved at the Meeting, the Petitioner intends to apply to the Supreme Court of British Columbia for a final order (the "**Final Order**") approving the Arrangement, declaring it to be fair and reasonable to the Sproutly Shareholders, which application will be heard at the courthouse at 800 Smithe Street, in the City of Vancouver, in the Province of

British Columbia on Friday, April 27, 2018 at 9:45 a.m. (Vancouver time) or as soon thereafter as the Court may direct or counsel for Sproutly may be heard.

NOTICE IS FURTHER GIVEN that the Court has been advised that, if granted, the Final Order approving the Arrangement and the declaration that the Arrangement is fair to the Sproutly Shareholders will constitute the basis for an exemption from the registration requirements under the *United States Securities Act of 1933*, pursuant to section 3(a)(10) thereof, upon which the parties will rely for the issuance and exchange of securities in connection with the Arrangement.

IF YOU WISH TO BE HEARD AT THE HEARING OF THE APPLICATION FOR THE FINAL ORDER OR WISH TO BE NOTIFIED OF ANY FURTHER PROCEEDINGS, YOU MUST GIVE NOTICE OF YOUR INTENTION by filing a form entitled "Response to Petition" together with any evidence or materials which you intend to present to the Court at the Vancouver Registry of the Supreme Court of British Columbia and YOU MUST ALSO DELIVER a copy of the Response to Petition and any other evidence or materials to the Petitioner's address for delivery, which is set out below, on or before 4:30 p.m. (Vancouver time) on April 25, 2018.

YOU OR YOUR SOLICITOR may file the Response to Petition. You may obtain a form of Response to Petition at the Registry. The address of the Registry is 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1.

IF YOU DO NOT FILE A RESPONSE TO PETITION AND ATTEND EITHER IN PERSON OR BY COUNSEL at the time of the hearing of the application for the Final Order, the Court may approve the Arrangement, as presented, or may approve it subject to such terms and conditions as the Court deems fit, all without further notice to you. If the Arrangement is approved, it will affect the rights of the Sproutly Securityholders.

A copy of the Petition to the Court and the other documents that were filed in support of the Interim Order and will be filed in support of the Final Order will be furnished to any Sproutly Securityholder upon request in writing addressed to the solicitors of the Petitioner at the address for delivery set out below.

The Petitioner's address for delivery is:

DuMoulin Black LLP
10th Floor, 595 Howe Street
Vancouver, BC V6C 2T5
Attention: Lucy H. Schilling

DATED this 23rd day of March, 2018.

"Lucy H. Schilling"
Solicitor for the Petitioner

SCHEDULE "F"

DISSENT PROVISIONS

Pursuant to the Interim Order, Registered Shareholders have the right to dissent in respect of the Arrangement. Such right of dissent is described in the Circular. The full text of section 190 of the CBCA is set forth below. Note that certain provisions of such section have been modified by the Interim Order, a copy which is attached as Schedule "D" to the Circular.

Right to dissent

190 (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if Sproutly is subject to an order under paragraph 192(4)(d) that affects the holder or if Sproutly resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
- (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that Sproutly may carry on;
- (c) amalgamate otherwise than under section 184;
- (d) be continued under section 188;
- (e) sell, lease or exchange all or substantially all its property under subsection 189(3); or
- (f) carry out a going-private transaction or a squeeze-out transaction.

Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if Sproutly resolves to amend its articles in a manner described in that section.

If one class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by Sproutly the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(5) A dissenting shareholder shall send to Sproutly, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless Sproutly did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution

(6) Sproutly shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to Sproutly a written notice containing

- **(a)** the shareholder's name and address;
- **(b)** the number and class of shares in respect of which the shareholder dissents; and
- **(c)** a demand for payment of the fair value of such shares.

Share certificate

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to Sproutly or its transfer agent.

Forfeiture

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

- (a) the shareholder withdraws that notice before Sproutly makes an offer under subsection (12),
- (b) Sproutly fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or

- (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day Sproutly received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

- (a) a written offer to pay for their shares in an amount considered by the directors of Sproutly to be the fair value, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if Sproutly does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, Sproutly may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where Sproutly has its registered office or in the province where the dissenting shareholder resides if Sproutly carries on business in that province.

No security for costs

(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

Parties

(19) On an application to a court under subsection (15) or (16),

- (a) all dissenting shareholders whose shares have not been purchased by Sproutly shall be joined as parties and are bound by the decision of the court; and
- (b) Sproutly shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court

(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of a court shall be rendered against Sproutly in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies

(24) If subsection (26) applies, Sproutly shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies

(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to Sproutly within thirty days after receiving a notice under subsection (24), may

- (a) withdraw their notice of dissent, in which case Sproutly is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or
- (b) retain a status as a claimant against Sproutly, to be paid as soon as Sproutly is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of Sproutly but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a) Sproutly is or would after the payment be unable to pay its liabilities as they become due; or
- (b) the realizable value of Sproutly's assets would thereby be less than the aggregate of its liabilities.

SCHEDULE "G"

COMPARISON OF SHAREHOLDER RIGHTS

Comparison of Shareholder Rights

On completion of the Arrangement, Sproutly Shareholders will become shareholders of Stone Ridge. Since Sproutly is a federal corporation, the rights of the shareholders of Sproutly are governed by the *Canada Business Corporations Act* (the "**CBCA**"), and by Sproutly's articles and by-laws. Since Stone Ridge is a British Columbia corporation, the rights of the shareholders of Stone Ridge will be governed by the *Business Corporations Act* (British Columbia) (the "**BCBCA**") and by Stone Ridge's notice of articles and articles.

The following is a summary comparison of certain of the current rights of Stone Ridge shareholders under the BCBCA and Stone Ridge's notice of articles and articles, and the rights that Stone Ridge Shareholders will have as Sproutly Shareholders under the CBCA and Sproutly's articles and by-laws upon completion of the Arrangement.

The statements in this section are qualified in their entirety by reference to, and are subject to, the detailed provisions of the BCBCA, the CBCA, Stone Ridge's notice of articles, Stone Ridge's articles, Sproutly's articles and Sproutly's by-laws.

Corporate Governance

Sproutly. The rights of Sproutly Shareholders are governed by Canadian federal corporate law and the articles and by-laws of Sproutly.

Stone Ridge. The rights of Stone Ridge Shareholders are governed by British Columbia corporate law and the notice of articles and articles of Stone Ridge.

Authorized Share Capital

Sproutly. The CBCA does not permit shares with par value.

Stone Ridge. The BCBCA permits shares with or without par value.

The authorized share capital of Sproutly currently consists of an unlimited number of common shares. As of the Record Date, the following Sproutly securities will be outstanding:

- a) 28,957,548 Sproutly Shares;
- b) 1,450,000 Sproutly Options which entitle the holders thereof to acquire 1,450,000 Sproutly Shares at a price of \$0.01 per share until March 25, 2027;
- c) 50,000 Sproutly Options which entitle the holder thereof to acquire 50,000 Sproutly Shares at a price of \$0.01 per share until April 18, 2027;
- d) 2,000,000 Sproutly Options which entitle the holders thereof to acquire 2,000,000 Sproutly Shares at a price of \$0.50 per share until March 25, 2027;

- e) 3,706,580 Sproutly Warrants which entitle the holders thereof to acquire 3,706,580 Sproutly Shares at a price of \$1.50 per share until January 30, 2020, and January 31, 2020; and
- f) a \$330,000 Sproutly 2017 Convertible Debenture, which would be automatically converted into 1,100,000 Sproutly Shares and 550,000 Sproutly Warrants, which Sproutly Warrants will entitle the holder to acquire 550,000 Sproutly Shares at a price of \$0.45 per share until November 30, 2019.

The authorized capital of Stone Ridge consists of an unlimited number of common shares. As of the Record Date, the following Stone Ridge securities will be outstanding:

- a) 31,193,500 Stone Ridge Shares;
- b) 400,000 Stone Ridge Options which entitle the holders thereof to acquire an aggregate of 400,000 Stone Ridge Shares at \$0.10 per share and which expire May 4, 2020;
- c) 441,500 Stone Ridge Warrants which entitle the holders thereof to acquire an aggregate of 441,500 Stone Ridge Shares at \$0.10 per share and which expire until April 13, 2018;
- d) 7,425,000 Stone Ridge Warrants which entitle the holders thereof to acquire an aggregate of 7,425,000 Stone Ridge Shares at \$0.10 per share until January 12, 2019; and
- e) 1,350,000 Stone Ridge Warrants which entitle the holders thereof to acquire an aggregate of 1,350,000 Stone Ridge Shares at \$0.05 per share until January 12, 2019.

Number, Classification and Election of the Board of Directors

Sproutly. Sproutly's by-laws provide that the number of directors of the corporation shall consist of a minimum of 1 and a maximum of 10 members. The number of directors may be fixed by the board of directors within this range from time to time. As of the date of this Circular, the Sproutly Board consists of one director.

Stone Ridge. Stone Ridge's articles provide that the number of directors may be fixed or changed from time to time by ordinary resolution with each director elected for a term expiring at the next succeeding annual meeting of shareholders after his or her election. Stone Ridge Board currently consists of three (3) directors.

Stone Ridge Board is not divided into separate classes of directors. Stone Ridge articles do not permit cumulative voting for the election of directors.

The Sproutly Board is not divided into separate classes of directors and neither Sproutly's articles nor by-laws permit cumulative voting for the election of directors. Upon completion of the Arrangement, Stone Ridge Board will consist of four (4) directors, all of which will be Sproutly nominees.

Directors' Residency

Sproutly. At least 25% of the directors of a corporation governed by the CBCA generally must be resident Canadians and the directors may not transact business at a meeting of directors unless at least 25% of the directors present are resident Canadians except where (a) Sproutly has less than four (4) directors, in which case at least one director present must be a resident Canadian, or (b) a resident Canadian director

who is unable to be present approves in writing or by telephonic, electronic or other communications facilities the business transacted at the meeting and the required number of resident Canadians would have been present had that director been present at the meeting.

Stone Ridge. Neither the articles of Stone Ridge nor the BCBCA place any residency restrictions on Stone Ridge Board.

Removal of Directors

Sproutly. Under the CBCA, provided that articles of the corporation do not provide for cumulative voting, shareholders of a corporation may by ordinary resolution at a special meeting, remove any director or directors from office. If holders of a class or series of shares have the exclusive right to elect one or more directors, a director so elected may only be removed by an ordinary resolution at a meeting of the shareholders of that class or series. Where the articles provide for cumulative voting, a director may not be removed from office if the votes cast against the director's removal would be sufficient to elect him or her and such votes could be voted cumulatively at an election at which the same total number of votes were cast and the number of directors required by the articles were then being elected.

Stone Ridge. The BCBCA provides that the shareholders of a corporation may remove one or more directors by a special resolution or by any other method specified in the articles. If holders of a class or series of shares have the exclusive right to elect or appoint one or more directors, a director so elected or appointed may only be removed by a separate special resolution of the shareholders of that class or series or by any other method specified in the articles. Stone Ridge's articles provide that the directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offense, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

Newly Created Directorships and Vacancies

Sproutly. Under the CBCA, subject to the articles of the corporation, a vacancy among the directors may generally be filled at a meeting of shareholders or by a quorum of directors except when the vacancy results from an increase in the number or maximum number of directors, or from a failure to elect the number or minimum number of directors required by the articles. Each director appointed or elected to fill a vacancy holds office for the unexpired term of the director's predecessor.

Stone Ridge. The BCBCA provides that, unless the articles provide otherwise, vacancies on the board of directors resulting from the removal of a director (other than a director elected or appointed by holders of a class or series of shares having the exclusive right to elect or appoint a director) may be filled by the shareholders at the meeting at which the director is removed or, if not filled by the shareholders at such meeting, by the shareholders or by the remaining directors. A casual vacancy may be filled by the remaining directors. A director elected to fill a vacancy is elected for the unexpired term of his or her predecessor in office. Vacancies on the board resulting from the removal of a director elected or appointed by holders of a class or series of shares having the exclusive right to elect or appoint one or more directors will be filled by such shareholders at the meeting at which the director is removed or by those shareholders or by the remaining directors elected or appointed by those shareholders. A casual vacancy that occurs among directors elected or appointed by holders of a class or series of shares having the exclusive right to elect or appoint one or more directors may be filled by the remaining directors elected or appointed by those shareholders, or where there are no directors elected or appointed by those shareholders, by a unanimous resolution or meeting of those shareholders.

Stone Ridge's articles provide Stone Ridge Board with the authority to fill any casual vacancy. The directors can also appoint additional directors between annual general meetings provided that the number of directors so appointed does not exceed one-third of the number of current directors.

Meetings of the Board of Directors

Sproutly. Sproutly's by-laws provide that meetings of the board shall be held from time to time at such place as the board, the chairman of the board, the president or any two directors may determine. Under the CBCA, subject to the articles or by-laws of the corporation, a majority of the number of directors or minimum number of directors required by the articles constitutes a quorum at any meeting of directors.

Sproutly's by-laws provide that subject to the CBCA, quorum for meetings of directors shall consist of a majority of the number of directors or such greater or lesser number of directors as the board may from time to time determine.

Stone Ridge. Stone Ridge's articles provide that a director may, and the secretary or an assistant secretary, if any, on the request of a director must, call a meeting of the Stone Ridge Board at any time. Reasonable notice of such meeting specifying the place, day and hour of such meeting must be provided to each of the directors. Stone Ridge's articles provide that a quorum for purposes of the transaction of business may be set by the directors and, if not so set, is deemed to be set as two directors, or if the number of directors is set at one, is deemed to be set at one director and that director may constitute a meeting.

Meetings of Shareholders

Sproutly. Under the CBCA, a meeting of shareholders may be held at a place within Canada provided in the by-laws or, in the absence of such provision, at the place within Canada that the directors determine. A meeting of shareholders may also be held outside Canada if the place is specified in the articles or all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place.

Under the CBCA, the directors of a corporation shall call an annual meeting of shareholders not later than eighteen (18) months after the corporation comes into existence and subsequently not later than fifteen (15) months after holding the last preceding annual meeting and may at any time call a special meeting of shareholders.

Under the CBCA, the holders of not less than five per cent (5%) of the issued shares of a corporation that carry the right to vote at a meeting sought to be held may requisition the directors to call a meeting of shareholders for the purposes stated in the requisition. Upon meeting the technical requirements of the CBCA for making such a requisition, the directors must call a meeting of shareholders and if they fail to do so within twenty-one days after receiving the requisition, any shareholder who signed the requisition may call the meeting.

Stone Ridge. Under the BCBCA, general meetings must be held in British Columbia unless (i) the location outside British Columbia is provided for in the articles; (ii) the articles do not restrict the company from approving a location outside of British Columbia and the location is approved by the resolution required under the articles, or if no resolution is required by the articles, approved by ordinary resolution; or (iii) the location for the meeting is approved in writing by the registrar before the meeting is held.

Under the BCBCA, a company must hold an annual general meeting, for the first time, not later than eighteen months after the date on which it was recognized and subsequently not later than fifteen months

after holding the last preceding annual general meeting and may at any time call a special meeting of shareholders.

The Stone Ridge articles provide that, subject to any extensions permitted pursuant to the BCBCA, an annual general meeting of shareholders shall be held once in every calendar year at such time (not being more than fifteen (15) months after the holding of the last preceding annual general meeting) and place as may be determined by the directors. Under the BCBCA, the holders of not less than 5 per cent of the issued shares of a company that carry the right to vote at general meetings may requisition the directors to call a meeting of shareholders for the purposes stated in the requisition. Upon meeting the technical requirements of the BCBCA for making such a requisition, the directors must call a general meeting of shareholders to be held not more than 4 months after the date on which the requisition is received by the company to transact the business stated in the requisition. If the directors fail to send notice of a general meeting within 21 days after the date on which the requisition is received, then the requisitioning shareholders, or any one or more of them holding more than 2.5% of the company that carry the right to vote at general meetings, may send notice of a general meeting to be held to transact the business stated in the requisition.

Quorum for Meetings of the Shareholders

Sproutly. A quorum at any meeting of shareholders (unless a greater number of persons are required to be present or a greater number of shares are required to be represented by the CBCA or by the articles or by any other by-law) shall be shareholders present in person or represented by proxy or duly authorized representative, being not less than two (2) in number, unless there is only one shareholder in which case the quorum is one person present and being, or represented by proxy or duly authorized representative of such shareholder. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present through the meeting. If a quorum is not present at the opening of the meeting of shareholders, the shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

Under the CBCA, if a quorum is present at the opening of a meeting of shareholders, the shareholders present may, unless the by-laws otherwise provide, proceed with the business of the meeting even if a quorum is not present throughout the meeting. If a quorum is not present at the time appointed for a meeting of shareholders or within a reasonable time thereafter, the shareholders present may adjourn the meeting to a fixed time and place, but may not transact any other business.

Stone Ridge. Stone Ridge's articles provide that subject to the special rights and restrictions attached to the shares of any class or series of shares and as otherwise provided in the Stone Ridge articles, a quorum for the transaction of business at a general meeting of shareholders is two shareholders, or one or more proxyholder representing two members, or one member and a proxyholder representing another member. A quorum need not be present throughout the meeting.

If a quorum is not present within half an hour from the time appointed for a general meeting, the meeting stands adjourned to the same day during the next week at the same time and place, except that if the meeting was requisitioned by shareholders, the meeting will be dissolved. If a quorum is not present at the adjourned meeting, the persons present in person or by proxy and who are entitled to vote at the meeting will constitute quorum.

Certain Voting Requirements

Under the BCBCA and the CBCA, certain extraordinary corporate actions, such as certain amalgamations (other than with a direct or indirect wholly-owned subsidiary), continuances, and sales, leases or exchanges of all or substantially all the property of a corporation other than in the ordinary course of business, and other extraordinary corporate actions such as liquidations (winding-ups), dissolutions (under the CBCA only) and arrangements, require approval by special resolution. The BCBCA permits amalgamations with foreign corporations, but the CBCA does not.

In certain cases, a special resolution to approve an extraordinary corporate action is also required to be approved separately by the holders of a class or series of shares, including in certain cases a class or series of shares not otherwise carrying voting rights.

Sproutly. Under the CBCA, a special resolution is a resolution passed at a special meeting of shareholders by at least $66\frac{2}{3}\%$ of the votes cast. Each common share in the capital of Sproutly entitles the holder to one vote on each matter upon which shareholders have the right to vote.

Stone Ridge. Under the BCBCA, a resolution passed by a special majority at a general meeting for which proper notice has been provided constitutes a special resolution. A special majority is a majority of votes, as specified by the articles, that is not less than $66\frac{2}{3}\%$ and not more than 75% of the votes cast on the resolution. A resolution consented to in writing by all of the shareholders holding shares that carry the right to vote at general meetings also constitutes a special resolution. The BCBCA permits a company to alter its articles to require certain actions to be passed by an exceptional resolution, which would require a majority of votes greater than a special majority.

A special resolution at a general meeting of Stone Ridge must be passed by at least $66\frac{2}{3}\%$ of the votes cast on the resolution. Each Stone Ridge Share entitles the holder to one vote on each matter upon which Stone Ridge Shareholders have the right to vote.

Amendments of Notice of Articles (BCBCA) and Articles (CBCA)

Sproutly. Under the CBCA, any amendment to the articles generally requires approval by special resolution, being a resolution passed at a special meeting of the shareholders by at least $66\frac{2}{3}\%$ of the votes cast.

Stone Ridge. Under Stone Ridge's articles and the BCBA, the resolution required to amend the notice of articles will be dependant on the proposed action.

Amendments of Articles (BCBCA)/Bylaws (CBCA)

Sproutly. The CBCA provides that, unless the articles or by-laws otherwise provide, the directors may, by resolution, make, amend or repeal any by-law that regulates the business or affairs of a corporation. Where the directors make, amend or repeal a by-law, they are required under the CBCA to submit the by-law, amendment or repeal to the shareholders at the next meeting of shareholders, and the shareholders may confirm, reject or amend the by-law, amendment or repeal by an ordinary resolution, which is a resolution passed by a majority of the votes cast by shareholders who voted in respect of the resolution. If the directors of a corporation do not submit a by-law, an amendment or a repeal to the shareholders at the next meeting of shareholders, the by-law, amendment or repeal will cease to be effective on the date of the meeting of shareholders at which it should have been submitted, and no subsequent resolution of

the directors to adopt, amend or repeal a by-law having substantially the same purpose and effect is effective until it is confirmed or confirmed as amended by the shareholders.

Stone Ridge. Under the BCBCA, except where otherwise specified in the BCBCA, a company may alter its articles by the type of resolution (special resolution or otherwise) specified by its articles. Where neither the BCBCA nor the company's articles specify the type of resolution, the articles may be altered by special resolution.

Oppression Remedy

Sproutly. Under the CBCA, the right to bring an oppression action extends to shareholders and former shareholders of a corporation or any of its affiliates, directors, officers or former directors or officers of a corporation or of any of its affiliates, and any person who, in the discretion of the court, is a proper person to make an application to court to bring such an action.

Such parties may apply to court for an order to rectify the matters complained of where, in respect of a corporation or any of its affiliates, (a) any act or omission of the corporation or its affiliates effects or threatens to effect a result, (b) the business or affairs of the corporation or its affiliates are or have been or are threatened to be carried on or conducted in a manner, or (c) the powers of the directors of the corporation or any of its affiliates are or have been exercised in a manner that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of, any security holder, creditor, director or officer. The court may make any order it thinks fit to rectify matters complained of.

Stone Ridge. Under the BCBCA, a shareholder has the right to apply to court on the ground (a) that the affairs of the company are being or have been conducted, or that the powers of the directors are being or have been exercised, in a manner oppressive to one or more shareholders, or (b) that some act of the company has been done or is threatened, or that some resolution of shareholders has been passed or is proposed, that is unfairly prejudicial to one or more shareholders. The court may make such order as it sees fit, including an order to prohibit any act proposed by the company.

Shareholder Derivative Actions

Sproutly. Under the CBCA, the right to bring an action in the name and on behalf of a corporation or any of its subsidiaries or intervene in an action to which any such corporation is a party, for the purposes of prosecuting, defending or discontinuing the action on behalf of the corporation extends to shareholders and former shareholders of a corporation or any of its affiliates, directors, officers or former directors or officers of a corporation or of any of its affiliates, and any person who, in the discretion of the court, is a proper person to make an application to court to bring such an action.

Stone Ridge. Under the BCBCA, a shareholder or director of a company may, with leave of the court, prosecute a legal proceeding in the name and on behalf of a company to (a) enforce a legal right, duty or obligation owed to the company that could be enforced by the company itself or (b) obtain damages for any breach of such an obligation.

Indemnification of Officers and Directors

Sproutly. Under the CBCA, a corporation may indemnify a director or officer, a former director or officer or an individual who acts or acted at the corporation's request as a director or officer (each an "indemnifiable person"), against all costs, charges and expenses, including an amount paid to settle an

action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding to which the individual is made a party by reason of being or having been a director or officer of such corporation, if: (i) the individual acted honestly and in good faith with a view to the best interests of such corporation or other body corporate; and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that his or her conduct was lawful.

An indemnifiable person is entitled to indemnification from the corporation under the CBCA if he or she was not judged by the court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done and fulfills the conditions set out in (i) and (ii) above. With court approval, a corporation may also indemnify an indemnifiable person in respect of an action by or on behalf of the corporation or body corporate to procure a judgment in its favour, to which such person is made a party by reason of being or having been a director or an officer of the corporation or body corporate, if he or she fulfills the conditions set forth in (i) and (ii), above.

Stone Ridge. Under the BCBCA, current or former directors or officers of a company or an associated corporation, or any of their heirs and personal or other legal representatives, are eligible to be indemnified by the company (each an "eligible party").

A company may indemnify an eligible party against a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of certain proceedings incurred in connection with eligible proceedings and certain associated reasonable expenses. In certain circumstances, a company may advance expenses.

A company must not indemnify an eligible party in certain circumstances, including where the eligible party did not act honestly and in good faith with a view to the best interests of the company or the associated corporation, or where, in proceedings other than civil proceedings, the eligible party did not have reasonable grounds for believing that the eligible party's conduct was lawful. In addition, a company must not indemnify an eligible party in proceedings brought against the eligible party by or on behalf of the company or an associated corporation.

SCHEDULE "H"

SPROUTLY AUDITED FINANCIAL STATEMENTS AS AT NOVEMBER 30, 2017

(SEE ATTACHED)

March 22, 2018

Canadian Securities Exchange

Dear Sirs/Mesdames:

Re: Sproutly, Inc.

We refer to the management information circular with respect to a plan of arrangement involving Sproutly, Inc. and Stone Ridge Exploration Corp. ("information circular") dated February 28, 2018. We have reported to the shareholders of the Company on the following financial statements:

Sproutly, Inc.

- I. Statement of financial position of Sproutly, Inc. as at November 30, 2017; and
- II. Statement of loss and comprehensive loss, changes in shareholders' equity and cash flows and the notes to the financial statements for the period from January 17, 2017 to November 30, 2017.

We are withholding our signature from the draft reports in the information circular pending:

- (a) consideration of events between the dates of the preliminary and final information circular;
- (b) review of comments, which may be issued by the Canadian Securities Exchange;
- (c) authorization of the financial statements by those charged with governance; and
- (d) reading of the final filing information circular.

Based on the results of our audit of the financial statements referred to above and our limited inquiry and review procedures for the period to the date of this letter, we have no reason to believe that the financial statements do not present fairly, in all material respects, the financial position of Sproutly, Inc. as at November 30, 2017 and the results of its operations and its cash flows for the period from January 17, 2017 (date of incorporation) to November 30, 2017 in accordance with International Financial Reporting Standards.

This letter is provided solely to the Canadian Securities Exchange to which it is addressed and should not be used for any other purpose.

Yours truly,



MNP LLP

Financial Statements Sproutly, Inc.

For the period from incorporation on January 17, 2017 to November 30, 2017

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DRAFT Independent Auditors' Report

To the Shareholders of Sproutly, Inc.:

We have audited the accompanying financial statements of Sproutly, Inc., which comprise the statement of financial position as at November 30, 2017, and the statement of loss and comprehensive loss, change in shareholders' equity and cash flows for the period from incorporation on January 17, 2017 to November 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.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sproutly, Inc. as at November 30, 2017 and its financial performance and its cash flows for the period from incorporation on January 17, 2017 to November 30, 2017 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of these financial statements, which states that Sproutly, Inc. incurred significant losses since inception and negative cash flows from operating activities. This, along with other matters described in Note 1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of Sproutly, Inc. to continue as a going concern.

Vancouver, British Columbia
Date

Chartered Professional Accountants

Sproutly, Inc.

Statement of Financial Position

As at November 30, 2017

(Expressed in Canadian dollars)

	Notes	November 30, 2017
		\$
Assets		
Current assets		
Cash		372,520
Advances receivable	5	2,265,028
GST receivable		19,685
		<u>2,657,233</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities		214,502
On-demand loan	6	100,000
Borrowings	6	457,002
		<u>771,504</u>
Shareholders' equity		
Share capital	7	50,000
Share subscriptions received	7	2,563,750
Contributed surplus	6(iii), 9	23,023
Options reserve		243,672
Accumulated deficit		(994,716)
		<u>1,885,729</u>
		<u>2,657,233</u>

Approved on behalf of the Board XX, 2017

_____, Director

_____, Director

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

Sproutly, Inc.

Statement of Loss and Comprehensive Loss

For the period from incorporation on January 17, 2017 to November 30, 2017

(Expressed in Canadian dollars)

	From incorporation on January 17, 2017 to November 30, 2017
	\$
Expenses	
Salaries and wages	305,481
Stock based compensation	243,672
Office expenses	132,847
Consulting	131,834
Professional fees	87,426
Interest, accretion and bank charges	68,086
Other	25,370
Loss and comprehensive loss	994,716
Basic and diluted loss per share	\$ (0.10)
Weighted average number of shares outstanding Basic and diluted	9,816,721

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

Sproutly, Inc.

Statement of Changes in Shareholders' Equity

For the period from incorporation on January 17, 2017 to November 30, 2017

(Expressed in Canadian dollars, except share numbers)

	Notes	Number of common shares	Share capital	Share subscriptions received	Contributed surplus	Options Reserve	Accumulated deficit	Total shareholders' equity
			\$	\$	\$		\$	\$
Balance - January 17, 2017		-	-	-	-	-	-	-
Incorporation shares	7(i)	10,000,000	50,000	-	-	-	-	50,000
Subscription receipts	7(ii)	-	-	2,563,750	-	-	-	2,563,750
Conversion option	6(v), 9	-	-	-	23,023	-	-	23,023
Stock based compensation		-	-	-	-	243,672	-	243,672
Loss and comprehensive loss		-	-	-	-	-	(994,716)	(994,716)
Balance - November 30, 2017		10,000,000	50,000	2,563,750	23,023	243,672	(994,716)	1,885,729

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

Statement of Cash Flows

For the period from incorporation on January 17, 2017 to November 30, 2017

(Expressed in Canadian dollars)

	From incorporation on January 17, 2017 to November 30, 2017
	\$
Cash provided by (used in) operating activities	
Loss and comprehensive loss	(994,716)
Adjustments for non-cash items:	
Stock based compensation	243,672
Accretion expense	66,750
Changes in non-cash operating working capital	
Increase in accounts payable and accrued liabilities	214,502
Increase in GST receivable	(19,685)
	<u>(489,477)</u>
Cash provided by (used in) financing activities	
Funds advanced to a third party	(2,265,028)
Receipt of on-demand loan	100,000
Receipt of funds for borrowings	480,025
Funds received for share subscriptions received	2,497,000
Funds received from share issuance	50,000
	<u>861,997</u>
Net change in cash	372,520
Cash, beginning of the period	-
Cash, end of the period	<u>372,520</u>

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

Sproutly, Inc.

Notes to the Financial Statements

For the period from incorporation on January 17 to November 30, 2017

(Expressed in Canadian dollars)

1. Nature and continuance of operations

Sproutly, Inc. ("the Company") was incorporated on January 17, 2017 and is a company continued under the Business Corporations Act (British Columbia). The Company intends to identify and evaluate potential business opportunities in the medicinal cannabis industry. The registered office is located at 10th floor – 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

The Company has not generated any revenues from operations and has incurred losses since inception. The Company incurred a net loss of \$994,716 and negative cash flows from operating activities for the period from January 17, 2017 to November 30, 2017. To date, the Company's activities have been funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. The Company will need to successfully obtain a trading license from the Province of British Columbia. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand and through the private placements of common stock.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that could result should the Company be unable to continue as a going concern.

2. Summary of significant accounting policies

(a) Basis of presentation and statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

These financial statements were approved by the Company's Board of Directors on March XX, 2018.

(b) Functional currency

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. The functional and presentation currency used to prepare the Company's financial statements is Canadian dollars.

(c) Cash and cash equivalents

Cash and cash equivalents consists of cash and demand deposits with maturities of 90 days or less.

(d) Share-based payments

The Company applies the fair value method of accounting for stock option awards using the Black-Scholes option pricing model. Under this method, the Company recognizes compensation expense for employee stock option awards, based on the grant date fair value, for each vesting installment, over the vesting period of the options. Each installment is valued

Sproutly, Inc.

Notes to the Financial Statements

For the period from incorporation on January 17 to November 30, 2017

(Expressed in Canadian dollars)

2. Summary of significant accounting policies (continued)

separately, based on assumptions determined from historical data, and recognized as compensation expense over each installment's individual tranche vesting period. Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods.

In situations where stock option awards are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

(e) Earnings (loss) per share

Basic earnings per share is computed by dividing the net income/loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings per share is computed by dividing the net income/loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. The Company's instruments are not dilutive due to the loss in the period.

(f) Share capital

- (i) The proceeds from the exercise of stock options, warrants and on convertible debentures are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.
- (ii) Share capital issued for non-monetary consideration is recorded at an amount based on the fair market value of these shares.
- (iii) The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a prorated basis on relative fair values as follows: the fair value of common shares is based on the stock price on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(g) Convertible debentures

Convertible debentures are separated into their liability and equity components on the statements of financial position. The liability component is initially recognized at fair value, determined as the net present value of future payments of interest and principal, discounted at the market rate for similar non-convertible liabilities at the time of issue. The liability component is recognized at amortized cost, using the effective interest method, until extinguished upon conversion, maturity or a normal course issuer bid. The fair value of the equity component of the convertible debentures is estimated using the residual method in which the difference between the face value of the instrument and the fair value of the debt component is allocated as the fair value of the equity component.

Sproutly, Inc.

Notes to the Financial Statements

For the period from incorporation on January 17 to November 30, 2017

(Expressed in Canadian dollars)

2. Summary of significant accounting policies (continued)

(h) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes party to the contractual provisions of the instruments. Financial assets and liabilities are initially measured at fair value, plus transaction costs.

Financial assets are classified into one of the following categories, depending on the purpose for which the asset was acquired.

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at 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. Advances receivable and cash are classified as loans and receivables.

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as FVTPL when the financial assets are either held for trading or they are designated upon initial recognition as FVTPL.

The Company currently does not currently have any financial assets at fair value through profit or loss.

(iii) Available-for-sale financial assets

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. 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 the statements of loss and comprehensive loss.

The Company currently does not currently have any available-for-sale investments.

(iv) Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. 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

The Company currently does not have any held to maturity investments.

The Company classifies its financial liabilities into one of two categories.

(v) Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL arise when the financial liabilities are either held for trading or they are designated upon initial recognition as FVTPL. The gain or loss resulting from the change in the fair value of the instruments is recognized in the Statement of loss in the period in which it occurs.

Sproutly, Inc.

Notes to the Financial Statements

For the period from incorporation on January 17 to November 30, 2017

(Expressed in Canadian dollars)

2. Summary of significant accounting policies (continued)

The Company has no liabilities carried at fair value through profit or loss.

(vi) *Other* financial liabilities

Other financial liabilities include all other liabilities, which are initially recognized at fair value and subsequently carried at amortized cost.

Accounts payable and accrued liabilities, borrowings, and on-demand loan are other financial liabilities.

(vii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when objective evidence highlights that the estimated future cash flows from the investment have been affected.

For the financial assets, objective evidence of impairment could include:

- significant financial difficulty of the counterparty, indicated through unusual or increasingly delayed payments
- or increase in average credit period taken;
- evidence that the counterparty is entering bankruptcy or financial re-organization; and
- observable changes in local or economic conditions.

(viii) Derecognition of financial liabilities

The Company derecognizes financial liabilities only when the Company's obligations are discharged, cancelled or expire.

(i) Income taxes

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Sproutly, Inc.

Notes to the Financial Statements

For the period from incorporation on January 17 to November 30, 2017

(Expressed in Canadian dollars)

3. New accounting pronouncements

Certain new and revised accounting standards and new International Financial Reporting Interpretations Committee ('IFRIC') interpretations have been issued during year, but do not have a material effect on the results or the financial position of the Company.

The following revised standards are not yet effective and the impact on the Company is currently under review:

IFRS 15, Revenue from Contracts with Customers

Clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will also result in enhanced disclosure about revenue, provide guidance for transactions that were not previously addressed comprehensively (i.e. service revenue and contract modifications) and improve guidance for multiple-element arrangements. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Given the Company has no revenue to date, this standard is not expected to have a material impact on the financial statements.

IFRS 9, Financial Instruments

Replaces the guidance in IAS 39 - Financial Instruments; Recognition and Measurement, on the classification and measurement of financial assets. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivable. Financial assets will be classified into one of two categories on initial recognition, financial assets measured at amortized cost or financial assets measured at fair value. Gains and losses on re-measurement of financial assets measured at fair value will be recognized in profit or loss, except that for an investment in an equity instrument which is not held-for-trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 16, Leases

Issued in January 2016, IFRS which establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019.

4. Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described within this note, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

Sproutly, Inc.

Notes to the Financial Statements

For the period from incorporation on January 17 to November 30, 2017

(Expressed in Canadian dollars)

4. Critical accounting estimates and judgements (continued)

affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

- i. Going Concern - Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing its financial statements. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

Key sources of estimation uncertainty

- i. Current and Deferred Taxes - The determination of income tax expense and the composition of deferred tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversal of deferred tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretation, judgments and estimates may materially affect the final amount of current and deferred tax provisions, deferred income tax assets and liabilities, and results of operations.
- ii. Collection of advances receivable - Management assesses the valuation of advances receivable and at the end of each reporting period. Management will assess the repayment schedule for the advance, ability of the borrow to repay the advance receivable and accrued interest, if any, and the Company's overall ability to collect the advance receivable amount. Management's assessment is based on significant judgements and estimates available at each reporting period. Changes in the assumptions may materially affect the amount of the advance receivable to be collectible.
- iii. Fair value of financial instruments - the individual fair values attributable to the different components of a financing transaction, notably borrowing liabilities are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine the values attributable to each component of a transaction at the time of their issuance. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.
- iv. Share based payments - All equity-settled, share-based awards issued by the Company are fair valued using the Black-Scholes option-pricing model or other fair value techniques. In assessing the fair value of equity based compensation, estimates have to be made regarding the expected volatility in share price, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date.

Sproutly, Inc.

Notes to the Financial Statements

For the period from incorporation on January 17 to November 30, 2017

(Expressed in Canadian dollars)

5. Advances receivable

Advances receivables consist of the following:

	November 30, 2017
	\$
Due from Toronto Herbal Remedies Inc.	1,546,622
Due from Sproutly USA Inc.	718,406
	<hr/> 2,265,028 <hr/>

Toronto Herbal Remedies Inc. and Sproutly USA Inc. are both a related party as they share the same management as Sproutly, Inc. The advances made by Sproutly, Inc. are due on demand, unsecured, and bear no interest.

6. On-demand loan and borrowings

	November 30, 2017
	\$
Loans from:	
On demand loan (i)	100,000
Unsecured term loan (ii)	150,000
Convertible debt (iii)	307,002
	<hr/> 557,002 <hr/>

On October 16, 2017, the Company entered into an on demand loan for the principal amount of \$100,000. The loan is unsecured, bears no interest and due on demand.

- (i) On November 2, 2017 the Company entered into an unsecured term loan for the principal amount of \$150,000. The loan will begin to bear interest at a rate of 10% per annum effective on December 15th, 2017 until full and final payment is received. The loan was received at the same time that an additional \$150,000 was received for share subscriptions receivable at \$0.35 per shares. The difference between the share subscription receivable amount of \$0.35 and the average share subscription receivable amount of \$0.50 was treated as financing charged and initially offset against the loan. An accretion charge of \$66,750 was then recorded as an expense to record the loan at its principle amount of \$150,000 at November 30, 2017.
- (ii) On November 30, 2017, the Company entered into an unsecured, non-interest bearing loan for \$330,000. The loan is repayable in full on May 30, 2018. This loan contains a conversion feature. The conversion feature can be exercised by the holder on or before May 30, 2018.

Sproutly, Inc.

Notes to the Financial Statements

For the period from incorporation on January 17 to November 30, 2017

(Expressed in Canadian dollars)

6. On-demand loan and borrowings (continued)

The feature gives a right to the holder to convert the total principal loan or any outstanding portion therefore into:

- a. Units of the Company. The conversion price per Unit at which the principal amount of the loan can be converted is \$.30 per Unit. Units are defined as 1 Common Share of the Company and ½ Warrant. Warrants entitle the holder to acquire one Common Share at a price of \$.45 per Warrant Share for 24 months following the issue date.

The loan's embedded conversion feature was determined to meet the definition of a compound financial instrument required to assign a fair value to the debt with any residual amount recorded as equity. The conversion feature value has been determined to be \$23,024. The borrowing amount represents the debt element of the loan, without the conversion option, recorded at its amortized cost at November 30, 2017.

7. Share capital

(i) Share issuances

The authorized capital of the Company consists of an unlimited number of common shares without par value. All shares are Class A common shares with voting rights.

During the period from January 17, 2017 to November 30, 2017 the company issued 10,000,000 common shares for total proceeds of \$50,000:

- (a) On January 17, 2017 on incorporation, the Company issued 9,300,000 shares at \$0.005/share for aggregate proceeds of \$46,500.
- (b) On April 10, 2017, the Company issued 700,000 shares at \$0.005/share for aggregate proceeds of \$3,500.

(ii) Subscription agreement

During the period from January 17, 2017 to November 30, 2017, the Company entered into a subscription agreement for gross proceeds of \$2,497,000. The subscriptions were received as follows:

- 2,994,000 shares were subscribed at \$0.50
- 105,000 shares were subscribed at \$0.48
- 1,766,600 shares were subscribed at \$0.45
- 433,500 shares were subscribed at \$0.35

The terms of the agreement allowed the Company to collect prepayment for 5,229,100 common shares that were yet to be issued. The terms of the share subscriptions were amended and Units were issued subsequent to year end (Note 13).

(iii) Stock Options

The Company has a stock option plan in place under which it is authorized to grant options of up to 15% of its outstanding shares of the Company to officers, directors, employees and consultants. The exercise price of each option is to be determined by the Board of Directors.

Sproutly, Inc.

Notes to the Financial Statements

For the period from incorporation on January 17 to November 30, 2017

(Expressed in Canadian dollars)

7. Share capital (continued)

The expiry date for each option should be for a maximum term of ten years. Stock options granted vest over the period determined by the Board of Directors.

The following is a summary of stock options activity:

January 17, 2017	Granted	Forfeited	Cancelled	November 30, 2017	Weighted Average Exercise Price
-	1,500,000	-	-	1,500,000	\$0.01
-	1,500,000	-	-	1,500,000	\$0.01

- (j) On March 25, 2017 and on April 18, 2017, the Company granted 1,500,000 stock options to certain employees. These options are exercisable at \$0.01 per share for a period of 10 years from the date of grant. 500,000 of the options fully vest on the one year anniversary from the date of grant. An additional 550,000 options vest as follows: one-sixth vesting 18 months from date of grant, and one-sixth every 6 months following the date of the first tranche vesting. The remaining 450,000 options vest follows: one-sixth vesting 27 months from date of grant, and one-sixth every 6 months following the date of the first tranche vesting. Total fair value of the stock based compensation on the date of grant was estimated to be \$750,000 using the Black-Scholes option pricing model with the following assumptions:

Common share value	\$0.41
Stock price volatility	174.41%
Risk-free interest rate	1.63%
Expected life	10 years
Expected dividend yield	0.00%

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

During the current period, the Company recorded share-based compensation expense of \$243,672.

Sproutly, Inc.

Notes to the Financial Statements

For the period from incorporation on January 17 to November 30, 2017

(Expressed in Canadian dollars)

8. Related party transactions

(a) Advances to related parties

The Company has advanced loans to Toronto Herbal Remedies Inc. and Sproutly USA Inc., which share the same management as Sproutly, Inc. The details of this loan are disclosed in note 5.

	November 30, 2017
	\$
Advances receivable (note 5)	2,265,028
	<u>2,265,028</u>

(b) Compensation of key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors, and corporate officers. The remuneration of key management personnel during the years ended was as follows:

	November 30, 2017
	\$
Management compensation	138,974
Share-based payments (1)	237,590
	<u>376,564</u>

(1) Share-based payments are the fair value of options granted and vested to key management personnel and directors of the Company under the Company's stock option plan (Note 7(iii)).

(c) Related party loan

On October 16, 2017 the Company received a loan of \$100,000 The loan is non-interest bearing and is due on demand. The details of this loan are disclosed in note 6(i).

Sproutly, Inc.

Notes to the Financial Statements

For the period from incorporation on January 17 to November 30, 2017

(Expressed in Canadian dollars)

9. Financial instruments and risk management

(a) Fair values of financial instruments

	November 30, 2017		
	Cash value	Fair value	Fair value level
	\$	\$	
Cash	372,520	372,520	1
Accounts receivable	2,265,028	2,265,028	1
Accounts payable and accrued liabilities	(214,502)	(214,502)	1
On demand loan	(100,000)	(100,000)	1
Current borrowings	(480,000)	(457,002)	3

Fair value measurements and disclosures use the following hierarchy definitions in determining its classifications:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs)

Cash, advances receivable, accounts payable and accrued liabilities and on-demand loans approximate their fair value due to their short-term nature. The initial fair value of the convertible note has been measured using Level 3 valuation methods and the following summarizes the key assumptions used to estimate fair value as at November 30, 2017:

<u>Valuation approach</u>	<u>Key inputs</u>	<u>Inter-relationship between inputs and fair value measurement</u>
The liability of the convertible debenture was valued using Company specific interest rates assuming no conversion features existed. The debt component is accreted over the term to maturity as a non-cash interest charge and the initial equity component is \$23,024.	Discount rate – 15% per annum.	As the discount rate decreases, the fair value increases.

A 10 basis point change in the discount rate would have increased/decreased the fair value by \$2,000.

Sproutly, Inc.

Notes to the Financial Statements

For the period from incorporation on January 17 to November 30, 2017

(Expressed in Canadian dollars)

9. Financial instruments and risk management (continued)

(a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Advances receivables comprises loans advanced to third parties that are due on demand, unsecured and bear no interest. As the Company does not obtain collateral or security to support these advances, there is a risk that the Company will not collect on these advances. Should the Company not collect on these advances, it would have a significant effect on the Company.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its holdings of cash and financing opportunities.

Since incorporation, the Company's primary source of funding has been through debt and equity. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding, see Note 1. As at November 30, 2017, the Company had current assets of \$2,657,233 to settle current liabilities of \$771,504.

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently the Company does not charge or is charged floating interest rates on its loans receivable, payables or other loan.

10. Capital management

In the management of capital, the Company includes components of shareholders' equity. The Company aims to manage its capital resources to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and to maximize its financial flexibility by maintaining strong liquidity and by utilizing alternative sources of capital including equity, debt and bank loans or lines of credit to fund continued growth. The Company sets the amount of capital in proportion to risk and based on the availability of funding sources. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Additional debt and/or equity financing may be pursued in future as deemed appropriate to balance debt and equity. To maintain or adjust the capital structure, the Company may issue new shares, take on additional debt or sell assets to reduce debt. The Company is not subject to externally imposed capital requirements.

11. Commitments and contingencies

On August 1, 2017 the company entered into a two year office lease agreement at 1050 – 1095 West Pender St, Vancouver British Columbia for monthly payments of \$16,317.

Sproutly, Inc.

Notes to the Financial Statements

For the period from incorporation on January 17 to November 30, 2017

(Expressed in Canadian dollars)

12. Income Tax

The Company's tax charge, which relates fully to deferred taxes, differs from the amount obtained by applying the Canadian statutory tax rate due to the following:

	November 30, 2017
Loss before taxes	\$ (994,716)
Canadian statutory tax rate	26.00%
Expected income tax (recovery)	(258,626)
Non-deductible items	63,760
Compound financial instrument	23,023
Change in tax rates	(8,162)
Share issuance cost	(17,355)
Change in deferred tax asset not recognized	197,360
Total income tax expense (recovery)	\$ -

The unrecognized deductible temporary differences as at November 30, 2017 are comprised of the following:

	November 30, 2017
Non-capital losses carryforwards	\$ 761,117
Total unrecognized deductible temporary differences	\$ 761,117

The Company has non-capital loss carryforwards of approximately \$761,117 which may be carried forward to apply against future income for Canadian income tax purposes, subject to final determination by taxation authorities expiring in 2037.

13. Subsequent events

During the period the Company entered into an arrangement agreement with Stone Ridge Exploration Inc. ("Stone Ridge") to have Stone Ridge acquire all of the issued shares of Sproutly, Inc. ("Sproutly") in exchange for approximately 96,009,845 shares of Stone Ridge.

On February 28, 2018, the Company entered into an agreement with Toronto Herbal Remedies Inc. ("THR") to acquire all of the issued shares of THR in exchange for approximately 11,544,388 shares of Sproutly.

Subsequent to November 30, 2017, the Company issued 7,413,160 Sproutly Units at an average price of \$0.48 per Unit, to settle previously share subscriptions received and for new proceeds totaling \$3,554,000. Each Sproutly Unit consists of one (1) Sproutly Share and one half (1/2) of a share purchase warrant (the "Sproutly Warrants"). Each whole Sproutly Warrant entitles the holder to acquire one additional Sproutly Share at a price of \$1.50 per Sproutly Share for a period of 24 months following the date of issuance of the Sproutly Warrants.

In the period the Board approved 2,000,000 options with an exercise price of \$0.50. These options have not yet been granted.

SCHEDULE "1"

SPROUTLY MD&A AS AT NOVEMBER 30, 2017

(SEE ATTACHED)

SPROUTLY INC.

**MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS (“MD&A”)**

FOR THE 11 MONTHS ENDED NOVEMBER 30, 2017

The following is a discussion and analysis of the financial condition and results of operations of Sproutly Inc. ("Sproutly" or the "Company") for the eleven months ended November 30, 2017. This MD&A should be read in conjunction with the Company's audited financial statements and accompanying notes for the eleven months ended November 30, 2017. All amounts in the MD&A are in Canadian dollars, except per share amounts or as indicated otherwise. The Company's accounting policies are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The effective date of this MD&A is XXXX, 2018.

For reporting purposes, the Company prepares consolidated financial statements in Canadian dollars. Unless otherwise indicated, all dollar ("\$") amounts in this MD&A are expressed in Canadian dollars.

All references to we, our, us and Sproutly refer to the Company.

All references to management refer to the directors, senior officers and other officers of Sproutly, unless otherwise stated.

Description of Business

Sproutly's objective is to capitalize on the growing medicinal and impending legal recreational cannabis markets in Canada. The Company's vision is to become a leader from coast to coast in the production of cannabis and cannabis-based products while creating a brand focused on innovative CBD and ultra-premium products.

Sproutly's recently acquired wholly-owned subsidiary is an applicant with Health Canada for a License to cultivate and sell marihuana for medical purposes under the ACMPR and is in the final stage of submission of its readiness package to Health Canada in order to become a licensed producer of cannabis under the Access to Cannabis for Medical Purposes Regulations (Canada) ("ACMPR").

The market for cannabis in Canada (including medical marihuana) is regulated under the ACMPR, the Narcotic Control Regulations and other applicable law. The ACMPR which came into effect on August 24th, 2016 aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution. Health Canada is the primary regulator of the industry and administers all licensing submissions and approvals while working continuously with all approved producers as a means of monitoring and ensuring compliance with the regulations.

Under the ACMPR regime (similar to the MMPR), Canadian individuals may obtain a medical document (akin to a prescription) for the use of medical marihuana from a health care practitioner (as defined in the ACMPR) and then directly submit that prescription and personal information to any approved licensed producer for registration and fulfilment on a highly regulated system. Once registered, the patient can access the licensed producer's web-site where the patient can order securely through the site. Currently, the ACMPR only allows for the direct shipping of medical marihuana to the patient's residence or shipping address, or to a caretaker or medical professional on behalf of a patient. This is done in order to track shipments of medical marihuana to the end user. The ACMPR also includes provisions permitting the personal production of medical marihuana.

The Liberal Party of Canada announced its intention to legalize, regulate, and restrict access to recreational cannabis as part of its campaign platform for the Canadian federal election of October 2015. Having obtained a majority government, the Liberal Party of Canada confirmed its commitment to legalize cannabis in November 2016 and affirmed that legalization will occur on or before July 1, 2018. The government has since introduced a federal legislation in April of 2017 which will establish a federal system of production and wholesale distribution of cannabis in Canada which will run parallel to existing ACMPR provisions. The federal legislation will leave issues such as retail distribution, legal age to be able to purchase cannabis, and excise taxes to the provinces. Most provinces have since released their intentions on such issues while preparing for legalization on July 1, 2018.

Outlook

The Company believes it is well positioned to become a key player in this high growth and high demand industry. Health Canada has indicated that it believes that by 2018 there will be over 200,000 medical marijuana users in Canada. In October 2016 there were 129,876 patients registered under the ACMPR. The monthly compounded growth rate in the number of patients registered under the ACMPR for the period from April to October 2016 is approximately 24%. This medical acknowledgement is being further supported by various insurance companies where the use of medical marijuana is being covered under certain plans.

According to Canaccord Genuity, the medical marijuana market sector is expected to grow to sales of \$1.8 B in Canada. They further indicate that expected recreational legalization of marijuana in Canada in 2017 would significantly increase demand driving sales of an additional \$5.0 B. Together Canaccord Genuity expects the total Canadian (medical and recreational) market to grow to \$7.8 B by 2020.

The Company believes that its management team together with its strategic plans as well as industry partners, will develop a leadership position in the market and is already poised to meet the anticipated competition and demand given the upcoming legislations.

Sproutly intends to focus primarily on CBD dominant strains which is in great demand in the Canadian market. Through its fully integrated website at the Toronto facility, the company can deliver such products directly to consumer or through mail order program. Our strategic location in Scarborough will allow us to capture the needs of the medical community within the GTA unlike any other licensed producer in Canada.

The company's whole-owned facility, owned by its subsidiary THR, is built with a state-of-the-art laboratory inclusive of accredited equipment to operate as a standalone testing facility given the appropriate licensing. Following receipt of its cultivation license, the company will apply for an R&D license with plans to focus on formulation and development of various high CBD products. In addition, Sproutly is currently exploring potential relationships with scientists and physicians actively involved in medicinal cannabinoid research. The company hopes to leverage the lab in support of research surrounding proprietary strain development as well as disruptive technology development. Furthermore, Sproutly is exploring unique extraction technologies which the company believes will differentiate itself from current licensed producers. If accredited as a licensed testing facility, the company can provide product testing services to other licensed producers thus generating another stream of business revenue.

The Toronto production facility contains a vault which has the capacity to hold up to \$32 Million in products. This purpose-built vault enables the company to develop strategic relationships with other licensed producers in Canada that do not have the proximity access to the GTA. Sproutly's Value Added Reselling distribution strategy (VAR) is designed to work with existing Licensed Producers to resell their products after adding something of value to make it more attractive. Our unique and safe distribution channel can provide same day delivery and strategic geographical access; seamless customer fulfillment; competitive pricing and loyalty programs.

Sproutly is also actively working with Health Canada on its second license in British Columbia while working with multiple partners to expand our footprint in the cannabis space in order to meet the market demand of the upcoming legalized adult use legislations. The submitted plans to Health Canada includes a 56,000 square foot facility inclusive of a state of the art laboratory and Training center.

Sproutly is currently exploring plans to expand its footprint across Canada to add greenhouse cultivation centres and capitalizing on its farm grown and pharma grade growing expertise. Sproutly is seeking low cost power solutions such as solar and wind energy as well as exploring unique technologies as part of its expansion strategies.

Sproutly has established a strong and diverse team to lead the company forward through the ever emerging cannabis market in Canada and globally. We have engaged a number of professionals with expertise from a multitude of industries to ensure that we will be well positioned for growth and expansion both organically and through M&A activity. Our breadth of experience is further affirmed as

local universities and researchers look to Sproutly to provide real time industry knowledge in support of the creation of a recognized diploma program specific to the Cannabis industry.

Results of Operations Set Up

The following table shows the summary of cash flows for the eleven months ended November 30, 2017.

		2017
Cash flows provided by (used in) operating activities	\$	(556,227)
Cash flows provided by financing activities		928,747
Cash flows provided by (used in) investing activities		-
Cash, end of period	\$	372,520

Summary of the Results for the Eleven Months Ended November 30, 2017

During the eleven months ended November 30, 2017, the Company's focus and operating spending has been limited as Sproutly is waiting on Health Canada communication regarding further inquiries with respect to requirements to be a Licensed Producer of medical marijuana to the Canadian marketplace as regulated by MMPR.

Sproutly's cannabis cultivation facility, via its wholly-owned subsidiary THR (the "THR Facility") is located at 64-70 Raleigh Avenue, Scarborough, ON which is approximately 11 km from downtown Toronto. Management believes that this close proximity to Downtown Toronto offers it strategic advantages in servicing cannabis users in Toronto which has a population of 6.4 million adults.

Sproutly owns the land and building where the THR facility is located. The THR facility is approximately 16,600 square feet and has been retrofitted for cost-effective production of ultra-premium cannabis. The THR Facility contains [12] closed-loop production with pharmaceutical-grade grow rooms with state-of-the-art HVAC, lighting, watering and control systems. The THR facility has been equipped with an 'oversize' level 9 vault with capacity for up to \$32 million of cannabis product on hand at any one time. Management believes the 'oversize' vault along with the THR Facility's close proximity to Downtown Toronto provides a unique opportunity to implement a distribution model with fast, cost-effective and consumer-responsive delivery for medicinal cannabis users in Toronto.

If and when Sproutly receives an ACMPR Producer License, its principal business will be the sale of cannabis to patients who have received medical authorizations to acquire and use such cannabis. A significant proportion of the cannabis sold by licensed producers in Canada takes the form of dried flower.

In July 2015, it became lawful to extract the cannabis active ingredients (and terpenes), dissolve them in appropriate oils and sell the resulting oils to qualified patients.

Sproutly intends to be producing and selling dried cannabis and cannabis oils to qualified patients. Pricing of Sproutly's products will be established in response to market conditions. Fulfillment will generally be through the delivery facilities of Canada Post and the private courier industry.

The following table sets forth the statement of comprehensive loss for the eleven months ended November 30, 2017:

	2017
Expenses	
Salaries and wages	\$ 305,481
Stock based compensation	299,230
Office expenses	132,847
Consulting	131,834
Professional fees	87,426
Interest and bank charges	68,086
Other	25,370
Net loss and comprehensive loss	\$ 1,050,274
Weighted average number of shares outstanding (basic and diluted)	9,816,721
Net loss per share, basic and diluted	\$ (0.11)

Revenue

The Company has no revenue to report as it is not yet earning revenues from its principal operations.

Operating expenses

Operating expenses for the eleven months ended March 31, 2017 was \$1,050,274. These expenses included professional services to support its public listing, general and administrative expenses, employee salaries and costs for equity instruments issued to shareholders of the Company.

Salaries and wages consist of salaries for six management staff. Stock based compensation relates to the stock option expense for options granted to employees during the period. Office expenses relate to lease of office space as well as general administrative expenses. Consulting fees consist primarily of consulting services related to the public listing transaction. Professional fees consist of legal and accounting fees related to a public listing transaction. Other expenses are primarily travel costs incurred to the Toronto THR facility.

There was no income tax expense during the period.

Net loss

The net loss for the eleven months ended November 30, 2017 was \$1,050,274.

Financial Condition, Liquidity and Capital Resources

	November 30, 2017
Cash	\$ 372,520
Other current assets	2,284,713
Non-current assets	-
Current liabilities	771,504
Non-current liabilities	-
Current working capital	1,885,729

At as November 30, 2017, the Company had cash available of \$372,520. The Company consumed \$556,227 in operating activities during the eleven months. The Company has incurred losses to date. The Company expects to generate revenue commencing in the calendar 2018 and will incur losses until revenues reach a level where operations become profitable. The Company's ability to reach profitability is dependent on successful implementation of its business strategy. While Management is confident in

the success and profitability of the business, there can be no assurance that Sproutly will gain adequate market acceptance for its products or be able to generate sufficient gross margins to reach profitability.

Cash from Financing Activities

During the eleven month period ended November 30, 2017, Sproutly advanced \$1,546,622 to THR for completion of construction of facility. In addition, it advanced an additional \$718,406 to an unrelated corporation.

During the period, Sproutly issued 10,000,002 common shares for total proceeds of \$50,000 as follows:

- (a) On January 17, 2017 on incorporation, the Company issued 9,300,002 shares at \$0.005/share for aggregate proceeds of \$46,500; and
- (b) On April 10, 2017, the Company issued 700,000 shares at \$0.005/share for aggregate proceeds of \$3,500.

During the period, Sproutly entered into subscription agreements for gross proceeds of \$2,563,750. The subscription agreements were received as follows:

- 2,994,000 shares were subscribed at \$0.50
- 105,000 shares were subscribed at \$0.48
- 1,766,600 shares were subscribed at \$0.45
- 433,500 shares were subscribed at \$0.35

The terms of the agreement allowed the Company to collect prepayment for 5,229,100 common shares. These shares have now been issued.

The Company entered into multiple loan agreements during the period, as follows:

- (i) On October 16, 2017, the Company entered into an on demand loan for the principal amount of \$100,000. The loan bears no interest and does not have a maturity date;
- (ii) On November 2, 2017 the Company entered into an unsecured term loan for the principal amount of \$150,000. The loan does not have a maturity date. The loan will begin to bear interest at a rate of 10% per annum effective on December 15th, 2017 until full and final payment is received; and
- (iii) On November 30, 2017, the Company entered into an unsecured non-interest bearing loan for \$330,000. The loan is repayable in full on May 30, 2018. This loan contains a conversion feature. The conversion feature can be exercised by the holder on or before May 30, 2018. The feature gives a right to the holder to convert the total principal loan or any outstanding portion therefore into Units of the Company. The conversion price per Unit at which the principal amount of the loan can be converted is \$.30 per Unit. Units are defined as 1 Common Share of the Company and ½ Warrant. The warrants entitle the holder to acquire one Common Share at a price of \$0.45 per Warrant Share for 24 months following the issue date.

Cash from Investing Activities

There were no investing activities for the eleven months ended November 30, 2017.

Capital Resources

To date and for the foreseeable future, the Company expects to finance its operations through the issuance of common shares until the point at which its operations are profitable and self-funding. The Company periodically evaluates the opportunity to raise additional funds through either the public or private placement of equity capital to strengthen its financial position and to provide sufficient cash reserves for growth and development of the business.

Outstanding Share Data

The following table summarizes the maximum number of common shares potentially outstanding as at November 30, 2017 and as of the date of this MD&A if all outstanding debentures and options were converted to common shares:

	As of November 30, 2017
Common shares	10,000,000
Share purchase options	1,500,000
Convertible notes	1,100,000
Fully diluted	12,600,000

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Related Party Transactions and Balances

For details please refer to Note 8 of the November 30, 2017 financial statements.

Future Changes in Significant Accounting Policies

For details please refer to Note 3 of the November 30, 2017 financial statements.

Financial Instruments and Other Instruments

For details please refer to Note 9 of the November 30, 2017 financial statements.

Risks and Uncertainties

The Company operates in a dynamic, rapidly changing environment that involves risks and uncertainties and as a result management expectations may not be realized for a number of reasons. An investment in Sproutly common shares is speculative and involves a high degree of risk and uncertainty. The current global economic crises pose additional risks and uncertainties which may materially affect management's expectations.

Dried Marihuana is Not an Approved Drug or Medicine

Dried marijuana is not an approved drug or medicine in Canada. The Government of Canada does not endorse the use of marijuana, but the courts have required reasonable access to a legal source of marijuana when authorized by a healthcare practitioner.

Sproutly is Not a Licensed Producer Under the ACMPR

Sproutly Inc, through its wholly owned subsidiary, Toronto Herbal Remedies Inc. ('THR'), has applied to Health Canada to become a licensed producer under the ACMPR that would enable Sproutly to cultivate and sell medical marihuana to patients across Canada. Sproutly has not yet received a licence and as such is not a licensed producer. However, THR is currently in the pre-license inspection stage

of the licensing process. Sproutly's ability to cultivate, store and sell medical marihuana in Canada is dependent on obtaining a licence from Health Canada and there can be no assurance that Sproutly will obtain such a licence.

Sproutly's success to date includes:

- Sproutly has advanced to the pre-license inspection stage of the licensing process;
- Sproutly personnel have passed through the security clearance stage of the licensing process; and
- Sproutly has substantially completed the build out of its proposed Facility.

Even if Sproutly is successful in obtaining a licence, such licence will subject Sproutly to ongoing compliance and reporting requirements. Failure to comply with the requirements of the licence or any failure to maintain the licence could have a material adverse impact on the business, financial condition and operating results of Sproutly. Furthermore, the licence will have an expiry date of approximately one year from the date it is granted. Upon expiration of the licence, Sproutly would be required to submit an application for renewal to Health Canada containing information prescribed under the ACMPR and renewal cannot be assured.

Licensing Requirements Under the ACMPR

The market for cannabis (including medical marihuana) in Canada is regulated by the Controlled Drugs and Substances Act ("CDSA"), the ACMPR, the Narcotic Control Regulations, and other applicable law. Health Canada is the primary regulator of the industry as a whole. The ACMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

Any applicant seeking to become a licensed producer under the ACMPR is subject to stringent Health Canada licensing requirements. The below table provides a general overview of the licensing process as described by Health Canada.

Stage	Overview
Stage 1	Preliminary Screening: When an application is received, it undergoes a preliminary screening for completeness. If an application is not complete, it will be returned. If an application is complete, it will be assigned an application number. The application number means that the application has completed the preliminary screening.
Stage 2	Enhanced Screening: Once an application has been assigned an application number, it will be reviewed to ensure: that the location of the proposed site does not pose a risk to public health, safety and security; that the proposed security measures outlined in the application meet the requirements of the ACMPR; and the proposed quality assurance person has the appropriate credentials to meet the good production requirements. It is the responsibility of the applicant to ensure that they are in compliance with all applicable provincial, territorial, and municipal legislation, regulations and bylaws, including zoning restrictions.
Stage 3	Security Clearance: Once the screening of an application is complete, the security clearance forms for key personnel will be sent for processing. The time required to conduct mandatory security checks varies with each application. Security clearances generally take several months at a minimum. Health Canada and the RCMP are not able to provide updates on the status of security checks.

Applications will only advance to the review stage once the security clearances for the key personnel are completed. Please note that until such a time as

Health Canada receives the results of the security checks, there will be no further communication from Health Canada.

Stage 4

Review: Once all security clearances are obtained, an application will be thoroughly reviewed to validate the information provided. Given the extensive review process, applicants are generally required to communicate with the Office of Controlled Substances multiple times to provide clarifications on the application. Physical security plans will be reviewed and assessed in detail at this stage. Applicants must meet a minimum

Stage 5

Sproutly is currently at this stage of the licensing process

Pre-License Inspection: Upon confirmation from the applicant that the site has been fully built and security measures are in place, a pre-license inspection will be scheduled. If any deficiencies are identified, they will be communicated to the applicant and must be addressed prior to a license being issued.

Stage 6

Licensing: Once it has been confirmed through the pre-license inspection that the applicant meets all the requirements of the ACMPR, a license will be issued. Health Canada has introduced a staged process for the issuance of licenses. Applicants will first be issued a license to produce only. This will enable Health Canada inspectors to confirm that the first batch of dried marihuana produced meets the good production practices and record keeping requirements outlined in the ACMPR. It also allows Health Canada to verify the test results of the dried marihuana (e.g. for microbial and chemical contaminants) to ensure that the dried marihuana meets all quality control requirements before it is made available for sale.

Once a licensed producer has finished producing the first crop of marijuana, they must demonstrate through an inspection and test results that the planned growing processes will result in the production of a dried product that meets the licensed producer's specified quality control standards and the Good Production Practices set out in the ACMPR. Only once Health Canada is satisfied the licensed producer meets the requirements of the ACMPR will a license be amended to allow sale to the public.

Applicants and Licensed Producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of marihuana, and physical security measures to protect against potential diversion. Licensed Producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale. This approval process includes testing (and validation of testing) for microbial and chemical contaminants to ensure that they are within established tolerance limits for herbal medicines for human consumption as required under the Food and Drugs Act, and determining the percentage by weight of the two active ingredients of marihuana, delta-9-Tetrahydrocannabinol and cannabidiol.

Applicants and licensed producers are required to demonstrate compliance with regulatory requirements, such as quality control standards, record-keeping of all activities as well as inventories of marihuana, and physical security measures to protect against potential diversion. Licensed producers are also required to employ qualified quality assurance personnel who ultimately approve the quality of the product prior to making it available for sale. This approval process includes testing (and validation of testing) for microbial and chemical contaminants to ensure that they are within established tolerance limits for herbal medicines for human consumption as required under the Food and Drugs Act, and

determining the percentage by weight of the two active ingredients of marijuana, delta-9-Tetrahydrocannabinol and cannabidiol.

Factors related to the Facility which may Prevent Realization of Business Objectives

As of the date of this MD&A, Sproutly's proposed production Facility is substantially complete. The Facility will require an inspection by Health Canada prior the granting of a licence under the ACMPR. Adverse changes or developments affecting construction of the Facility and commencement of production could have a material and adverse effect on Sproutly's business, financial condition and prospects. There is a risk that these changes or developments could cause the Facility to not be completed on time, on budget, or at all, as it can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

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

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

Timeframes and Cost to Obtain a Licence Under the ACMPR

The timeframes and costs required for Sproutly or any applicant for a licence under the ACMPR to build the infrastructure required, to apply for, and to receive, a Licence can be significant. Estimates of the timeframe and costs cannot be reliably determined at this time given that Sproutly is at the pre-license inspection stage in the licensing process. The current backlog of applications from other licensees with Health Canada and the anticipated timeframe for processing and approval of any application cannot be reliably determined at this time.

Ultimately, in the process of meeting all licensing requirements, a facility meeting the rigorous requirements of Health Canada must be available for inspection by Health Canada before any licence can be granted.

Regulatory Risks

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

could have a material adverse effect on the business, results of operations and financial condition of Sproutly.

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

Governmental Regulations and Risks

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

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

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

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

Limited Operating History

While THR was incorporated and began carrying on business in 2013 and became a wholly owned subsidiary of Sproutly on February 28, 2018, it is yet to generate any revenue. The Corporation is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Corporation will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

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

Risks Inherent in an Agricultural Business

The Corporation's business may, in the future, involve the growing of medical marihuana, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although all such growing is expected to be completed

indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Energy Costs

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

Reliance on Management

Another risk associated with the production and sale of medical marihuana is the loss of important staff members. The Corporation is currently in good standing with all high level employees and believes that with well managed practices will remain in good standing. The success of the Corporation will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Corporation's business, operating results or financial condition.

Insurance and Uninsured Risks

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

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

The Corporation Will Be an Entrant Engaging in a New Industry

The medical marihuana industry is fairly new. There can be no assurance that an active and liquid market for shares of the Corporation will develop and shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that the Corporation will be successful in the long term.

Reliance on a Single Facility

To date, The Corporation's proposed activities and resources have been primarily focused on the premises leased under the Lease Agreement and the Corporation will continue to be focused on the Facility for the foreseeable future. Adverse changes or developments affecting the Facility could have a material and adverse effect on the Corporation's business, financial condition and prospects.

Difficult to Forecast

The Corporation must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical marihuana industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological

change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

Management of Growth

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

Internal Controls

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

Litigation

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

Risks Related to the Medical Marihuana Industry

Federal Court Case

The decision of *Allard v. Her Majesty the Queen* ("Allard") has recently been issued. In Allard, license holders under the old regime created by the Marihuana Medical Access Regulations ("MMAR") challenged the constitutionality of the MMPR. The court determined that the MMPR violated the Charter rights of the plaintiffs in Allard and as such ruled that the MMPR is of no force and effect. The judgment was suspended for six months to allow the Government to implement a new or parallel medical marihuana regime. At this time, it is unclear how the Government will respond. The risks to the business of the Corporation represented by this or similar actions are that they might lead to court rulings or legislative changes that allow those with existing licenses to possess and/or grow medical marihuana and perhaps others to opt out of the regulated supply system implemented through the MMPR (or its successor regulations). This could significantly reduce the addressable market for the Corporation's products and could materially and adversely affect the business, financial condition and results of operations of the Corporation.

Legislative or Regulatory Reform

The Corporation's operations will be subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labeling, advertising, sale, transportation, storage and disposal of medical marihuana but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection

of the environment. Due to matters beyond the control of the Corporation, these laws, regulations, guidelines and policies may cause adverse effects to its operations.

The commercial medical marihuana industry is a new industry and the Corporation anticipates that such regulations will be subject to change as the Federal Government monitors licensed producers in action. As of the date of this Listing Statement, the MMPR have already been amended further.

Unfavourable Publicity or Consumer Perception

Management of Sproutly believes the medical marihuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marihuana produced. Consumer perception of the Corporation's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marihuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical marihuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Corporation's proposed products and the business, results of operations, financial condition and cash flows of the Corporation. The Corporation's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Corporation, the demand for the Corporation's proposed products, and the business, results of operations, financial condition and cash flows of the Corporation. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marihuana in general, or the Corporation's proposed products specifically, or associating the consumption of medical marihuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Product Liability

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

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Corporation's products are recalled due to an alleged product defect or for any other reason, the Corporation could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Corporation may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Corporation has detailed

procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Corporation's significant brands were subject to recall, the image of that brand and the Corporation could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Corporation's products and could have a material adverse effect on the results of operations and financial condition of the Corporation. Additionally, product recalls may lead to increased scrutiny of the Corporation's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Competition

If the Corporation is successful in securing a ACMPR license, the Corporation will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Corporation. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Corporation. In addition, the government has only issued to date a small number of licenses under the ACMPR to produce and sell medical marijuana. There are, however, several hundred applicants for licenses. The number of licenses granted could have an impact on the operations of the Corporation. Because of the early stage of the industry in which the Corporation operates, the Corporation expects to face additional competition from new entrants. If the number of users of medical marijuana in Canada increases, the demand for products will increase and the Corporation expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Corporation will require a continued high level of investment in research and development, marketing, sales and client support.

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

Commitments and Contingencies

For details please refer to Note 11 of the November 30, 2017 financial statements.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These forward-looking statements include statements regarding the timing and amount of estimated future cash flows, capital expenditures, currency fluctuations and the requirements of future capital. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained into this report should not be unduly relied upon. These statements speak only as of the date of this report. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the availability and reasonable terms to finance the Company;
- the ability to deliver compelling content, products and services in a highly competitive market; and
- the ability to attract and retain skilled staff

These forward-looking statements involve risks and uncertainties relating to, among other things, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, actual performance of facilities, equipment and processes relative to specifications and expectations and unanticipated impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors hereinabove. Additional risk factors are described in more detail hereinafter. **Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.**

SCHEDULE "J"

STONE RIDGE FINANCIAL STATEMENTS

(SEE ATTACHED)

STONE RIDGE EXPLORATION CORP.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
FEBRUARY 28, 2017 AND FEBRUARY 29, 2016



INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Stone Ridge Exploration Corp.

We have audited the accompanying financial statements of Stone Ridge Exploration Corp. which comprise the statements of financial position as at February 28, 2017 and February 29, 2016, and the statements of comprehensive loss, changes in equity (deficiency) and cash flows for the years then ended and the related notes comprising 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 financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Stone Ridge Exploration Corp. as at February 28, 2017 and February 29, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

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

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
May 15, 2017

STONE RIDGE EXPLORATION CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	February 28, 2017	February 29, 2016
		\$	\$
ASSETS			
CURRENT			
Cash		26	8,486
Amounts receivable		7,245	9,494
		7,271	17,980
PREPAID EXPENSES		-	10,000
EXPLORATION AND EVALUATION ASSET	6	205,433	121,367
		212,704	149,347
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	8	66,578	244,850
Advances from related party	8	-	23,500
		66,578	268,350
SHAREHOLDERS' EQUITY (DEFICIENCY)			
SHARE CAPITAL	7	681,655	261,900
CONTRIBUTED SURPLUS		215,306	183,037
DEFICIT		(750,835)	(563,940)
		146,126	(119,003)
		212,704	149,347

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
COMMITMENT (Note 12)
SUBSEQUENT EVENTS (Note 13)

Approved and authorized for issue on behalf of the Board on May 15, 2017

/s/ "Robert Coltura" Director /s/ "Stephen B. Butrenchuk" Director

The accompanying notes are an integral part of these financial statements

STONE RIDGE EXPLORATION CORP.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Note	Year ended February 28, 2017	Year ended February 29, 2016
		\$	\$
EXPENSES			
Management fees	8	74,000	46,000
Office and miscellaneous		19,673	3,961
Professional fees	8	40,223	93,977
Rent	8	22,463	20,052
Share-based payments	7(d) and 8	-	64,537
Travel and promotion		6,677	5,059
Transfer agent and filing fees		23,859	7,856
NET LOSS AND COMPREHENSIVE LOSS		(186,895)	(241,442)
LOSS PER SHARE – Basic and diluted		(0.02)	(0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		15,140,975	9,960,000

The accompanying notes are an integral part of these financial statements

STONE RIDGE EXPLORATION CORP.
STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars)

	Common Shares		Contributed Surplus	Deficit	Total
	Number of Shares	Amount			
		\$	\$	\$	\$
Balance, February 28, 2015	9,960,000	279,900	118,500	(322,498)	75,902
Share issue costs	-	(18,000)	-	-	(18,000)
Share-based payments (Note 7d)	-	-	64,537	-	64,537
Net loss for the year	-	-	-	(241,442)	(241,442)
Balance, February 29, 2016	9,960,000	261,900	183,037	(563,940)	(119,003)
Share issue for cash	5,500,000	550,000	-	-	550,000
Share issue costs (Note 7c)	250,000	(142,745)	32,269	-	(110,476)
Shares issued for exploration and evaluation assets (Note 7c)	125,000	12,500	-	-	12,500
Net loss for the year	-	-	-	(186,895)	(186,895)
Balance, February 28, 2017	15,835,000	681,655	215,306	(750,835)	146,126

The accompanying notes are an integral part of these financial statements

STONE RIDGE EXPLORATION CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year ended February 28, 2017	Year ended February 29, 2016
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	(186,895)	(241,442)
Item not involving cash:		
Share-based payments	-	64,537
Changes in non-cash working capital balances:		
Amounts receivable	2,249	(1,686)
Prepaid expenses	10,000	(10,000)
Accounts payable and accrued liabilities	(178,272)	188,246
Advances (repayments to) from related party	(23,500)	22,000
Cash provided by (used in) operating activities	(376,418)	21,655
INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures	(73,067)	(7,549)
British Columbia Mineral Exploration Tax Credit	1,501	11,800
Cash provided by (used in) investing activities	(71,566)	4,251
FINANCING ACTIVITIES		
Issuance of common shares	550,000	-
Share issue costs	(110,476)	(18,000)
Cash provided by (used in) financing activities	439,524	(18,000)
CHANGE IN CASH	(8,460)	7,906
CASH, BEGINNING OF YEAR	8,486	580
CASH, END OF YEAR	26	8,486
NON-CASH TRANSACTIONS:		
Shares issued for exploration and evaluation assets	12,500	-
Shares issued for agent commissions	25,000	-
SUPPLEMENTAL CASH DISCLOSURES:		
Interest paid	-	-
Income taxes paid	-	-

The accompanying notes are an integral part of these financial statements

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Stone Ridge Exploration Corp. (“the Company”) was incorporated on January 26, 2012 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is 200-551 Howe Street, Vancouver, British Columbia, Canada.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at February 28, 2017, the Company had not yet determined whether the Company’s mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

The Company had a deficit of \$750,835 as at February 28, 2017, which has been funded by the issuance of equity. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give affect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

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

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on May 15, 2017.

b) Basis of presentation

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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

c) Cash and cash equivalents

Cash equivalents in the statements of financial position is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

e) Share-based compensation

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

f) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Flow-through shares (continued)

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

g) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

h) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

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

i) 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 does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. At February 28, 2017, the Company has not classified any financial assets as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At February 28, 2017, the Company has not classified any financial assets as available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

l) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and advances from related party are classified as other financial liabilities.

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

I) Financial liabilities (continued)

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At February 28, 2017, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

- i. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable;
- ii. the measurement of deferred income tax assets and liabilities; and
- iii. the inputs used in accounting for share-based payments.

Significant accounting judgments

- i. the determination of categories of financial assets and financial liabilities; and
- ii. the evaluation of the Company's ability to continue as a going concern.

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016
(Expressed in Canadian dollars)

4. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS

There were no new or revised accounting standards scheduled for mandatory adoption on March 1, 2016 that affected the Company's financial statements.

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

The following accounting policies will be adopted by the Company effective March 1, 2017:

IAS 7 'Statement of Cash Flows': In January 2016, the IASB issued an amendment to IAS 7 Statement of Cash Flows. The amendment to IAS 7 requires additional disclosures for changes in liabilities arising from financing activities. This includes changes arising from cash flows, such as drawdowns and repayments of borrowings, and non-cash changes, such as acquisitions, disposals and unrealized exchange differences. The amendment is effective for fiscal years beginning on or after January 1, 2017, and is applied on a prospective basis. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

New accounting standards effective for annual periods on or after March 1, 2018:

IFRS 9 – Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

IFRS 2 'Share-based payments' In June 2016, the IASB issued the final amendments to IFRS 2 Share-based payments that clarify the classification and measurement of share-based payment transactions. This includes the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company is currently assessing the impact of this standard.

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5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

The following standard will be adopted by the Company effective January 1, 2019:

IFRS 16 'Leases': IFRS 16 will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

6. EXPLORATION AND EVALUATION ASSET

	Acquisition Costs	Exploration Costs	Total
	\$	\$	\$
Balance, February 28, 2015	12,647	112,971	125,618
Other exploration costs	-	7,549	7,549
BCMETC credit	-	(11,800)	(11,800)
Balance, February 29, 2016	12,647	108,720	121,367
Issuance of common shares	12,500	-	12,500
Cash payments	26,220	-	26,220
Other exploration costs	-	46,847	46,847
BCMETC credit	-	(1,501)	(1,501)
Balance, February 28, 2017	51,367	154,066	205,433

Hanson Mineral Property

Pursuant to an option agreement (the "Original Agreement") dated January 26, 2012, with KGE Management Ltd. ("KGE") and John Chapman, collectively, the "Optionors", the Company was granted an option to acquire a 100% undivided interest in the Hanson Mineral Property (the "Property") in the Omineca Mining Division of British Columbia. The terms of the Original Agreement were amended on February 25, 2012, August 1, 2013, September 19, 2014, February 23, 2015, July 23, 2015, November 13, 2015, January 14, 2016 and April 24, 2017 (collectively, the "Option Agreement").

In accordance with the Option Agreement, the Company has the option to acquire a 100% undivided interest in the Property by issuing a total of 630,000 common shares of the Company to the Optionors, making cash payments totaling \$161,220, and incurring a total of \$2,600,000 in exploration expenditures as follows:

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6. EXPLORATION AND EVALUATION ASSET (continued)

	Common Shares	Cash	Exploration Expenditures
	#	\$	\$
Upon execution of the Original Agreement (paid)	-	10,000	-
Upon listing of the Company's common shares on a Canadian Stock Exchange (the "Listing") ⁽¹⁾	125,000	26,220	100,000
On June 15, 2017	-	15,000	35,000
On or before the second anniversary of the Listing	90,000	15,000	-
On or before the third anniversary of the Listing	100,000	40,000	1,165,000
On or before the fourth anniversary of the Listing	315,000	55,000	1,300,000
Total	630,000	161,220	2,600,000

⁽¹⁾ The Listing date was April 15, 2016. During the year ended February 28, 2017, the Company issued 125,000 common shares with a fair value of \$12,500, paid cash \$26,220 and had incurred \$46,847 in exploration expenditures.

The Property is comprised of two mineral claims and a 2.5 kilometre area of influence measured from the outside perimeter of the claims but not including claims already held by third parties.

The Company will also be required to issue an additional 600,000 common shares to the Optionors upon completion of a positive feasibility study on the Property, and an additional 1,000,000 common shares upon the commencement of commercial production.

The Optionors will retain a 3% Net Smelter Returns royalty on the Property. The Company has the right to purchase 1.5% of the royalty for \$3 million at any time prior to the commencement of commercial production. Beginning on December 31, 2019 and annually thereafter, the Company will make an annual advance minimum royalty payment of \$25,000.

During the year ended February 28, 2017, the Company received \$1,501 (2016 - \$11,800) in British Columbia Mining Exploration Tax Credits ("BCMETS").

7. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six month from date of listing. At February 28, 2017, there were 3,750,000 shares held in escrow.

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7. SHARE CAPITAL (continued)

- c) Issued and Outstanding: As at February 28, 2017, there were 15,835,000 common shares.

February 28, 2017

The Company issued 5,500,000 common shares at \$0.10 per share for gross proceeds of \$550,000. In connection with the transaction, the Company issued to an agent 250,000 common shares with a fair value of \$25,000 and paid agent commission and other fees of \$110,476. In addition, the Company also issued 550,000 warrants with a fair value of \$32,269 to the agent. Each agent warrant entitles the holder to purchase one additional common share at \$0.10 per share until April 13, 2018. The fair value of the agent warrants was estimated using the assumptions of: risk-free rate of 0.68%; expected life of 2 years; expected volatility of 115% and expected dividends of \$Nil.

The Company issued 125,000 common shares with a fair value of \$12,500 in connection with the Option Agreement (Note 6).

February 29, 2016

The Company did not issue any common shares. The Company incurred \$18,000 in legal fees during the year relating to the shares issued during the year ended February 28, 2017.

- d) Stock Options:

The Company grants incentive stock options as permitted pursuant to the Company's Stock Option Plan (the "Plan") approved by the shareholders which complies with the rules and policies of the Canadian Securities Exchange. Under the Plan, the aggregate number of common shares which may be subject to option at any time may not exceed 10% of the issued common shares of the Company as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the Optionee. If the Optionee ceases to be qualified to receive options from the Company those options shall immediately expire. All options vest when granted unless otherwise specified by the Board of Directors. Options granted to persons providing investor relations activities to the Company must vest in stages over at least one-year period and no more than one-quarter of such options may be vested in any three month period.

During the year ended February 28, 2017, the Company did not grant stock options.

During the year ended February 29, 2016, the Company granted 800,000 stock options to directors and officers of the Company. The options vested immediately upon grant and their fair value of \$64,537 was charged to statement of comprehensive loss. The Company uses the Black-Scholes option pricing model to value stock options which requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

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7. SHARE CAPITAL (continued)

d) Stock Options: (continued)

The following table summarizes stock option transactions:

	Number of Options	Weighted Avg. Exercise Price
		\$
Outstanding, February 28, 2015	-	-
Granted	800,000	0.10
Outstanding, February 29, 2016	800,000	0.10
Granted	-	-
Outstanding, February 28, 2017	800,000	0.10

The weighted average assumptions used in calculating the fair value of the options were as follows:

	February 29, 2016
Risk-free rate	1.09%
Exercise price	\$0.10
Expected life of options in years	5
Expected volatility	115%
Expected dividend yield	0%

The weighted average grant date fair value for the options for the year ended February 29, 2016 was \$0.08.

The expected volatility used in the Black-Scholes option pricing model is based on the historical volatility of a set of representative companies with similar risk profile.

The following table summarizes the stock options outstanding and exercisable as at February 28, 2017 is:

Exercise Price	Number of options	Exercisable	Expiry date
\$ 0.10	800,000	800,000	May 5, 2020

The weighted average remaining useful life of outstanding options is 3.18 years as at February 28, 2017.

e) Warrants:

During the year ended February 28, 2017, the Company issued 550,000 agent warrants to the underwriter (Note 7c). Each agent warrant entitles the holder to purchase one additional common share at \$0.10 per share until April 13, 2018.

The following table summarizes the warrants outstanding and exercisable as at February 28, 2017 is:

Exercise Price	Number of warrants	Exercisable	Expiry date
\$ 0.10	550,000	550,000	April 13, 2018

The weighted average remaining useful life of outstanding options is 1.12 years as at February 28, 2017.

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8. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following amounts are due to related parties and have been included in accounts payable and accrued liabilities:

	February 28, 2017	February 29, 2016
	\$	\$
Accounts payable and accrued liabilities	53,955	138,277

The amounts are due to companies controlled by the officer and a former director of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

During the year ended February 29, 2016, the Company received an advance \$23,500 from a director of the Company. The amount was non-interest bearing, unsecured, due upon demand, and was repaid during the fiscal 2017.

The Company had the following related party transactions:

	Year ended February 28, 2017	Year ended February 29, 2016
	\$	\$
Professional fees	22,000	21,275
Rent	24,475	20,052
Total	46,475	41,327

Professional fees and rent are paid to companies controlled by the officer and a former director of the Company.

Key management personnel receive compensation in the form of short-term employee benefits. The remuneration of key management is as follows:

	Year ended February 28, 2017	Year ended February 29, 2016
	\$	\$
Management fees	69,000	46,000
Share-based payments	-	64,537
Total	69,000	110,537

Management services were provided by companies owned by the officer and a former director of the Company. Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer.

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
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9. INCOME TAXES

The Company has losses carried forward of \$536,000 available to reduce income taxes in future years which expire between 2032 and 2036.

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	Year ended February 28, 2017	Year ended February 29, 2016
Canadian statutory income tax rate	26%	26%
	\$	\$
Income tax recovery at statutory rate	49,000	63,000
Effect of income taxes of:		
Other	-	(17,000)
Permanent differences	29,000	(12,000)
Change in deferred tax assets not recognized	(78,000)	(34,000)
Deferred income tax recovery	-	-

The temporary differences that give rise to significant portions of the deferred tax assets not recognized are presented below:

	February 28, 2017	February 29, 2016
	\$	\$
Non-capital loss carry forwards	139,000	84,000
Mineral properties	(13,000)	(14,000)
Share issue costs	26,000	4,000
Deferred tax assets not recognized	(152,000)	(74,000)
	-	-

10. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016
(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at February 28, 2017 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash	26	-	-	26

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at February 28, 2017 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash, accounts payable and advance from related party. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
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11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

12. COMMITMENT

The Company is committed to certain cash payments, common share issuances and exploration expenditures as described in Note 6.

13. SUBSEQUENT EVENTS

- a) On April 3, 2017, the Company issued 280,000 common shares from the exercise of stock options.
- b) On April 24, 2017, the Company amended the Option Agreement (Note 6) with its optionor whereby the Company will make the cash payment of \$15,000 by June 15, 2017. All other terms and conditions remain the same.

STONE RIDGE EXPLORATION CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED NOVEMBER 30, 2017
AND NOVEMBER 30, 2016
(UNAUDITED)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute to Chartered Accountants for a review of interim financial statements by an entity's auditors

STONE RIDGE EXPLORATION CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
EXPRESSED IN CANADIAN DOLLARS

	November 31, 2017 (Unaudited)	February 28, 2017 (Audited)
ASSETS		
Current		
Cash	\$ 5	\$ 26
Amounts receivable	11,619	7,245
	11,624	7,271
Exploration and evaluation assets (Note 6)	–	205,433
	\$ 11,624	\$ 212,704
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 137,944	\$ 66,578
Due to related parties	100	–
	138,044	66,578
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	753,923	681,655
Contributed surplus	183,038	215,306
Deficit	(1,063,381)	(750,835)
	(126,420)	146,126
	\$ 11,624	\$ 212,704

NATURE OF CONTINUANCE OF OPERATIONS (Note 1)

Authorized for issuance on behalf of the Board December 15, 2017:

“Robert Coltura” Director

“Stephen Butrenchuk” Director

STONE RIDGE EXPLORATION CORP.**CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS****EXPRESSED IN CANADIAN DOLLARS****UNAUDITED**

	Three months ended November 30, <u>2017</u>	Three months ended November 30, <u>2016</u>	Nine months ended November 30, <u>2017</u>	Nine month ended November 30, <u>2016</u>
EXPENSES				
Management fees	\$ 17,250	\$ 17,250	\$ 51,750	\$ 51,750
Office and miscellaneous	144	3,700	1,297	15,651
Professional fees	4,980	4,800	39,866	28,394
Rent	4,500	6,355	13,500	17,052
Transfer agent and filing fees	3,526	2,418	14,183	21,102
Travel and promotion	–	905	595	6,404
Write off of exploration and evaluation assets	(14,078)	–	191,355	–
<hr/>				
Net income (loss) and comprehensive income (loss), end of period	\$ 16,322	\$ 35,428	\$ 312,546	\$ 140,353
<hr/>				
Loss per share (basic and diluted)	\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ (0.01)
<hr/>				
Weighted average number of common shares outstanding	16,102,200	14,951,387	16,102,200	14,951,387
<hr/>				

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

STONE RIDGE EXPLORATION CORP.**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY****EXPRESSED IN CANADIAN DOLLARS****UNAUDITED**

	Share Capital				
	Number of Shares	Amount	Contributed Surplus	Deficit	Total
		\$	\$	\$	
Balance, February 28, 2017	15,835,000	681,655	215,306	(750,835)	146,126
Shares issued on exercise of stock option	400,000	40,000	–	–	40,000
Adjustment to contributed surplus on exercise of option	–	32,268	(32,268)	–	–
Comprehensive loss for the period	–	–	–	(312,546)	(312,546)
Balance, November 30, 2017	16,325,000	753,923	183,038	(1,063,381)	(126,420)
Balance, February 29, 2016	9,960,000	261,900	183,037	(563,940)	(119,003)
Shares issued for cash	5,500,000	394,435	–	–	394,435
Share issued for corporate finance	250,000	25,000	20,089	–	45,089
Shares issued for exploration and evaluation asset	125,000	12,500	–	–	12,500
Comprehensive loss for the period	–	–	–	(140,353)	(140,353)
Balance, November 30, 2016	15,835,000	693,835	203,126	(704,293)	192,668

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

STONE RIDGE EXPLORATION CORP.**CONDENSED INTERIM STATEMENTS OF CASH FLOWS****EXPRESSED IN CANADIAN DOLLARS****UNAUDITED**

	Three months ended November 30, 2017	Three months ended November 30, 2016	Nine months ended November 30, 2017	Nine month ended November 30, 2016
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	\$ (16,322)	\$ (35,428)	\$ (312,546)	\$ (140,353)
Items not involving cash:				
Stock-based compensation	—	—	—	—
Write off of exploration and evaluation asset	(14,078)	—	191,355	—
	(30,400)	(35,428)	(121,191)	(140,353)
Changes in non-cash working capital balances:				
Amounts receivable	(1,062)	700	(4,374)	4,984
Accounts payable and accrued liabilities	11,395	14,493	71,366	(223,532)
Due to related parties	(6,350)	—	100	(23,500)
Cash used in operating activities	(26,417)	(20,235)	(54,099)	(382,401)
INVESTING ACTIVITY				
Mineral property acquisition and exploration costs	14,078	—	14,078	(73,067)
Cash used in investing activity	14,078	—	14,078	(73,067)
FINANCING ACTIVITIES				
Shares issued for cash	12,000	—	40,000	439,524
Subscription receivable	—	—	—	10,000
Cash used in financing activities	12,000	—	40,000	449,524
INCREASE IN CASH DURING THE PERIOD	(339)	(20,235)	(21)	(5,944)
CASH, BEGINNING OF PERIOD	344	22,777	26	8,486
CASH, END OF PERIOD	\$ 5	\$ 2,542	\$ 5	\$ 2,542
SUPPLEMENTAL DISCLOSURES				
Interest paid	\$ —	\$ —	\$ —	\$ —
Income taxes paid	\$ —	\$ —	\$ —	\$ —
Issued for exploration and evaluation asset	\$ —	\$ —	\$ —	\$ —

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

1. NATURE OF OPERATIONS

Stone Ridge Exploration Corp. ("the Company") was incorporated on January 26, 2012 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 200-551 Howe Street, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at November 30, 2017, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from their disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a deficit of \$1,063,381 as at November 30, 2017, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give effect to any adjustments which would be necessary should the company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting ("IAS34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all financial information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the year ended February 28, 2017.

The financial statements are prepared in accordance with accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretation of the International Financial Reporting Interpretation Committee ("IFRIC").

The financial statements were authorized for issue by the Board of Directors on December 15, 2017.

b) Basis of presentation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of presentation (continued)

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

c) Cash and cash equivalents

Cash in the statements of financial position is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

d) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

e) Share-based compensation

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Share-based compensation (continued)

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

f) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

g) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

h) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Decommissioning, restoration and similar liabilities (continued)

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

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

i) 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 does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. At November 30, 2017, the Company has not classified any financial assets as loans and receivables.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial assets (continued)

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At November 30, 2017, the Company has not classified any financial assets as available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

l) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At November 30, 2017, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Significant accounting estimates

- i. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable;
- ii. the measurement of deferred income tax assets and liabilities; and
- iii. the inputs used in accounting for share-based payments.

Significant accounting judgments

- i. the determination of categories of financial assets and financial liabilities; and
- ii. the evaluation of the Company's ability to continue as a going concern.

4. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS

There were no new or revised accounting standards scheduled for mandatory adoption on March 1, 2016 that affected the Company's financial statements.

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

The following accounting policies will be adopted by the Company effective March 1, 2017:

IAS 7 'Statement of Cash Flows': In January 2016, the IASB issued an amendment to IAS 7 Statement of Cash Flows. The amendment to IAS 7 requires additional disclosures for changes in liabilities arising from financing activities. This includes changes arising from cash flows, such as drawdowns and repayments of borrowings, and non-cash changes, such as acquisitions, disposals and unrealized exchange differences. The amendment is effective for fiscal years beginning on or after January 1, 2017, and is applied on a prospective basis. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

New accounting standards effective for annual periods on or after March 1, 2018:

IFRS 9 - Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 - Construction Contracts, IAS 18 - Revenue, IFRIC 13 - Customer Loyalty Programs, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers, and SIC 31 - Revenue - Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

IFRS 2 'Share-based payments' In June 2016, the IASB issued the final amendments to IFRS 2 Share-based payments that clarify the classification and measurement of share-based payment transactions. This includes the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company is currently assessing the impact of this standard.

The following standard will be adopted by the Company effective January 1, 2019:

IFRS 16 'Leases': IFRS 16 will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

STONE RIDGE EXPLORATION CORP.
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(Expressed in Canadian dollars)

UNAUDITED

6. EXPLORATION AND EVALUATION ASSET

	Acquisition Costs	Exploration Costs	Total
	\$	\$	\$
Balance, February 28, 2015	12,647	112,971	125,618
Other exploration costs	–	7,549	7,549
BCMETC credit	–	(11,800)	(11,800)
Balance, February 29, 2016	12,647	108,720	121,367
Issuance of common shares	12,500	–	12,500
Cash payments	26,220	–	26,220
Other exploration costs	–	46,847	46,847
BCMETC credit	–	(1,501)	(1,501)
Balance, February 28, 2017	51,367	154,066	205,433
Write off	(51,367)	(139,988)	(191,355)
BCMETC tax credit	–	(14,078)	(14,078)
Balance, November 30, 2017	–	–	–

Hanson Mineral Property

Pursuant to an option agreement (the “Original Agreement”) dated January 26, 2012, with KGE Management Ltd. (“KGE”) and John Chapman, collectively, the “Optionors”, the Company was granted an option to acquire a 100% undivided interest in the Hanson Mineral Property (the “Property”) in the Omineca Mining Division of British Columbia. The terms of the Original Agreement were amended on February 25, 2012, August 1, 2013, September 19, 2014, February 23, 2015, July 23, 2015, November 13, 2015, January 14, 2016 and April 24, 2017 (collectively, the “Option Agreement”).

In accordance with the Option Agreement, the Company has the option to acquire a 100% undivided interest in the Property by issuing a total of 630,000 common shares of the Company to the Optionors, making cash payments totaling \$161,220, and incurring a total of \$2,600,000 in exploration expenditures. During the period the Company wrote off its interest in the option agreement.

7. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six month from date of listing. At November 30, 2017, there are 2,250,000 shares held in escrow.

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7. SHARE CAPITAL (continued)

- c) Issued and Outstanding as at November 30, 2017: 16,115,000 common shares.

During the period ended November 30, 2017 the Company issued 400,000 common shares pursuant to the exercise of stock options to net \$40,000.

- d) Stock Options:

The Company grants incentive stock options as permitted pursuant to the Company's Stock Option Plan (the "Plan") approved by the shareholders which complies with the rules and policies of the Canadian Securities Exchange. Under the Plan, the aggregate number of common shares which may be subject to option at any time may not exceed 10% of the issued common shares of the Company as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the Optionee. If the Optionee ceases to be qualified to receive options from the Company those options shall immediately expire. All options vest when granted unless otherwise specified by the Board of Directors. Options granted to persons providing investor relations activities to the Company must vest in stages over at least one-year period and no more than one-quarter of such options may be vested in any three month period.

The following table summarizes stock option transactions during the year:

	Number of Options	Weighted Avg. Exercise Price
Outstanding, February 28, 2017	800,000	\$ 0.10
Granted	—	—
Exercised	(400,000)	(0.10)
Outstanding, November 30, 2017	400,000	\$ 0.10

The following table summarizes the stock options outstanding and exercisable:

Exercise Price	Number of Options Outstanding	Exercisable	Expiry Date
\$ 0.10	400,000	400,000	May 5, 2020

The weighted average remaining useful life of outstanding options is 2.43 years as at November 30, 2017.

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7. SHARE CAPITAL (continued)

c) Warrants

On April 13, 2016 the Company granted 250,000 agent warrants in connection with the IPO with an exercise price of \$0.10 and an expiry date of April 13, 2018.

A summary of the Company's share purchase warrants are as follows:

	Number of Options	Weighted Average Exercise Price \$
Outstanding and exercisable, February 28, 2016	250,000	0.10
Granted	—	—
Outstanding and exercisable, November 30, 2017	250,000	0.10

The following table summarizes the warrants outstanding and exercisable:

Outstanding and exercisable	Exercise Price	Remaining life (yrs)	Expiry Date
250,000	\$0.10	1.37	April 13, 2018

8. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following amounts are due to related parties and have been included in accounts payable and accrued liabilities:

	November 30, 2017	February 29, 2017
	\$	\$
Accounts payable and accrued liabilities	103,740	53,955

The amounts are due to companies controlled by directors of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

The Company had the following related party transactions:

	Period ended November 30, 2017	Period ended August 31, 2016
	\$	\$
Professional fees	17,300	17,200
Rent	13,500	10,500
Total	30,800	27,700

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8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Professional fees and rent are paid to companies controlled by directors of the Company.

Key management personnel receive compensation in the form of short-term employee benefits. The remuneration of key management is as follows:

	Period ended November 30, 2017	Period ended November 30, 2016
	\$	\$
Management fees	51,750	51,750
Share-based payments	–	–
Total	51,750	51,750

Management services were provided by companies owned by two directors of the Company. Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer.

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at November 30, 2017 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash	5	-	-	5

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at November 30, 2017 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

Financial risk management objectives and policies (continued)

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

11. PROPOSED BUSINESS COMBINATION AND SUBSEQUENT EVENT

During the period the Company entered into a non-binding letter of intent (the "LOI") with Sproutly Inc. ("Sproutly") to acquire all of the issued shares of Sproutly in exchange for approximately 87,440,742 shares of the Company. Concurrent with the acquisition Sproutly will raise up to \$3,300,000 at price of \$0.50 unit. Each Sproutly Unit will consist of one (1) Sproutly Share and one-half (1/2) of a share purchase warrant (the "Sproutly Warrants"). Each whole Sproutly Warrant will entitle the holder to acquire one additional Sproutly Share at a price of \$0.75 per Sproutly Share for a period of 24 months following the date of issuance of the Sproutly Warrants. Upon completion of the proposed transaction the Sproutly Warrants will become warrants of the company. The proposed transaction will result in a reverse take-over. Upon completion of the proposed transaction the shares of the Company will be consolidated on a basis of two new shares for every one share.

The Company announced a working capital private placement of up to 13,500,000 pre-consolidated units (the "Units") at \$0.05 per unit to raise gross proceeds of up to \$675,000 (the "Private Placement"). Each Unit will consist of one (1) common share of the Company and one-half (1/2) of a common share purchase warrant (the "Warrants"). Each whole Warrant will entitle the holder to purchase one (1) additional common share at a purchase price of \$0.10 per share for a period of one year from the date of closing of the Private Placement. The proceeds of the Private Placement will be used for general working capital purposes. The closing of the Private Placement is not contingent upon the closing of the proposed Sproutly Transaction.

SCHEDULE "K"
STONE RIDGE MD&A

(SEE ATTACHED)

STONE RIDGE EXPLORATION CORP.

Management Discussion and Analysis

For the year ended February 28, 2017

The Management Discussion and Analysis (“MD&A”), prepared May 15, 2017 should be read in conjunction with the audited financial statements and notes thereto for the year ended February 28, 2017, and the notes thereto of Stone Ridge Exploration Corp. (“Stone Ridge”) which were prepared in accordance with International Financial Reporting Standards.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional information about Stone Ridge Exploration Inc. and other filings are available through the System of Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the Province of British Columbia on January 26, 2012.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties. The Company is currently focusing its financial resources on conducting an exploration program on the Hanson Mineral Property. The Company has not yet determined whether this property contains reserves that are economically recoverable. The recoverability of amounts shown for resource property and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource property and upon future profitable production or proceeds from the disposition thereof.

EXPLORATION AND EVALUATION ASSET

	Acquisition Costs	Exploration Costs	Total
	\$	\$	\$
Balance, February 28, 2015	12,647	112,971	125,618
Other exploration costs	-	7,549	7,549
BCMETC credit	-	(11,800)	(11,800)
Balance, February 29, 2016	12,647	108,720	121,367
Issuance of common shares	12,500	-	12,500
Cash payments	26,220	-	26,220
Other exploration costs	-	46,847	46,847
BCMETC credit	-	(1,501)	(1,501)
Balance, February 28, 2017	51,367	154,066	205,433

Hanson Mineral Property

Pursuant to an option agreement (the “Original Agreement”) dated January 26, 2012, with KGE Management Ltd. (“KGE”) and John Chapman, collectively, the “Optionors”, the Company was granted an option to acquire a 100% undivided interest in the Hanson Mineral Property (the “Property”) in the Omineca Mining Division of British Columbia. The terms of the Original Agreement were amended on February 25, 2012, August 1, 2013, September 19, 2014, February 23, 2015, July 23, 2015, November 13, 2015, January 14, 2016 and April 24, 2017 (collectively, the “Option Agreement”).

In accordance with the Option Agreement, the Company has the option to acquire a 100% undivided interest in the Property by issuing a total of 630,000 common shares of the Company to the Optionors, making cash payments totaling \$161,220, and incurring a total of \$2,600,000 in exploration expenditures as follows:

	Common Shares	Cash	Exploration Expenditures
	#	\$	\$
Upon execution of the Original Agreement (paid)	-	10,000	-
Upon listing of the Company's common shares on a Canadian Stock Exchange (the "Listing") ⁽¹⁾	125,000	26,220	100,000
On June 15, 2017	-	15,000	35,000
On or before the second anniversary of the Listing	90,000	15,000	-
On or before the third anniversary of the Listing	100,000	40,000	1,165,000
On or before the fourth anniversary of the Listing	315,000	55,000	1,300,000
Total	630,000	161,220	2,600,000

⁽¹⁾ The Listing date was April 15, 2016. During the year ended February 28, 2017, the Company issued 125,000 common shares with a fair value of \$12,500, paid cash \$26,220 and had incurred \$46,847 in exploration expenditures.

The Property is comprised of two mineral claims and a 2.5 kilometre area of influence measured from the outside perimeter of the claims but not including claims already held by third parties.

The Company will also be required to issue an additional 600,000 common shares to the Optionors upon completion of a positive feasibility study on the Property, and an additional 1,000,000 common shares upon the commencement of commercial production.

The Optionors will retain a 3% Net Smelter Returns royalty on the Property. The Company has the right to purchase 1.5% of the royalty for \$3 million at any time prior to the commencement of commercial production. Beginning on December 31, 2019 and annually thereafter, the Company will make an annual advance minimum royalty payment of \$25,000.

During the year ended February 28, 2017, the Company received \$1,501 (2016 - \$11,800) in British Columbia Mining Exploration Tax Credits ("BCMETS").

SELECTED ANNUAL INFORMATION

(\$000's except loss per share)

	February 28, <u>2017</u>	February 29 <u>2016</u>	February 28, <u>2015</u>
Revenue	\$ 0	\$ 0	\$ 0
Net Loss	\$ (187)	\$ (241)	\$ (61)
Basic and Diluted Loss Per Share	\$ (0.02)	\$ (0.02)	\$ (0.01)
Total Assets	\$ 213	\$ 149	\$ 134
Long-Term Debt	\$ 0	\$ 0	\$ 0
Dividends	\$ 0	\$ 0	\$ 0

OPERATIONS

Three month period ended February 28, 2017

During the three months ended February 28, 2017 the Company reported a net loss of \$46,542 (2016 - \$85,666). Included in the determination of operating loss was \$5,411 (2016 - \$4,513) spent on rent, \$22,250 (2016 - \$17,250) on management and administration, \$11,629 (2016 - \$57,125) on professional fees, \$2,757 (2016 - \$657) and on transfer agent and filing fees, \$273 (2016 - \$5,059) on travel and promotion and \$4,022 (2016 - \$4,957) on office and miscellaneous.

Twelve month period ended February 28, 2017

During the twelve months ended February 28, 2017 the Company reported a net loss of \$186,895 (2016 - \$241,442). Included in the determination of operating loss was \$22,463 (2016 - \$50,052) spent on rent, \$74,000 (2016 - \$46,000) on management and administration, \$40,223 (2016 - \$93,977) on professional fees, \$23,859 (2016 - \$7,856) and on transfer agent and filing fees, \$6,677 (2016 - \$5,059) on travel and promotion and \$19,673 (2016 - \$3,961) on office and miscellaneous. The Company also incurred a stock base compensation of \$Nil (2016 - \$64,537).

SUMMARY OF QUARTERLY RESULTS

(\$000's except earnings per share)

	February 28, <u>2017</u>	November 30, <u>2016</u>	August 31, <u>2016</u>	May 31, <u>2016</u>
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
NET LOSS	\$ (47)	\$ (35)	\$ (56)	\$ (49)
Basic and diluted Loss per share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)

	February 29, <u>2016</u>	November 30, <u>2015</u>	November 30, <u>2015</u>	May 31, <u>2015</u>
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
NET LOSS	\$ (85)	\$ (41)	\$ (19)	\$ (96)
Basic and diluted Loss per share	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.01)

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at February 28, 2017 was \$26 compared to \$8,486 at February 29, 2016.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following amounts are due to related parties and have been included in accounts payable and accrued liabilities:

	February 28, 2017	February 29, 2016
	\$	\$
Accounts payable and accrued liabilities	53,955	138,277

The amounts are due to companies controlled by the officer and a former director of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

During the year ended February 29, 2016, the Company received an advance \$23,500 from a director of the Company. The amount was non-interest bearing, unsecured, due upon demand, and was repaid during the fiscal 2017.

The Company had the following related party transactions:

	Year ended February 28, 2017	Year ended February 29, 2016
	\$	\$
Professional fees	22,000	21,275
Rent	24,475	20,052
Total	46,475	41,327

Professional fees and rent are paid to companies controlled by the officer and a former director of the Company.

Key management personnel receive compensation in the form of short-term employee benefits. The remuneration of key management is as follows:

	Year ended February 28, 2017	Year ended February 29, 2016
	\$	\$
Management fees	69,000	46,000
Share-based payments	-	64,537
Total	69,000	110,537

Management services were provided by companies owned by the officer and a former director of the Company. Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer.

COMMITMENTS

The Company is obligated to make certain payments and issue shares in connection with the acquisition of its mineral property.

SUBSEQUENT EVENTS

On April 3, 2017, the Company issued 280,000 common shares from the exercise of stock options.

On April 24, 2017, the Company amended the Option Agreement with its optionor whereby the Company will make the cash payment of \$15,000 by June 15, 2017. All other terms and conditions remain the same.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The mandatory adoption of the following new and revised accounting standards and interpretations on March 1, 2015 had no significant impact on the Company's financial statements for the years presented:

IAS 1 – Presentation of Financial Statements

In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets

In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

New accounting standards effective for annual periods on or after March 1, 2018:

IFRS 9 – Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

CRITICAL ACCOUNTING POLICIES

Share-based payments

The Company has an equity-settled share-based compensation plan. Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

Financial Instruments

Financial assets are classified into one of four categories:

- Fair value through profit or loss;
- Held-to-maturity;
- Available for sale and;
- Loans and receivables

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or;
- It is a derivative that is not designated and effective as a hedging instrument.

The Company's cash is classified as FVTPL.

Held-to-maturity ("HTM")

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

Available-for-sale financial assets ("AFS")

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets as at FVTPL. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less and impairment losses.

Derecognition of financial assets

A financial asset is derecognized when:

- The contractual right to the asset's cash flows expire; or
- If the Company transfer the financial assets and substantially all risks and rewards of ownership to another entity.

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.

The carrying amount of all financial assets is directly reduced by the impairment loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

The Company does not have any significant foreign currency denominated monetary assets or liabilities.

(ii) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

SHARE CAPITAL

Issued

The company has 15,835,000 shares issued and outstanding as at February 28, 2017 and 16,115,000 as at May 15, 2017.

Share Purchase Options

The Company has 800,000 stock options outstanding as at February 28, 2017 and 520,000 as at May 15, 2017.

Warrants

The Company has 250,000 share purchase warrants outstanding as at February 28, 2017 and May 15, 2017.

Escrow Shares

The Company has 3,750,000 shares held in escrow as at February 28, 2017 and 3,000,000 as at May 15, 2017.

STONE RIDGE EXPLORATION CORP.

Management Discussion and Analysis

For the nine month period ended November 30, 2017

The Management Discussion and Analysis (“MD&A”), prepared December 15, 2017 should be read in conjunction with the audited financial statements and notes thereto for the year ended November 30, 2017, and the notes thereto of Stone Ridge Exploration Corp. (“Stone Ridge”) which were prepared in accordance with International Financial Reporting Standards.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional information about Stone Ridge Exploration Inc. and other filings are available through the System of Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the Province of British Columbia on January 26, 2012.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties. The Company is currently focusing its financial resources on conducting an exploration program on the Hanson Mineral Property. The Company has not yet determined whether this property contains reserves that are economically recoverable. The recoverability of amounts shown for resource property and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource property and upon future profitable production or proceeds from the disposition thereof.

EXPLORATION AND EVALUATION ASSET

	Acquisition Costs	Exploration Costs	Total
	\$	\$	\$
Balance, February 28, 2015	12,647	112,971	125,618
Other exploration costs	–	7,549	7,549
BCMETS credit	–	(11,800)	(11,800)
Balance, February 29, 2016	12,647	108,720	121,367
Issuance of common shares	12,500	–	12,500
Cash payments	26,220	–	26,220
Other exploration costs	–	46,847	46,847
BCMETS credit	–	(1,501)	(1,501)
Balance, February 28, 2017	51,367	154,066	205,433
Write off	(51,367)	(139,988)	(191,355)
BCMETS tax credit	–	(14,078)	(14,078)
Balance, November 30, 2017	–	–	–

Hanson Mineral Property

Pursuant to an option agreement (the “Original Agreement”) dated January 26, 2012, with KGE Management Ltd. (“KGE”) and John Chapman, collectively, the “Optionors”, the Company was granted an option to acquire a 100% undivided interest in the Hanson Mineral Property (the “Property”) in the Omineca Mining Division of British Columbia. The terms of the Original Agreement were amended on February 25, 2012, August 1, 2013, September

19, 2014, February 23, 2015, July 23, 2015, November 13, 2015, January 14, 2016 and April 24, 2017 (collectively, the “Option Agreement”).

In accordance with the Option Agreement, the Company has the option to acquire a 100% undivided interest in the Property by issuing a total of 630,000 common shares of the Company to the Optionors, making cash payments totaling \$161,220, and incurring a total of \$2,600,000 in exploration expenditures. During the period the Company wrote off its interest in the option agreement.

SELECTED ANNUAL INFORMATION

(\$000's except loss per share)

	February 28, <u>2017</u>	February 29 <u>2016</u>	February 28, <u>2015</u>
Revenue	\$ 0	\$ 0	\$ 0
Net Loss	\$ (187)	\$ (241)	\$ (61)
Basic and Diluted Loss Per Share	\$ (0.02)	\$ (0.02)	\$ (0.01)
Total Assets	\$ 213	\$ 149	\$ 134
Long-Term Debt	\$ 0	\$ 0	\$ 0
Dividends	\$ 0	\$ 0	\$ 0

OPERATIONS

Three month period ended November 30, 2017

During the three months ended November 30, 2017 the Company reported a net loss of \$16,322 (2016 - \$35,418). Included in the determination of operating loss was \$4,500 (2016 - \$6,355) spent on rent, \$17,250 (2016 - \$17,250) on management and administration, \$4,980 (2016 - \$4,800) on professional fees, \$3,526 (2016 - \$2,418) and on transfer agent and filing fees, \$Nil (2016 - \$905) on travel and promotion and \$144 (2016 - \$3,700) on office and miscellaneous. During the period the Company also incurred received \$14,518 on the write off of exploration and evaluation assets from a mining tax credit.

Nine month period ended November 30, 2017

During the nine months ended November 30, 2017 the Company reported a net loss of \$312,546 (2016 - \$140,353). Included in the determination of operating loss was \$13,500 (2016 - \$17,052) spent on rent, \$51,750 (2016 - \$51,750) on management and administration, \$39,866 (2016 - \$28,394) on professional fees, \$14,183 (2016 - \$21,102) and on transfer agent and filing fees, \$595 (2016 - \$6,404) on travel and promotion and \$1,297 (2016 - \$15,651) on office and miscellaneous. During the period the Company also incurred a loss of \$191,355 on the write off of exploration and evaluation assets.

SUMMARY OF QUARTERLY RESULTS
(\$000's except earnings per share)

	November 30, <u>2017</u>	August 31, <u>2017</u>	May 31, <u>2017</u>	February 28, <u>2017</u>
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
NET LOSS	\$ (16)	\$ (250)	\$ (46)	\$ (47)
Basic and diluted Loss per share	\$ (0.00)	\$ (0.02)	\$ (0.00)	\$ (0.01)

	November 30, <u>2016</u>	August 31, <u>2016</u>	May 31, <u>2016</u>	February 29, <u>2016</u>
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
NET LOSS	\$ (35)	\$ (56)	\$ (49)	\$ (85)
Basic and diluted Loss per share	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.01)

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at November 30, 2017 was \$5 compared to \$26 at February 28, 2017.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following amounts are due to related parties and have been included in accounts payable and accrued liabilities:

	November 30, 2017	February 29, 2017
	\$	\$
<u>Accounts payable and accrued liabilities</u>	<u>103,740</u>	<u>53,955</u>

The amounts are due to companies controlled by directors of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

The Company had the following related party transactions:

	Period ended November 30, 2017	Period ended August 31, 2016
	\$	\$
Professional fees	17,300	17,200
Rent	13,500	10,500
<u>Total</u>	<u>30,800</u>	<u>27,700</u>

Professional fees and rent are paid to companies controlled by directors of the Company.

Key management personnel receive compensation in the form of short-term employee benefits. The remuneration of key management is as follows:

	Period ended November 30, 2017	Period ended November 30, 2016
	\$	\$
Management fees	51,750	51,750
Share-based payments	–	–
Total	51,750	51,750

Management services were provided by companies owned by two directors of the Company. Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer

COMMITMENTS

The Company is obligated to make certain payments and issue shares in connection with the acquisition of its mineral property.

PROPOSED BUSINESS COMBINATION AND SUBSEQUENT EVENT

During the period the Company entered into a non-binding letter of intent (the "LOI") with Sproutly Inc. ("Sproutly") to acquire all of the issued shares of Sproutly in exchange for approximately 87,440,742 shares of the Company. Concurrent with the acquisition Sproutly will raise up to \$3,300,000 at price of \$0.50 unit. Each Sproutly Unit will consist of one (1) Sproutly Share and one-half (1/2) of a share purchase warrant (the "Sproutly Warrants"). Each whole Sproutly Warrant will entitle the holder to acquire one additional Sproutly Share at a price of \$0.75 per Sproutly Share for a period of 24 months following the date of issuance of the Sproutly Warrants. Upon completion of the proposed transaction the Sproutly Warrants will become warrants of the company. The proposed transaction will result in a reverse take-over. Upon completion of the proposed transaction the shares of the Company will be consolidated on a basis of two new shares for every one share.

The Company announced a working capital private placement of up to 13,500,000 pre-consolidated units (the "Units") at \$0.05 per unit to raise gross proceeds of up to \$675,000 (the "Private Placement"). Each Unit will consist of one (1) common share of the Company and one-half (1/2) of a common share purchase warrant (the "Warrants"). Each whole Warrant will entitle the holder to purchase one (1) additional common share at a purchase price of \$0.10 per share for a period of one year from the date of closing of the Private Placement. The proceeds of the Private Placement will be used for general working capital purposes. The closing of the Private Placement is not contingent upon the closing of the proposed Sproutly Transaction.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The mandatory adoption of the following new and revised accounting standards and interpretations on March 1, 2015 had no significant impact on the Company's financial statements for the years presented:

IAS 1 – Presentation of Financial Statements

In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 – Property, Plant and Equipment and IAS 36 – Intangible Assets

In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

New accounting standards effective for annual periods on or after March 1, 2018:

IFRS 9 – Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

CRITICAL ACCOUNTING POLICIES

Share-based payments

The Company has an equity-settled share-based compensation plan. Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

Financial Instruments

Financial assets are classified into one of four categories:

- Fair value through profit or loss;
- Held-to-maturity;
- Available for sale and;
- Loans and receivables

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

Financial assets at fair value through profit or loss (“FVTPL”)

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or;
- It is a derivative that is not designated and effective as a hedging instrument.

The Company’s cash is classified as FVTPL.

Held-to-maturity (“HTM”)

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

Available-for-sale financial assets (“AFS”)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets as at FVTPL. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less and impairment losses.

Derecognition of financial assets

A financial asset is derecognized when:

- The contractual right to the asset's cash flows expire; or
- If the Company transfer the financial assets and substantially all risks and rewards of ownership to another entity.

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.

The carrying amount of all financial assets is directly reduced by the impairment loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

The Company does not have any significant foreign currency denominated monetary assets or liabilities.

(ii) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

SHARE CAPITAL

Issued

The company has 16,235,000 shares issued and outstanding as at November 30, 2017 and December 15, 2017.

Share Purchase Options

The Company has 400,000 stock options outstanding as at November 30, 2017 and December 15, 2017.

Warrants

The Company has 250,000 share purchase warrants outstanding as at November 30, 2017 and 245,500 as at December 15, 2017.

Escrow Shares

The Company has 2,250,000 shares held in escrow as at November 30, 2017 and December 15, 2017.

SCHEDULE "L"

INFORMATION CONCERNING SPROUTLY

(SEE ATTACHED)

INFORMATION CONCERNING SPROUTLY

The following information, is presented on a pre-Transaction basis (except where otherwise indicated) and is reflective of the current business, financial and share capital position of Sproutly. All capitalized terms used in this Schedule "L" and not defined herein have the meaning ascribed to such terms in the "Glossary of Defined Terms" or elsewhere in the Circular. See "Information Concerning Sproutly" for additional information concerning Sproutly on a pre-Transaction basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of Sproutly for the period ended November 30, 2017 is attached as Schedule "I" to the Circular. The attached Management's Discussion and Analysis should be read in conjunction with Sproutly's audited financial statements for the period ended November 30, 2017, together with the notes thereto, which are attached as Schedule "H" to the Circular.

DIVIDENDS

Sproutly has never declared or paid any cash dividends on its Sproutly Shares. Upon completion of the Arrangement, Sproutly anticipates that the Resulting Issuer will retain all of its future earnings, if any, for use in the development and expansion of its business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of the board of the Resulting Issuer.

DESCRIPTION OF SHARE CAPITAL

Sproutly is authorized to issue an unlimited number of Sproutly Shares without par value. A summary of the rights of the Sproutly Shares is set forth below.

Dividends

The holders of Sproutly Shares are entitled to receive dividends if, as and when declared by the Sproutly Board out of the assets of Sproutly properly applicable to the payment of dividends in such amounts and payable in such manner as the Sproutly Board may from time to time determine.

Voting

The holders of Sproutly Shares shall be entitled to receive notice of and to attend all annual and special meetings of the shareholders of Sproutly and to one vote in respect of Sproutly Share held at all such meetings.

Liquidation

In the event of the dissolution, liquidation, or winding up of Sproutly or other distribution of assets of Sproutly among its shareholders for the purpose of winding up its affairs, the holders of the Sproutly Shares will be entitled to receive, after distribution in full of the preferential amounts, if any, all of the remaining assets available for distribution rateably in proportion to the number of Sproutly Shares held by them.

CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of Sproutly as at the dates indicated. The table should be read in conjunction with the financial statements of Sproutly, and the notes thereto, attached as Schedule “H” as well as the other disclosure contained in this Schedule “L”.

Description of Security	As at November 30, 2017	As at February 28, 2018
Sproutly Shares	10,000,000	28,957,548 ⁽¹⁾
Sproutly Subscription Receipts ⁽²⁾	\$2,563,750	-
Sproutly Options	1,500,000	1,500,000
Sproutly Warrants	Nil	3,706,580
Sproutly Convertible Debt ⁽³⁾	\$306,976	\$306,976
Sproutly Debt	\$250,000	\$250,000

(1) Assuming completion of the THR Acquisition whereby Sproutly agreed to issue 11,544,388 Sproutly Shares at \$0.41 per share in exchange for all of the outstanding shares of THR.

(2) Sproutly collected \$2,563,750 in connection with a subscription receipt financing which did not close. Sproutly applied the subscription receipt proceeds to a later financing whereby Sproutly issued 7,413,160 units (“Units”) for aggregate proceeds totalling \$3,554,000 received prior to November 30, 2017. Each Unit consisted of one (1) Sproutly Share and one half (1/2) of one Sproutly Warrant. As a result, the total Sproutly Shares increased by 7,413,160, the total Sproutly Warrants increased to 3,706,580, and the subscription receipts balance was eliminated.

(3) In connection with the Sproutly 2017 Convertible Debenture.

OPTIONS TO PURCHASE SECURITIES

As of the date of the Circular, 1,500,000 Sproutly Options and 3,706,580 Sproutly Warrants are issued and outstanding. The following table sets forth information with respect to the outstanding Sproutly Options that have been issued to directors, employees and consultants of Sproutly, each as a group:

Convertible Securityholder, as a Group	Number of Sproutly Options	Number of Sproutly Warrants
Directors	Nil	Nil
Executive Officers	1,450,000	Nil
Employees	50,000	Nil
Consultants	Nil	Nil

1,500,000 Sproutly Options entitle the holders thereof to acquire 1,500,000 Sproutly Shares at a price of \$0.01 per share, 1,450,000 of which expire on March 25, 2027 and 50,000 of which expire on April 18, 2027.

PRIOR SALES

The following table sets forth the issuances of Sproutly Shares and securities convertible into Sproutly Shares during the 12-month period prior to the date of this Circular.

Date of Issuance	Type of Security	Number of Securities	Issue Price Per Security (\$)
April 10, 2017	Common Shares	700,000	0.005
November 30, 2017	Convertible Debenture	\$330,000 (Principal Amount)	\$0.30 for one Unit ⁽¹⁾ (Conversion Price)
December 19, 2017	Units ⁽²⁾	433,500	0.34602
December 20, 2017	Units ⁽²⁾	666,660	0.45000
December 21, 2017	Units ⁽²⁾	1,100,000	0.45454
December 22, 2017	Units ⁽²⁾	105,000	0.47619
January 30, 2018	Units ⁽²⁾	1,597,000	0.50
January 31, 2018	Units ⁽²⁾	3,511,000	0.50
February 28, 2018	Common Shares ⁽³⁾	11,544,388	0.50 (deemed)

- (1) Each Unit consists of one Sproutly Share and one-half of one Sproutly Warrant. Each Sproutly Warrant entitles the holder to purchase one additional Sproutly Share at an exercise price of \$0.45 per Sproutly Share for a period of 24 months from the date of issue.
- (2) Each Unit consists of one Sproutly Share and one-half of one Sproutly Warrant. Each Sproutly Warrant entitles the holder to purchase one additional Sproutly Share at an exercise price of \$1.50 per Sproutly Share for a period of 24 months from the date of issue.
- (3) Sproutly Shares issued pursuant to the closing of the THR Acquisition.

The following table sets forth the issuances and the terms of the Sproutly Warrants:

Date of Issue	Number of Sproutly Warrants	Exercise Price	Expiry Date
December 19, 2017	216,750	\$1.50	December 19, 2019
December 20, 2017	333,330	\$1.50	December 20, 2019
December 21, 2017	550,000	\$1.50	December 21, 2019
December 22, 2017	52,500	\$1.50	December 22, 2019
January 30, 2018	798,500	\$1.50	January 30, 2020
January 31, 2018	1,755,500	\$1.50	January 31, 2020
TOTAL	3,706,580		

The following table sets forth the issuances and the terms of the Sproutly Options:

Date of Issue	Number of Sproutly Warrants	Exercise Price	Expiry Date
March 25, 2017	1,450,000	\$0.01	March 25, 2027
April 18, 2017	50,000	\$0.01	April 18, 2027
TOTAL	1,500,000		

EXECUTIVE OFFICERS AND DIRECTORS

Name, Occupation and Security Holding

The following table sets forth information with respect to the directors and executive officers of Sproutly, including their respective provinces or states and countries of residence, their position(s) with Sproutly, their principal occupations for the last five years, the dates on which they first became directors or officers of Sproutly, and the number of Sproutly Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by such persons or such persons' respective associates or affiliates. The directors hold office until the next annual meeting of Sproutly or until they otherwise cease to hold office in accordance with Sproutly's Articles of Incorporation and By-Laws.

Name, Province/State and Country of Residence	Position with the Corporation	Principal Occupation During the Past Five Years	Period as Director and/or Officer	Number and Percentage of Common Shares Held ⁽¹⁾
Keith Dolo British Columbia, Canada	Chief Executive Officer	Mr. Dolo was employed by Robert Half Finance & Accounting from 2003 to 2017, most recently as a Vice President.	Officer since April 9, 2017	500,000 1.73%
Karin Studer British Columbia, Canada	Chief Operating Officer	Ms. Studer was the Managing Partner of Bray Partners Inc. from February 2014 to February 2017, Owner & Primary Consultant at Studer Consulting from February 2013 to January 2014 and Director of Retail Operations of Coast Capital Savings from April 2006 to January 2013.	Officer since April 9, 2017	375,412 ⁽²⁾ 1.30%
Aman Bains British Columbia, Canada	Director	Mr. Bains is currently the Managing Director of Bray Partners Inc., the general partner of Bray Limited Partnership	Director since January 17, 2017	3,732,244 ⁽³⁾ 12.89%

(1) Assuming completion of the THR Acquisition.

(2) Held through Studer Asset Management Inc.

(3) Includes 2,750,000 Sproutly Shares held through 0788286 B.C. Ltd., 782,244 Sproutly Shares held through Bray Limited Partnership and 200,000 Sproutly Shares held by Aman's wife, Gursarup Ruby Bains.

As of the Record Date, directors and executive officers of Sproutly, as a group, will beneficially own, or exercise control or direction, directly or indirectly, over an aggregate of 7,757,656 Sproutly Shares representing 26.79% of the outstanding Sproutly Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of Sproutly, none of Sproutly's directors or executive officers is, as at the date of this Circular, or has been, within ten years before the date of this Circular, a director, chief executive officer or chief financial officer of any corporation (including Sproutly) that:

- a) was subject to an Order (as defined below) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

"Order" means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant corporation access to any exemption under securities legislation and, in each case, that was in effect for a period of more than 30 consecutive days.

None of Sproutly's directors or executive officers or, to Sproutly's knowledge, any shareholder holding a sufficient number of securities of Sproutly to affect materially the control of Sproutly:

- a) is, as at the date of this Circular, or has been within the 10 years before the date of this Circular, a director or executive officer of any corporation (including Sproutly) that, 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 the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder; or
- c) has been subject to:
 - (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
 - (ii) 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.

Conflicts of Interest

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

STATEMENT OF EXECUTIVE COMPENSATION

Sproutly is not a reporting issuer in any jurisdiction. As a result, certain information required by Form 51-102F6 – *Statement of Executive Compensation* ("**Form 51-102F6**") has been omitted pursuant to Section 1.3(8) of Form 51-102F6.

Compensation Discussion and Analysis

For the purposes of this Schedule L, a named executive officer ("**NEO**") of Sproutly means each of the following individuals:

- a) the Chief Executive Officer ("**CEO**") of Sproutly;
- b) the Chief Financial Officer ("**CFO**") of Sproutly;
- c) each of the three most highly compensated Executive Officers (as defined below), 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. "Executive Officer" means the chairman, and any vice-chairman, president, secretary or any vice-president and any officer of Sproutly or a subsidiary who performs a policymaking function in respect of Sproutly; and
- d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of Sproutly, nor acting in a similar capacity, at the end of that financial year.

Sproutly does not have a compensation committee or a formal compensation policy. Sproutly relies solely on the Sproutly Board to determine the compensation of the NEOs. In determining compensation, the Sproutly Board consider industry standards and Sproutly's financial situation, but does not currently have any formal objectives or criteria. The performance of each executive officer is informally monitored by the Sproutly Board, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer.

Summary Compensation Table

The following table discloses a summary of compensation paid to Sproutly's NEOs, comprising those persons named in the table below, from incorporation to the period ended November 30, 2017.

Name and Principal Position	Year (or part)	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Keith Dolo <i>CEO</i>	Period ended Nov 30, 2017	138,974	Nil	237,590	Nil	Nil	Nil	Nil	376,564

Incentive Plan Awards

The following table sets out particulars of the option-based awards, granted to the NEOs for the period ended November 30, 2017.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in- the-money options (\$)
Keith Dolo	1,450,000	0.01	March 25, 2027	594,500

Incentive plan awards - value vested or earned during the period

The following table sets out the value of option-based awards which vested in the NEOs for the period ended November 30, 2017.

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation -Value earned during the year (\$)
Keith Dolo	Nil	Nil	Nil

Defined Benefits Plans

Sproutly currently does not intend to have a defined benefits pension plan.

Defined Contribution Plan

Sproutly currently does not intend to have a defined contribution plan.

Deferred Compensation Plan

Sproutly currently does not intend to have a deferred compensation plan.

Termination and Change of Control Benefits

Other than as described below, there are no contracts, agreements, plans or arrangements that provide for payments to any current NEO at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of Sproutly or its subsidiary or a change in a NEO's responsibilities.

Sproutly entered into an employment agreement dated March 25, 2017 (the “**Dolo Employment Agreement**”) with Mr. Keith Dolo, whereby Sproutly agreed to employ Mr. Dolo in the position of Chief Executive Officer. Pursuant to the Dolo Employment Agreement, Sproutly has granted the following change of control benefit to Mr. Dolo.

In the event of a change of control of Sproutly, Mr. Dolo has a right to resign under the Dolo Employment Agreement for Good Cause (as defined below) at any time within twelve (12) months after a change of control of Sproutly, by giving at least one month's written notice to Sproutly. In the event Mr. Dolo resigns for Good Cause or his employment is terminated by Sproutly without caused within twelve (12) months after a change of control, Sproutly shall provide Mr. Dolo with the following compensation:

1. the full amount of the instalments falling due in respect of Mr. Dolo's base salary through to the termination date, plus any accrued vacation pay, reimbursement for any unpaid expenses and the amount, if any, of any other compensation actually accrued and then payable to Mr. Dolo which has not been paid;
2. an additional amount equivalent to 24 months' of Mr. Dolo's base salary, exclusive of any benefits, bonuses, and other amounts;
3. if, at the termination date, Mr. Dolo is eligible for other cash incentives under Sproutly incentive plans, an additional amount equal to the sum of the following:
 - a. two times the average cash incentive received by Mr. Dolo during the preceding three years. If Mr. Dolo was eligible for such cash incentives for less than three prior years, the average shall be calculated using Mr. Dolo's target bonus amount at termination in lieu of missing years; and
 - b. the amount above, divided by 24 and multiplied by the number of months worked by Mr. Dolo in the current bonus year prior to the termination date
4. any Sproutly Options held by Mr. Dolo shall be deemed vested as of the termination date and shall remain open for exercise for one year thereafter; and
5. the continuation of all employee related benefits then in effect, other than disability insurance, until the earlier of two (2) years from the termination date or Mr. Dolo obtaining similar benefits through other employment. Sproutly shall pay Mr. Dolo an amount equal to 24 months of the then-prevailing premiums for his life and disability insurance.

For the purpose of the Dolo Employment Agreement, "Good Cause" shall mean" the occurrence of one of the following events without Mr. Dolo's express written consent:

1. a material reduction in Mr. Dolo's responsibilities, except as a result of Mr. Dolo's death, disability or retirement;
2. a reduction by Sproutly in Mr. Dolo's base salary;
3. a change in the principal executive office of Sproutly to a location more than 20 kilometers from the then-current location of the principal executive office of Sproutly;
4. the failure by Sproutly to continue in effect, or a material change in the terms of Mr. Dolo's participation in benefits under any incentive plan or benefits plan, including any life, health, accident, disability or similar plan providing welfare benefits or any plan or program of fringe benefits in which Mr. Dolo is participating (collectively, the "**Existing Plans**"), the effect of which would be to materially reduce the total value, in the aggregate, of Mr. Dolo's benefits under the Existing Plans, or any reduction by Sproutly of the number of paid vacation days to which Mr. Dolo is entitled; or
5. any other circumstances that would constitute a constructive dismissal under common law.

DIRECTOR COMPENSATION

During the financial period ended November 30, 2017, none of the directors of Sproutly were paid, awarded or granted any compensation with respect to activities performed in their capacity as directors

except as noted below. Directors are eligible to participate in the Sproutly Option Plan. Directors are also entitled to be reimbursed for expenses incurred by them in their capacity as directors. The following table discloses the particulars of all amounts of compensation paid or granted to Sproutly's directors for the financial period ended November 30, 2017.

Name	Fees Earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Aman Bains	62,500	Nil	Nil	Nil	Nil	Nil	62,500
Michael Gokturk	15,000	Nil	Nil	Nil	Nil	Nil	15,000

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Aggregate Indebtedness

To Sproutly's knowledge, as of the date of the Circular, there is no indebtedness owing to Sproutly from any of its current, or former, officers, directors, or employees, including in respect of indebtedness to others where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by Sproutly.

Aggregate Indebtedness

Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

To Sproutly's knowledge, as of the date of the Circular, no person who is, or at any time during the most recently completed financial year was, a director or executive officer of Sproutly, and no associate of any such director or officer is, or at any time since the beginning of the most recently completed financial year of Sproutly has been, indebted to v, and no such persons owe a debt to another entity, which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by Sproutly.

PROMOTERS

No person is, or has acted as, a promoter of Sproutly during the two years immediately preceding the date of the Circular.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To Sproutly's knowledge, Sproutly is not party to any legal proceedings or regulatory actions to which Sproutly or any of its subsidiaries is a party, nor is Sproutly aware, as of the date of the Circular, that any such proceedings are contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To Sproutly's knowledge, other than as described below and elsewhere in the Circular, none of (i) the directors or executive officers of Sproutly, (ii) the shareholders who beneficially own or control or direct, directly or indirectly, more than 10% of the voting shares of Sproutly, or (iii) any associate or affiliate of the persons referred to in (i) and (ii), has or has had any material interest, direct or indirect, in any transaction within the three years before the date of the Circular or in any proposed transaction that has materially affected or is reasonably expected to materially affect Sproutly.

Aman Bains, the sole director of Sproutly, is also a director of Bray Partners Inc., the general partner of Bray Limited Partnership ("**Bray LP**"), a creditor to THR. In connection with the THR Acquisition, Sproutly will assume the debt of THR which is payable to Bray LP. The THR Acquisition is scheduled to complete on February 28, 2018, which will result in Sproutly acquiring all of the issued and outstanding common shares of THR in exchange for 11,544,388 Sproutly Shares.

See "Narrative Description of the Business - THR Acquisition" in the Circular for further detail.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of Sproutly is MNP LLP at its offices located at 1021 West Hastings Street, Suite 2200 - MNP Tower, Vancouver, BC V6E 0C3.

MATERIAL CONTRACTS

Since incorporation, the only material contracts entered into by Sproutly, other than contracts entered into in the ordinary course of business, are as follows:

1. Arrangement Agreement dated February 7, 2018 between Stone Ridge and Sproutly.
2. Share Exchange Agreement dated February 28, 2018 among THR and certain shareholders of THR.
3. Amended and Restated Arrangement Agreement dated March 20, 2018 between Stone Ridge and Sproutly (see Schedule "B" to the Circular).

SCHEDULE "M"

INFORMATION CONCERNING STONE RIDGE

(SEE ATTACHED)

INFORMATION CONCERNING STONE RIDGE

The following information is provided by Stone Ridge, is presented on a pre-Transaction basis (except where otherwise indicated) and is reflective of the current business, financial and share capital position of Stone Ridge. All capitalized terms in the Schedule "M" and not defined herein have the same meaning ascribed to such term in the "Glossary of Defined Terms" or elsewhere in the Circular. See "Information Concerning Stone Ridge" in the Circular for additional information on Stone Ridge on a pre-Transaction basis. See "Information Concerning the Resulting Issuer" in the Circular and in Schedule "N" for certain information pertaining to Stone Ridge on a post-Transaction basis.

GENERAL DEVELOPMENT OF THE BUSINESS

Stone Ridge is a junior mineral exploration company and has, since inception, engaged in the business of acquiring, exploring and evaluating natural resource properties. Stone Ridge is currently focusing its financial resources on conducting an exploration program on the Hanson Mineral Property. Stone Ridge has not yet determined whether this property contains reserves that are economically recoverable. The recoverability of amounts shown for resource property and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of Stone Ridge's interest in the underlying mineral claims, the ability of Stone Ridge to obtain necessary financing to complete the development of the resource property and upon future profitable production or proceeds from the disposition thereof.

History

Stone Ridge entered into the Property Option Agreement dated January 26, 2012 (the "**Property Option Agreement**") with KGE Management Ltd. and John Chapman (collectively, the "**Optionors**"), whereunder Stone Ridge was granted an irrevocable and exclusive option to acquire a 100% interest in the Hanson Property, consisting of two (2) contiguous mineral claims comprising an aggregate 3,554.8 hectares, located in the Omineca Mining Division, British Columbia, Canada. The terms of the Property Option Agreement were amended on February 25, 2012, August 1, 2013, September 19, 2014, February 23, 2015, July 23, 2015, November 13, 2015, January 14, 2016 and April 24, 2017.

The Hanson Property is located approximately 26 km northwest of the town of Fraser Lake in north central British Columbia and is accessible via logging roads from the town of Endako; Fraser Lake is on Highway 16 between the towns of Burns Lake and Vanderhoof. The Hanson Property lies within the Cache Creek terrane, approximately 15 km north of the Endako molybdenum mine.

The Hanson Property consists of two contiguous mineral tenures covering 3,554.8 hectares lying south of south of Hanson Lake centred at 54°13' 14" North Latitude 125°02' 45" West Longitude. The tenures are largely in the southeast corner of NTS map sheet 93K/6.

Further information with respect to the Hanson Property is contained in the Technical Report on the Hanson Property co-authored by Donald G. MacIntyre, Ph.D., P. Eng. and by Richard Kemp, B.Sc., P.Geo., each a Qualified Person (as defined in National Instrument 43-101), prepared in accordance with the requirements of NI 43-101, a copy of which is available for review under Stone Ridge's profile at www.sedar.com.

To exercise its option to acquire a 100% interest in the Hanson Property, pursuant to the terms of the Property Option Agreement, Stone Ridge agreed to pay an aggregate \$161,220 and to issue an aggregate 630,000 Stone Ridge Shares to the Optionors and incur an aggregate minimum \$2,600,000 in exploration expenditures on the Hanson Property in stages over a period of four years.

To date, Stone Ridge has paid a total of \$26,220 and issued 125,000 Stone Ridge Shares to the Optionors and has incurred \$154,066 in exploration expenditures on the Hanson Property pursuant to the Property Option Agreement. In 2017 Stone Ridge terminated the Property Option Agreement and completed a write off all of its investment in the Hanson Property.

DIVIDENDS OR DISTRIBUTIONS

Stone Ridge has neither declared nor paid any dividends on its common shares (the “**Common Shares**”). Stone Ridge intends to retain its earnings to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Selected Annual Information

The following table sets forth selected financial information from the audited interim financial statements for the financial years ended February 28, 2017, February 29, 2016 and February 28, 2015. This summary financial information should only be read in conjunction with Stone Ridge’s financial statements, including the notes thereto, copies of which are attached as Schedule “

(\$000’s except loss per share)	February 28, <u>2017</u>	February 29 <u>2016</u>	February 28, <u>2015</u>
Revenue	\$ 0	\$ 0	\$ 0
Net Loss	\$ (187)	\$ (241)	\$ (61)
Basic and Diluted Loss Per Share	\$ (0.02)	\$ (0.02)	\$ (0.01)
Total Assets	\$ 213	\$ 149	\$ 134
Long-Term Debt	\$ 0	\$ 0	\$ 0
Dividends	\$ 0	\$ 0	\$ 0

OPERATIONS

Nine month period ended November 30, 2017

During the nine months ended November 30, 2017 Stone Ridge reported a net loss of \$312,546 (2016 - \$140,353). Included in the determination of operating loss was \$13,500 (2016 - \$17,052) spent on rent, \$51,750 (2016 - \$51,750) on management and administration, \$39,866 (2016 - \$28,394) on professional fees, \$14,183 (2016 - \$21,102) and on transfer agent and filing fees, \$595 (2016 - \$6,404) on travel and promotion and \$1,297 (2016 - \$15,651) on office and miscellaneous. During the period Stone Ridge also incurred a loss of \$191,355 on the write off of exploration and evaluation assets.

Fiscal year ended February 28, 2017

During the fiscal year ended February 28, 2017 Stone Ridge reported a net loss of \$186,895 (2016 - \$241,442). Included in the determination of operating loss was \$22,463 (2016 - \$50,052) spent on rent, \$74,000 (2016 - \$46,000) on management and administration, \$40,223 (2016 - \$93,977) on professional fees, \$23,859 (2016 - \$7,856) and on transfer agent and filing fees, \$6,677 (2016 - \$5,059) on travel and

promotion and \$19,673 (2016 - \$3,961) on office and miscellaneous Stone Ridge also incurred a stock base compensation of \$Nil (2016 - \$64,537).

Liquidity and Capital Resources

Stone Ridge's cash and cash equivalents at November 30, 2017 was \$5 compared to \$26 at February 28, 2017.

Off-Balance Sheet Arrangements

Stone Ridge has not entered into any off-balance sheet arrangements.

DESCRIPTION OF THE SECURITIES BEING DISTRIBUTED

The authorized share capital of the Stone Ridge consists of unlimited Common Shares without par value. As of the date of this Circular, 31,193,500 Common Shares were issued and outstanding as fully paid and non assessable shares.

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Stone Ridge and each Common Share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of Stone Ridge. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of Stone Ridge, are entitled to receive such dividends in any financial year as the board of directors of Stone Ridge may by resolution determine. In the event of the liquidation, dissolution or winding-up of Stone Ridge, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of Stone Ridge, the remaining property and assets of Stone Ridge.

CONSOLIDATED CAPITALIZATION

The following table summarizes the changes Stone Ridge's capitalization as of November 30, 2017 and at the date of this Circular:

Description	Authorized Amount	Authorized at the date of this Circular	Outstanding as at November 30, 2017 (unaudited)	Outstanding at the date of this Circular (Unaudited)
Common Shares	Unlimited	Unlimited	16,235,000	31,193,500 ⁽¹⁾
Stock Options	⁽²⁾	⁽²⁾	400,000 ⁽³⁾	400,000 ⁽³⁾
Warrants	N/A	N/A	550,000 ⁽⁴⁾	9,325,000 ⁽⁵⁾
Long Term Debt	Nil	Nil	Nil	Nil

⁽¹⁾ Subsequent to November 30, 2017, Stone Ridge issued a total of 15,358,500 Common Shares, 508,500 of which were issued pursuant to the exercise of agent's warrants granted in connection with Stone Ridge's 2016 initial public offering and 14,850,000 of which were issued pursuant to a private placement completed in January, 2018;

⁽²⁾ Stone Ridge has a rolling stock option plan pursuant to which stock options may be granted up to a maximum amount of 10% of Stone Ridge's issued and outstanding capital from time to time.

⁽³⁾ Exercisable at a price of \$0.10 per Stone Ridge share until May 4, 2020.

⁽⁴⁾ Exercisable at a price of \$0.10 per Stone Ridge share until April 13, 2018.

- (5) Includes the warrants described in footnote (4) above. Also includes 7,425,000 warrants exercisable at a price of \$0.10 per Stone Ridge share until January 12, 2019; and 1,350,000 warrants exercisable at a price of \$0.05 per Stone Ridge share until January 12, 2019

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

The following table sets forth details of the Common Shares of Stone Ridge that held in escrow and which will be released from escrow in three equal amounts in April, 2018, October 2018 and April 2019:

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	2,250,000	7.2%

PRINCIPAL SECURITY HOLDERS AND SELLING SECURITYHOLDERS

To the knowledge of the directors and senior officers of Stone Ridge, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the outstanding voting rights of Stone Ridge/

DIRECTORS AND EXECUTIVE OFFICERS

The following are the names and municipalities of residence of the directors, officers and promoters of Stone Ridge, their positions and offices with Stone Ridge and their principal occupations during the last five years.

Name and Municipality of Residence	Position with Stone Ridge	Age	Security Holdings
Robert Coltura ⁽¹⁾ Langley, British Columbia	President, Chief Executive Officer, Chief Financial Officer and Director	53	2,500,000 ⁽²⁾
Stephen B. Butrenchuk ⁽¹⁾ Lethbridge, Alberta	Director	74	200,000
Matthew Coltura ⁽¹⁾ Langley, British Columbia	Director	25	200,000

⁽¹⁾ Member of the Audit Committee.

⁽²⁾ Includes 1,000,000 Common Shares held by Matalia Investments Ltd., a private company controlled by Robert Coltura.

The directors and officers of Stone Ridge currently own or control, directly or indirectly, 2,900,000 Common Shares or 9.3% of the issued and outstanding Common Shares.

The following is a brief description of the background of the directors and officers of Stone Ridge:

Robert Coltura – President, Chief Executive Officer, Director and Promoter

Mr. Coltura is President, Chief Executive Officer and a director of Stone Ridge and provides his services to Stone Ridge on a part time basis. He has served Stone Ridge as President, Chief Executive Officer and a director since January 26, 2012. Mr. Coltura is a businessman and is President and principal shareholder

of Matalia Investments Ltd., a company that provides management consulting, corporate finance and investor relations services to public and private companies. Mr. Coltura has over 20 years' experience with various public companies, holding positions of officer and director of several public companies. Mr. Coltura is also President of Coltura Financial Corp. and Coltura Properties, which has commercial properties and hotels in British Columbia and the United States.

Stephen B. Butrenchuk – Director

Mr. Butrenchuk is a director of Stone Ridge and provides his services to Stone Ridge on a part time basis. He has served as a director of Stone Ridge since March 10, 2015. Mr. Butrenchuk received his B.Sc and M.Sc in Geology from the University of Manitoba and is a P.Geo. registered in the Province of British Columbia. He was first employed by Cominco Ltd. where he spent 16 years as an exploration geologist, was under contract to the B.C. Geological Survey for four years and most recently was engaged as a Consulting Geologist with several junior mineral exploration companies. Mr. Butrenchuk is currently a director and/or officer of several reporting issuers.

Matthew Coltura – Director

Mr. Coltura is a director of Stone Ridge and provides his services to Stone Ridge on a part time basis. He has served as a director of Stone Ridge since March 10, 2015. Mr. Coltura is a graduate of Okanagan College and holds a BA in Finance and is employed by GDIRECT Finance.

Other Reporting Issuer Experience

The following table sets out the directors, officers and promoter(s) of Stone Ridge that are, or have been within the last five years, directors, officers or promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction:

Name of Director, Officer or Promoter	Name of Reporting Issuer	Market	Position	Term From – To
Robert Coltura	Graphene 3D Labs Inc.	TSXV	Director	June 2011 – May 2016
	Portola Resources Inc.	TSXV	Director	June 2011 – July 2016
	Golden Peak Minerals Inc.	TSXV	Director	March 2011 – June 2016
			President and CEO	April 2011 – June 2016
	Turquoise Capital Corp.	TSXV	Director	March 13 – May 2014
	Pacific Potash Corp.	TSXV	Director	June 2013 – October 2013
	GMV Minerals Inc.	TSXV	Director	April 2014 - Present
	Portofinio Resources Inc.	TSXV	President and CEO	March 2012 – October 2016
			Director	March 2012 – November 2016
	Montego Resources Inc.	CSE	Director, President and CEO	July 2012 – October 2016
PreveCeutical Medical Holdings Inc. (formerly Carrara Exploration Corp.)	CSE	CFO	December 2014 – June 2017	
		Director	December 2014 – May 2017	
Four Rivers Ventures	TSXV	Director	June 2016 – November 2016	

Name of Director, Officer or Promoter	Name of Reporting Issuer	Market	Position	Term From – To
	APAC Resources Inc.	CSE	Director, President and CEO	May 2016 – January 2018
Stephen B. Butrenchuk	Anfield Energy Inc. (formerly Anfield Resources Inc.)	TSXV	Director	June 2010 - present
	PreveCeutical Medical Holdings Inc. (formerly Carrara Exploration Corp.)	CSE	Director	December 2014 – July 2017
Matthew Coltura	PreveCeutical Medical Holdings Inc. (formerly Carrara Exploration Corp.)	CSE	Director	December 2014 - present
	Cayenne Capital Corp.	CSE	Director and CFO	September 2016 - present

Cease trade orders, bankruptcies, penalties or sanctions

To the knowledge of Stone Ridge, no director or proposed director of Stone Ridge is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including Stone Ridge, that while that person was acting in that capacity:

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

Individual Bankruptcies

To the knowledge of Stone Ridge, no director or proposed director of Stone Ridge has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Penalties or Sanctions

To the knowledge of Stone Ridge, no proposed director of Stone Ridge has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Conflicts of Interest

The directors of Stone Ridge are required by law to act honestly and in good faith with a view to the best interests of Stone Ridge and to disclose any interests, which they may have in any project or opportunity of Stone Ridge. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

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

EXECUTIVE COMPENSATION

For purposes of this Circular, "named executive officer" of Stone Ridge means an individual who, at any time during the year, was:

- (a) Stone Ridge's chief executive officer ("**CEO**");
- (b) Stone Ridge's chief financial officer ("**CFO**");
- (c) each of Stone Ridge'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 and whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of Stone Ridge, nor acting in a similar capacity, at the end of the most recently completed financial year;

(each a "**Named Executive Officer**" or "**NEO**").

Based on the foregoing definition, during the last completed financial year of Stone Ridge, there were two (2) Named Executive Officers, namely, its President and Chief Executive Officer, Robert Coltura, and its former Chief Financial Officer, Jerry A. Minni.

Compensation Discussion and Analysis

In assessing the compensation of its executive officers, Stone Ridge does not have in place any formal objectives, criteria or analysis; instead, it relies mainly on discussions at the Board level.

Stone Ridge's executive compensation program has three principal components: base salary, incentive bonus plan and incentive stock options.

The determination and administration of base salaries or incentive bonuses, or both, are discussed in greater detail below. When appropriate to do so, incentive bonuses in the form of cash payments, are designed to add a variable component of compensation, in addition to stock options, based on corporate and individual performances for Named Executive Officers, and may or may not be awarded in any financial year. Stone Ridge has no other forms of compensation for its NEOs, although payments may be made from time to time to individuals who are NEOs or companies they control, for the provision of consulting services. Such consulting services are paid for by Stone Ridge at competitive industry rates for work of a similar nature by reputable arm's length services providers.

Stone Ridge notes that it is in an exploration phase with respect to its properties, has to operate with limited financial resources, and must control costs to ensure that funds are available to complete

scheduled exploration programs and otherwise fund its operations. The Board has to consider the current and anticipated financial position of Stone Ridge at the time of any compensation determination. The Board has attempted to keep the cash compensation paid to Stone Ridge's NEOs relatively modest, while providing long-term incentives through the granting of stock options.

Stone Ridge's executive compensation program is administered by the Board of Directors and is designed to provide incentives for the enhancement of shareholder value. The overall objectives are to attract and retain qualified executives critical to the success of Stone Ridge, to provide fair and competitive compensation, to align the interest of management with those of the Shareholders and to reward corporate and individual performance. Stone Ridge's compensation package has been structured in order to link shareholder return, measured by the change in the share price, with executive compensation through the use of incentive stock options as the primary element of variable compensation for its Named Executive Officers. Stone Ridge does not currently offer long-term incentive plans or pension plans to its Named Executive Officers.

Stone Ridge bases the compensation for a NEO on the years of service with Stone Ridge, responsibilities of each officer and their duties in that position. Stone Ridge also bases compensation on the performance of each officer. Stone Ridge believes that stock options can create a strong incentive to the performance of each officer and is intended to recognize extra contributions and achievements towards the goals of Stone Ridge.

The Board, when determining cash compensation payable to a NEO, takes into consideration their experience in the mining industry, as well as their responsibilities and duties and contributions to Stone Ridge's success. Named Executive Officers receive a base cash compensation that Stone Ridge feels is in line with that paid by similar companies in North America, subject to Stone Ridge's financial resources; however no formal survey was completed by the Board.

In performing its duties, the Board has considered the implications of risks associated with Stone Ridge's compensation policies and practices. At its early stage of development and considering its current compensation policies, Stone Ridge has no compensation policies or practices that would encourage an executive officer or other individual to take inappropriate or excessive risks. An NEO or director is permitted for his or her own benefit and at his or her own financial risk, to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units or exchange funds, that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Option-Based Awards

Stock options are granted to provide an incentive to the directors, officers, employees and consultants of Stone Ridge to achieve the longer-term objectives of Stone Ridge; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of Stone Ridge; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in Stone Ridge. Stone Ridge awards stock options to its executive officers based upon the recommendation of the Board. Previous grants of incentive stock options are taken into account when considering new grants.

Implementation of a new incentive stock option plan and amendments to the existing stock option plan are the responsibility of Stone Ridge's Board.

Summary Compensation Table

The following table sets forth the total compensation paid to or earned by the Named Executive Officers for Stone Ridge's three (3) most recently completed financial years:

Name and Principal Position	Year Ended	Salary (\$)	Share-based Awards (\$)	Option-based Awards ⁽¹⁾ (\$)	Non-equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Robert Coltura President and Chief Executive Officer	2017	Nil	Nil	Nil	Nil	Nil	Nil	\$39,000 ⁽²⁾	\$39,000
	2016	Nil	Nil	Nil	Nil	Nil	Nil	\$23,000 ⁽²⁾ \$20,052 ⁽⁴⁾	\$43,052
	2015	Nil	Nil	Nil	Nil	Nil	Nil	\$18,000 ⁽²⁾ \$9,000 ⁽⁴⁾	\$27,000
Jerry A. Minni ⁽⁷⁾ Former Chief Financial Officer	2017	N/A	N/A	N/A	N/A	N/A	N/A	\$30,000 ⁽³⁾ \$22,000 ⁽⁵⁾ \$15,000 ⁽⁶⁾	\$67,000
	2016	N/A	N/A	N/A	N/A	N/A	N/A	\$23,000 ⁽³⁾ \$21,275 ⁽⁵⁾	\$44,275
	2015	N/A	N/A	N/A	N/A	N/A	N/A	\$18,000 ⁽³⁾ \$3,990 ⁽⁵⁾	\$21,990

(1) The fair value of stock options granted during the last financial year is based on the difference between the exercise price of the stock options granted, and the last closing price of Stone Ridge's shares on the trading date immediately preceding the dates of grant of the stock options, as a reasonable estimate of the benefit conferred at the time of the grant.

(2) Matalia Investments Ltd., a private company controlled by Robert Coltura, provided management and administrative services to Stone Ridge for a monthly fee.

(3) J.A. Minni & Associates Inc., a private company controlled by Jerry A. Minni, provided management and administrative services to Stone Ridge for a monthly fee.

(4) Matalia Investments Ltd., a private company controlled by Robert Coltura, provided office premises and corporate secretarial services to Stone Ridge.

(5) J.A. Minni & Associates Inc., a private company controlled by Jerry A. Minni, provided accounting services to Stone Ridge.

(6) Earls Cove Financial Corp., a private company controlled by Jerry A. Minni, provided office premises to Stone Ridge.

(7) Jerry A. Minni resigned as Chief Financial Officer of Stone Ridge on April 6, 2017.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth the options granted to the Named Executive Officers to purchase or acquire securities of Stone Ridge outstanding at the end of the two (2) most recently completed financial years.

Name	Year Ended	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-money Options (\$) ⁽¹⁾
Robert Coltura	2017	200,000	\$0.10	May 5, 2020	Nil
	2016	200,000	\$0.10	May 5, 2020	Nil
Jerry A. Minni	2017	200,000	\$0.10	May 5, 2020	Nil
	2016	200,000	\$0.10	May 5, 2020	Nil

(1) The aggregate dollar value of the in-the-money unexercised vested options held at the end of the last financial year, based on the difference between the market value of the shares at the financial year end, and the exercise price.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to Named Executive Officers during the two (2) most recently completed financial years:

Name	Year Ended	Option-based Awards – Value Vested During the Year (\$)	Non-equity Incentive Plan Compensation – Value earned During the Year (\$)
Robert Coltura	2017	Nil	Nil
	2016	Nil	Nil
Jerry A. Minni	2017	Nil	Nil
	2016	Nil	Nil

Termination and Change of Control Benefits

Stone Ridge does not have any agreement that provides termination and change of control benefits to its directors and officers.

Director Compensation

Director Compensation Table

The following table sets forth the value of all compensation provided to directors, not including those directors who are also Named Executive Officers, for Stone Ridge's two (2) most recently completed financial years.

Name	Year Ended	Fees Earned	Option-based Awards ⁽¹⁾ (\$)	All Other Compensation (\$)	Total (\$)
Stephen B. Butrenchuk	2017	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil
Matthew Coltura	2017	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth the options granted to the directors of Stone Ridge, not including those directors who are also Named Executive Officers, to purchase or acquire securities of Stone Ridge outstanding at the end of the two (2) most recently completed financial years:

Name	Year Ended	Option-based Awards - Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-money Options (\$)
Stephen B. Butrenchuk	2017	200,000	\$0.10	May 5, 2020	Nil
	2016	200,000	\$0.10	May 5, 2020	Nil
Matthew Coltura	2017	200,000	\$0.10	May 5, 2020	Nil
	2016	200,000	\$0.10	May 5, 2020	Nil

⁽¹⁾ The aggregate dollar value of the in-the-money unexercised vested options held at the end of the last financial year, based on the difference between the market value of the shares at the financial year end, and the exercise price.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value vested or earned during the year of option-based awards and non-equity incentive plan compensation paid to the directors of Stone Ridge, not including those directors

who are also Named Executive Officers, during the financial years ended February 29, 2016 and February 28, 2017:

Name	Year Ended	Option-based Awards – Value Vested During the Year (\$)	Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)
Stephen B. Butrenchuk	2017	Nil	Nil
	2016	Nil	Nil
Matthew Coltura	2017	Nil	Nil
	2016	Nil	Nil

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than routine indebtedness for travel and other expense advances, no director, executive officer or senior officer of Stone Ridge or any associate of any of them, was indebted to Stone Ridge as at November 30, 2017, or is currently indebted to Stone Ridge.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

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

Audit Committee Charter

Please see Stone Ridge’s Audit Committee Charter, attached as Appendix 1 to this Schedule “M”.

Composition of Audit Committee

The following are the current members of the Audit Committee, as of the date of this Circular:

Name	Independence ⁽¹⁾	Financial Literacy ⁽²⁾
Robert Coltura	Not Independent	Financially literate
Stephen B. Butrenchuk	Independent	Financially literate
Matthew Coltura	Independent	Financially literate

⁽¹⁾ A member of an audit committee is independent if the member has no direct or indirect material relationship with Stone Ridge, which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member’s independent judgment.

⁽²⁾ An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Stone Ridge’s financial statements.

Relevant Education and Experience

The relevant education and/or experience of each member of the Audit Committee is as follows:

Robert Coltura: Mr. Coltura is the President of Matalia Investments Ltd. and is a director of several public companies and serves as a member of the audit committee of several reporting issuers and is familiar with the financial reporting requirements applicable to public companies in Canada.

Stephen B. Butrenchuk: Mr. Butrenchuk has been a self-employed consulting geologist since 1994 and is a director of several public companies and serves as a member of the audit committee of several reporting issuers and is familiar with the financial reporting requirements applicable to public companies in Canada.

Matthew Coltura: Mr. Coltura has completed a two year diploma program at Okanagan College, Kelowna and holds a Business Administration Diploma with an accounting option from that institution. Additionally, Mr. Coltura enrolled in the Bachelor of Business Administration program (a four year degree program) offered by Okanagan College and anticipates graduating from such study program with a B.B.A. degree (specializing in Finance) in May, 2017.

Audit Committee Oversight

At no time since the commencement of Stone Ridge's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of Stone Ridge's most recently completed financial year has Stone Ridge relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of National Instrument 52-110.

Pre-Approval Policies and Procedures

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

External Auditor Service Fees

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

Financial Year Ending February 29/February 28	Audit Fees	Audit Related Fees	Tax Fees	All other Fees
2017	\$22,000	Nil	Nil	Nil
2016	\$18,500	Nil	Nil	Nil

Corporate Governance

General

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

Board of Directors

The Board facilitates its exercise of independent supervision over Stone Ridge’s management through frequent meetings of the Board.

The Board is comprised of three (3) directors, of whom each of Stephen B. Butrenchuk and Matthew Coltura are independent for the purposes of NI 58-101. Robert Coltura is not independent since he serves as the President, Chief Executive Officer and Chief Financial Officer of Stone Ridge.

Orientation and Continuing Education

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

Ethical Business Conduct

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

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board’s duties effectively and to maintain a diversity of view and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by Stone Ridge, this policy will be reviewed.

Compensation Governance

Stone Ridge does not have a separate Compensation Committee, so the entire Board comprises the Compensation Committee, and is responsible for, among other things, evaluating the performance of Stone Ridge’s executive officers, determining or making recommendations with respect to the compensation of Stone Ridge’s executive officers, making recommendations with respect to director compensation, incentive compensation plans and equity-based plans, making recommendations with respect to the compensation policy for the employees of Stone Ridge or its subsidiaries and ensuring that Stone Ridge is in compliance with all legal requirements with respect to compensation disclosure. In

performing its duties, the Board has the authority to engage such advisors, including executive compensation consultants, as it considers necessary.

The Board is currently composed of Robert Coltura, Stephen B. Butrenchuk and Matthew Coltura. Each of Stephen B. Butrenchuk and Matthew Coltura are independent directors within the meaning set out in NI 58-101. Robert Coltura is not independent as he serves as Stone Ridge's President, Chief Executive Officer and Chief Financial Officer. All three members of the Board are experienced participants in business or finance, and have sat on the board of directors of other companies, charities or business associations, in addition to the Board of Stone Ridge.

The Board does not have a pre-determined compensation plan. Stone Ridge does not engage in benchmarking practices and the process for determining executive compensation is at the discretion of the Board.

The Board has not engaged the services of independent compensation consultants to assist it by making recommendations to the Board with respect to director and executive officer compensation.

Other Board Committees

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

Assessments

Due to the minimal size of Stone Ridge's Board of directors, no formal policy has been established to monitor the effectiveness of the directors.

RISK FACTORS

Insufficient Capital

Stone Ridge does not currently have any revenue producing operations and may, from time to time, report a working capital deficit. To maintain its activities, Stone Ridge will require additional funds which may be obtained either by the sale of equity capital or by entering into an agreement with a third party providing such funding. There is no assurance that Stone Ridge will be successful in obtaining such additional financing.

Financing Risks

Stone Ridge has no history of significant earnings and, due to the nature of its business, there can be no assurance that Stone Ridge will be profitable. Stone Ridge has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to Stone Ridge is through the sale of its equity shares. While Stone Ridge may generate additional working capital through further equity offerings, there is no assurance that any such funds will be available on terms acceptable to Stone Ridge, or at all. If available, future equity financing may result in substantial dilution to Stone Ridge's shareholders. At present it is impossible to determine what amounts of additional funds, if any, may be required.

Resale of Shares

The continued operation of Stone Ridge will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If Stone Ridge is unable to generate such revenues or obtain such additional financing, any investment in Stone Ridge may be lost. In such event, the probability of resale of the shares purchased would be diminished.

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 Stone Ridge in creating revenues, cash flows or earnings. The value of Common Shares distributed hereunder will be affected by such volatility.

Negative Operating Cash Flow

Stone Ridge has negative operating cash flow and has incurred losses since its founding. The losses and negative operating cash flow are expected to continue for the foreseeable future as funds are expended on the Stone Ridge's business activities and on administrative costs. Stone Ridge cannot predict when it will reach positive operating cash flow.

Management

The success of Stone Ridge is currently largely dependent on the performance of its officers. The loss of the services of these persons will have a materially adverse effect on Stone Ridge's business and prospects. There is no assurance Stone Ridge can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on Stone Ridge and its prospects.

PROMOTERS

Robert Coltura and Jerry A. Minni are considered promoters of Stone Ridge in that they took the initiative in organizing Stone Ridge. As of the date of this Circular, Robert Coltura holds, directly and indirectly, 2,500,000 Common Shares representing 8.0% of Stone Ridge's issued and outstanding common shares. As of the date of this Circular, Jerry A. Minni currently holds, directly and indirectly, 3,100,000 Common Shares representing 9.9 % of Stone Ridge's issued and outstanding Common Shares.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Matalia Investments Ltd., a private company controlled by Robert Coltura, President, Chief Executive Officer and a Director of Stone Ridge, was paid \$39,000 for management and administrative services to Stone Ridge for the financial year ended August February 28, 2017.

Except as set out above, the directors, senior officers and principal shareholders of Stone Ridge or any associate or affiliate of the foregoing have had no material interest, direct or indirect, in any transactions in which Stone Ridge has participated within the three year period prior to the date of this Circular, or will have any material interest in any proposed transaction, which has materially affected or will materially affect Stone Ridge.

AUDITOR, TRANSFER AGENTS AND REGISTRARS

The auditor of Stone Ridge is Manning Elliott LLP, Chartered Accountants, of 11th Floor, 1050 West Pender Street, Vancouver, British Columbia, Canada, V6E 3S7.

The registrar and transfer agent of Stone Ridge is TSX Trust Company of Suite 2700, 650 West Georgia Street, Vancouver, British Columbia, V6B 4N9.

MATERIAL CONTRACTS

Since incorporation, the only material contracts entered into by Stone Ridge, other than contracts entered into in the ordinary course of business, are as follows:

1. Property Option Agreement dated January 26, 2012, as amended, among Stone Ridge, KGE Management Ltd. and John Chapman (see *"Information Concerning Stone Ridge – General Development of Business"*).
2. Arrangement Agreement dated February 7, 2018 between Stone Ridge and Sproutly.
3. Amended and Restated Arrangement Agreement dated March 20, 2018 between Stone Ridge and Sproutly (see Schedule "B" to the Circular).

OTHER MATERIAL FACTS

Under the terms of the Arrangement Agreement, Stone Ridge has agreed to complete a share consolidation on the basis of two (2) pre-Consolidation Common Shares for one (1) Post-Consolidation Common Shares.

To management's knowledge, there are no other material facts about the Transaction and the Consolidation that are not otherwise disclosed in this Circular, or are necessary in order for the Circular to contain full, true and plain disclosure of all material facts relating to the Transaction.

**APPENDIX 1
TO SCHEDULE M
“Information Concerning Stone Ridge”**

Audit Committee Charter

1. Purpose of the Committee

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

2. Members of the Audit Committee

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

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

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

3. Relationship with External Auditors

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

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

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

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

4. Non-Audit Services

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

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

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

5. Appointment of Auditors

- 5.1 The external auditors will be appointed each year by the shareholders of Stone Ridge at the annual general meeting of the shareholders.
- 5.2 The Audit Committee will nominate the external auditors for appointment, such nomination to be approved by the Board of Directors.

6. Evaluation of Auditors

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

7. Remuneration of the Auditors

- 7.1 The remuneration of the external auditors will be determined by the Board of Directors, upon the annual authorization of the shareholders at each general meeting of the shareholders.
- 7.2 The remuneration of the external auditors will be determined based on the time required to complete the audit and preparation of the audited financial statements, and the difficulty of the audit and performance of the standard auditing procedures under generally accepted auditing standards and generally accepted accounting principles of Canada.

8. Termination of the Auditors

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

9. Funding of Auditing and Consulting Services

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

10. Role and Responsibilities of the Internal Auditor

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

11. Oversight of Internal Controls

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

12. Continuous Disclosure Requirements

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

13. Other Auditing Matters

- 13.1 The Audit Committee may meet with the Auditors independently of the management of Stone Ridge at any time, acting reasonably.
- 13.2 The Auditors are authorized and directed to respond to all enquiries from the Audit Committee in a thorough and timely fashion, without reporting these enquiries or actions to the Board of Directors or the management of Stone Ridge.

14. Annual Review

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

15. Independent Advisers

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

SCHEDULE "N"

INFORMATION CONCERNING THE RESULTING ISSUER

(SEE ATTACHED)

INFORMATION CONCERNING THE RESULTING ISSUER

The following information, is presented on a post-Transaction basis (except where otherwise indicated) and is reflective of the current business, financial and share capital position of the Resulting Issuer. All capitalized terms used in this Schedule "N" and not defined herein have the meaning ascribed to such terms in the "Glossary of Defined Terms" or elsewhere in the Circular. See "Information Concerning the Resulting Issuer" in the Circular for additional information on the Resulting Issuer on a post-Transaction basis.

CORPORATE STRUCTURE

Upon completion of the Transaction, the Resulting Issuer expects to change its name from "Stone Ridge Exploration Corp." to "Sproutly, Inc." and continue as a company existing under the BCBCA.

The Resulting Issuer will continue to be a reporting issuer in British Columbia, Alberta and Ontario and expects to be listed on the CSE under the trading symbol "SPR", or such other symbol as accepted by the CSE. It is a condition precedent of Stone Ridge and Sproutly to the completion of the Transaction that the CSE provides conditional approval of the Arrangement and the listing of the Resulting Issuer Shares.

The head office of the Resulting Issuer will be at Sproutly's current head office located at #1050 – 1095 W. Pender Street, Vancouver, BC V6E 2M6. The registered and records office will be located at 10th Floor, 595 Howe Street, Vancouver, BC V6T 2T5.

INTERCORPORATE RELATIONSHIPS

The Resulting Issuer will hold 100% of the issued and outstanding shares of Sproutly and Sproutly will be a wholly-owned subsidiary of the Resulting Issuer. THR will be a wholly-owned subsidiary of Sproutly.

DIVIDENDS

On completion of the Transaction, the Resulting Issuer anticipates that it will retain all of its future earnings, if any, for use in the development and expansion of its business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of the board of directors of the Resulting Issuer (the "**Resulting Issuer Board**").

DESCRIPTION OF SHARE CAPITAL

The Resulting Issuer is authorized to issue an unlimited number of Resulting Issuer Shares without par value. A summary of the rights of the Resulting Issuer Shares is set forth below.

Dividends

The holders of Resulting Issuer Shares are entitled to receive dividends if, as and when declared by the Resulting Issuer Board out of the assets of the Resulting Issuer properly applicable to the payment of dividends in such amounts and payable in such manner as the Resulting Issuer Board may from time to time determine.

Voting

The holders of Resulting Issuer Shares shall be entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Resulting Issuer and to one vote in respect of each Resulting Issuer Share held at all such meetings.

Liquidation

In the event of the dissolution, liquidation, or winding up of the Resulting Issuer or other distribution of assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, the holders of the Resulting Issuer Shares will be entitled to receive, after distribution in full of the preferential amounts, if any, all of the remaining assets available for distribution rateably in proportion to the number of Resulting Issuer Shares held by them.

PRO FORMA CAPITALIZATION

Consolidated Capitalization

The following table sets forth the Resulting Issuer's consolidated capitalization as of the date of the Circular, on a pro forma basis, both before and after giving effect to the Transaction:

Description	As at November 30, 2017 (unaudited)	As at April 30, 2018 after giving effect to the Transaction
Resulting Issuer Shares	16,235,000	121,957,053
Resulting Issuer Options	400,000	7,302,811 ⁽¹⁾
Resulting Issuer Warrants	550,000	14,962,716 ⁽²⁾
Convertible Debt	Nil	\$306, 976
Debt	Nil	\$250,000

⁽¹⁾ Inclusive of 7,102,811 Sproutly Options.

⁽²⁾ Inclusive of 10,354,466 Sproutly Warrants.

OPTIONS TO PURCHASE SECURITIES

Upon completion of the Transaction, assuming no Sproutly or Stone Ridge convertible securities are exercised, approximately 7,302,811 Resulting Issuer Options and 14,962,716 Resulting Issuer Warrants will be issued and outstanding.

The following table sets forth information with respect to the outstanding Resulting Issuer Options that have been issued to directors, employees and consultants of the Resulting Issuer, each as a group:

Convertible Securityholders as a Group	Number of Resulting Issuer Options	Number of Resulting Issuer Warrants
Directors	6,849,139 ⁽¹⁾	484,375 ⁽²⁾
Executive Officers	4,895,866	125,000
Employees	263,672	Nil
Consultants	Nil	Nil

⁽¹⁾ Includes options held by Aman Bains and Keith Dolo, as a group.

⁽²⁾ Includes warrants held by Aman Bains and Keith Dolo, as a group.

PRINCIPAL SECURITYHOLDERS AND SELLING SECURITYHOLDERS

Other than as described below, to the knowledge of Sproutly and Stone Ridge, after the completion of the Transaction, no person or company will beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the issued and outstanding Resulting Issuer Shares.

Name and Relationship to Resulting Issuer	No. of Resulting Issuer Shares Beneficially Owned	Percentage of Outstanding Resulting Issuer Shares
Aman Bains Director	12,559,027 ⁽¹⁾	10.30%

⁽¹⁾ Includes 6,299,530 Resulting Issuer Shares held through 0788286 B.C. Ltd., 4,838,934 Resulting Issuer Shares held through Bray Limited Partnership and 1,420,562 Resulting Issuer Shares held by Aman's wife, Gursarup Ruby Bains.

EXECUTIVE OFFICERS AND DIRECTORS

Name, Occupation and Security Holding

The following table sets forth information with respect to the directors and executive officers of the Resulting Issuer, including their respective provinces or states and countries of residence, their position(s) with the Resulting Issuer, their principal occupations for the last five years, the dates on which they first became directors or officers of the Resulting Issuer, and the number of the Resulting Issuer Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by such persons or such persons' respective associates or affiliates.

The directors hold office until the next annual meeting of the Resulting Issuer or until they otherwise cease to hold office in accordance with the Resulting Issuer's Articles of Incorporation.

Name, Province/State and Country of Residence	Position with the Corporation	Principal Occupation During the Past Five Years	Period as Director and/or Officer	Number and Percentage of Common Shares Held⁽¹⁾
Keith Dolo British Columbia, Canada	Chief Executive Officer, President & Director	Mr. Dolo was employed by Robert Half Finance & Accounting from 2003 to 2017, most recently as a Vice President	April 30, 2018	1,264,687 1.04%
Craig Loverock Ontario, Canada	Chief Financial Officer	Mr. Loverock was employed as Chief Financial Officer of Contagious Gaming Inc., a TSXV listed company, since December 2015. Mr. Loverock has served as President of Loverock Consulting since May 2015. Mr. Loverock served as Chief Financial Officer of Voice TRrust eServices from November 2012 to May 2015. He served as Chief Financial Officer and Chief Compliance Officer of Quartz Capital Group from November 2012 to October 2014	April 30, 2018	81,175 0.07%
Karin Studer British Columbia, Canada	Chief Operating Officer	Ms. Studer was the Managing Partner of Bray Partners Inc. from February 2014 to February 2017, Owner & Primary Consultant at Studer Consulting from February 2013 to January 2014 and Director of Retail Operations of Coast Capital Savings from April 2006 to January 2013	April 30, 2018	981,836 0.81%
Aman Bains British Columbia, Canada	Director	Mr. Bains is currently the Managing Director of Bray Partners Inc., the general partner of Bray Limited Partnership	April 30, 2018	12,559,027 ⁽²⁾ 10.30%

⁽¹⁾ Based on 121,957,053 Resulting Issuer Shares issued and outstanding after the completion of the Arrangement, assuming that no Sproutly or Stone Ridge convertible securities are exercised.

⁽²⁾ Includes 6,299,530 Resulting Issuer Shares held through 0788286 B.C. Ltd., 4,838,934 Resulting Issuer Shares held through Bray Limited Partnership and 1,420,562 Resulting Issuer Shares held by Aman's wife, Gursarup Ruby Bains.

Immediately after completion of the Transaction, the Resulting Issuer will appoint two additional directors to the Resulting Issuer Board, each of which will be appointed at the sole discretion of Sproutly.

As of the date of this Circular, the Resulting Issuer has not appointed any management committees of the Resulting Issuer Board. After completion of the Transaction, the Resulting Issuer Board may create such

management committees as it deems necessary and shall appoint the respective members of each committee in the ordinary course.

Upon completion of the Transaction, directors and executive officers of the Resulting Issuer, as a group, will beneficially own, or exercise control or direction, directly or indirectly, over an aggregate of 14,886,725 Resulting Issuer Shares representing 12.21% of the outstanding Resulting Issuer Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Resulting Issuer, none of the Resulting Issuer's directors or executive officers is, as at the date of this Circular, or has been, within ten years before the date of this Circular, a director, chief executive officer or chief financial officer of any corporation (including the Resulting Issuer) that:

- a) was subject to an Order (as defined below) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

"Order" means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant corporation access to any exemption under securities legislation and, in each case, that was in effect for a period of more than 30 consecutive days.

None of the Resulting Issuer's directors or executive officers or, to the Resulting Issuer's knowledge, any shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer:

- a) is, as at the date of this Circular, or has been within the 10 years before the date of this Circular, a director or executive officer of any corporation (including the Resulting Issuer) that, 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 the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any

proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder; or

- c) has been subject to:
- (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
 - (ii) 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.

Conflicts of Interest

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

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

For the purposes of this Schedule "N", a named executive officer ("**NEO**") of the Resulting Issuer means each of the following individuals:

- a) the Chief Executive Officer ("**CEO**") of the Resulting Issuer;
- b) the Chief Financial Officer ("**CFO**") of the Resulting Issuer;
- c) each of the three most highly compensated Executive Officers (as defined below), 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. "Executive Officer" means the chairman, and any vice-chairman, president, secretary or any vice-president and any officer of the Resulting Issuer or a subsidiary who performs a policymaking function in respect of the Resulting Issuer; and
- d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Resulting Issuer, nor acting in a similar capacity, at the end of that financial year.

On completion of the Arrangement, the Resulting Issuer have two NEOs pursuant to Form 51-102F6, namely:

- Keith Dolo, the proposed CEO; and
- Craig Loverock, the proposed CFO.

The Resulting Issuer does not have a compensation committee or a formal compensation policy. The Resulting Issuer relies solely on the Resulting Issuer Board to determine the compensation of the NEOs. In determining compensation, the Resulting Issuer Board considers industry standards and the Resulting Issuer's financial situation, but does not currently have any formal objectives or criteria. The performance of each executive officer is informally monitored by the Resulting Issuer Board, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer.

For additional information relating to the executive compensation of Stone Ridge, please see Schedule "M". For additional information relating to the executive compensation of Sproutly, please see Schedule "L".

Summary Compensation Table

The following table discloses an estimated summary of compensation to be paid to the Resulting Issuer's NEOs, comprising those persons named in the table below, for the upcoming financial year:

Name and Principal Position	Salary (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
		Annual incentive plans	Long-term incentive plans			
Keith Dolo <i>CEO</i>	\$200,000	\$50,000	-	-	-	\$250,000
Craig Loverock <i>CFO</i>	\$144,000	-	-	-	-	\$144,000

Incentive Plan Awards

As of the date of the Circular, The Resulting Issuer has not implemented a formal policy for granting equity incentives to its NEOs. The Resulting Issuer anticipates granting equity incentives in the normal course, at the discretion of the Resulting Issuer Board.

Defined Benefits Plans

The Resulting Issuer currently does not have a defined benefits pension plan.

Defined Contribution Plan

The Resulting Issuer currently does not have a defined contribution plan.

Deferred Compensation Plan

The Resulting Issuer currently does not have a deferred compensation plan.

Termination and Change of Control Benefits

Other than as described elsewhere in this Circular, there are no contracts, agreements, plans or arrangements that provide for payments to any current NEO at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Resulting Issuer or its subsidiary or a change in a NEO's responsibilities.

DIRECTOR COMPENSATION

To date, the Resulting Issuer has not paid any cash compensation to its directors in respect of their service as directors. However, the Resulting Issuer reimburses its directors for certain out-of-pocket expenses related to the directors' services as a member of the Resulting Issuer Board. It is anticipated that the Resulting Issuer Board will determine director compensation following the completion of the Arrangement.

Outstanding Option-Based Awards

The following table sets forth the outstanding option-based awards expected to be held by the directors of the Resulting Issuer, other than NEOs, upon completion of the Transaction, assuming no Sproutly or Stone Ridge convertible securities are exercised:

	Option-based Awards			
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in- the-money options (\$)
Aman Bains	962,500 ⁽¹⁾	0.50	March 25, 2027	\$166,028

⁽¹⁾ Represents 962,500 Sproutly Options held prior to the completion of the Transaction. Once fully exercised, Mr. Bains will receive 1,953,273 Resulting Issuer Shares.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Aggregate Indebtedness

To the Resulting Issuer's knowledge, as of the date of the Circular, there is no indebtedness owing to the Resulting Issuer from any of its current, or former, officers, directors, or employees, including in respect of indebtedness to others where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by the Resulting Issuer.

Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

To the Resulting Issuer's knowledge, as of the date of the Circular, no person who is, or at any time during the most recently completed financial year was, a director or executive officer of the Resulting Issuer, and no associate of any such director or officer is, or at any time since the beginning of the most recently completed financial year of the Resulting Issuer has been, indebted to, and no such persons owe a debt to another entity, which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by the Resulting Issuer.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

The Audit Committee of the Resulting Issuer will oversee the accounting and financial reporting processes of the Resulting Issuer and its subsidiaries and all audits and external reviews of the financial statements of the Resulting Issuer on behalf of the Resulting Issuer Board, and will have general responsibility for oversight of internal controls, accounting and auditing activities of the Resulting Issuer and its subsidiaries. All auditing services and non-audit services to be provided to the Resulting Issuer by the Resulting Issuer's auditors will be pre-approved by the Audit Committee. The Audit Committee will be responsible for examining all financial information, including annual and quarterly financial statements, prepared for securities commissions and similar regulatory bodies prior to filing or delivery of the same. The Audit Committee will also oversee the annual audit process, quarterly review engagements, the Resulting Issuer's internal accounting controls, any complaints and concerns regarding accounting, internal controls or auditing matters and the resolution of issues identified by the Resulting Issuer's external auditors. The Audit Committee will recommend to the Resulting Issuer Board the firm of independent auditors to be nominated for appointment by the Resulting Issuer's shareholders and the compensation of the auditors. The Audit Committee is expected to meet a minimum of four times per year. It is expected that the Resulting Issuer will continue to use Stone Ridge's current Audit Committee Charter, a copy of which is attached as Appendix 1 of Schedule "M" of the Circular.

Composition of Audit Committee

As of the date of this Circular, the Company has not appointed any directors to the Audit Committee of the Resulting Issuer Board. Immediately after completion of the Transaction, the Resulting Issuer Board will appoint the Audit Committee members and will ensure that the Audit Committee will meet the independence and financially literate requirements in accordance with National Instrument 52-110 – *Audit Committees* ("NI 52-110") and applicable securities laws.

Audit Committee Oversight

At no time since the commencement of the Resulting Issuer's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Resulting Issuer Board.

Reliance on Certain Exemptions

At no time since the commencement of the Resulting Issuer's most recently completed financial year has the Resulting Issuer relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Resulting Issuer Board to review the performance of the Resulting Issuer's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Resulting Issuer.

The Audit Committee is authorized to approve in writing any non-audit services or additional work which the Chairman of the Audit Committee deems is necessary, and the Chairman will notify the other

members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee's consideration, and if thought fit, approval in writing.

External Auditor Service Fees

For fees billed by Stone Ridge's external auditors in each of the last two financial years for audit and non-audit related services provided to Stone Ridge, please see Stone Ridge's "External Auditor Services Fees" disclosure in Schedule "M" of this Circular.

Corporate Governance

General

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

Board of Directors

The Resulting Issuer Board facilitates its exercise of independent supervision over the Resulting Issuer's management through frequent meetings of the Resulting Issuer Board.

The Resulting Issuer Board is comprised of two (2) directors, of whom Aman Bains is independent for the purposes of NI 58-101. Keith Dolo is not independent since he serves as the President and Chief Executive Officer of the Resulting Issuer. The Resulting Issuer Board will take independence into consideration when it appoints the two additional directors immediately upon closing of the Transaction.

Orientation and Continuing Education

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

Ethical Business Conduct

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

Nomination of Directors

The Resulting Issuer Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Resulting Issuer Board's duties effectively and to maintain a diversity of view and experience.

The Resulting Issuer Board does not have a nominating committee, and these functions are currently performed by the Resulting Issuer Board as a whole. However, if there is a change in the number of directors required by the Resulting Issuer, this policy will be reviewed.

Compensation Governance

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

The Resulting Issuer Board is currently composed of Aman Bains and Keith Dolo. Aman Bains is an independent director within the meaning set out in NI 58-101. Keith Dolo is not independent as he serves as the Resulting Issuer's President and Chief Executive Officer. All members of the Board are experienced participants in business or finance, and have sat on the board of directors of other companies, charities or business associations, in addition to the Resulting Issuer Board.

The Resulting Issuer Board does not have a pre-determined compensation plan. The Resulting Issuer does not engage in benchmarking practices and the process for determining executive compensation is at the discretion of the Resulting Issuer Board.

The Resulting Issuer Board has not engaged the services of independent compensation consultants to assist it by making recommendations to the Resulting Issuer Board with respect to director and executive officer compensation.

Other Board Committees

The Resulting Issuer Board has no committees, other than the Audit Committee. After completion of the Transaction, the Resulting Issuer Board may create such management committees as it deems necessary and shall appoint the respective members of each committee in the ordinary course.

Assessments

Due to the minimal size of the Resulting Issuer Board, no formal policy has been established to monitor the effectiveness of the directors.

RISKS FACTORS

The Resulting Issuer Shareholders should carefully consider a number of risk factors in evaluating whether to approve the Arrangement, including the risks and uncertainties related to the business of the Resulting Issuer. For more information, see "Information Concerning the Resulting Issuer – Risk Factors" and other information contained in the Circular, including financial statements and accompanying notes. The risks and uncertainties described in the Circular are not the only ones the Resulting Issuer will face. Additional risks and uncertainties not presently known to Sproutly or Stone Ridge or that Sproutly and Stone Ridge believe to be immaterial may also adversely affect the Resulting Issuer.

PROMOTERS

No person is, or has acted as, a promoter of the Resulting Issuer during the two years immediately preceding the date of the Circular.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the Resulting Issuer's knowledge, the Resulting Issuer is not party to any legal proceedings or regulatory actions to which the Resulting Issuer or any of its subsidiaries is a party, nor is the Resulting Issuer aware, as of the date of the Circular, that any such proceedings are contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the Resulting Issuer's knowledge, other than as described below and elsewhere in the Circular, none of (i) the directors or executive officers of the Resulting Issuer, (ii) the shareholders who beneficially own or control or direct, directly or indirectly, more than 10% of the voting shares of the Resulting Issuer, or (iii) any associate or affiliate of the persons referred to in (i) and (ii), has or has had any material interest, direct or indirect, in any transaction within the three years before the date of the Circular or in any proposed transaction that has materially affected or is reasonably expected to materially affect the Resulting Issuer.

Aman Bains, a director of the Resulting Issuer, is also a director of Bray Partners Inc., the general partner of Bray Limited Partnership ("**Bray LP**"), a creditor to THR. In connection with the THR Acquisition, Sproutly will assume the debt of THR which is payable to Bray LP. The THR Acquisition is scheduled to complete on February 28, 2018, which will result in Sproutly acquiring all of the issued and outstanding common shares of THR in exchange for 11,544,388 Sproutly Shares.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Resulting Issuer is expected to be MNP LLP at its offices located at 1021 West Hastings Street, Suite 2200 - MNP Tower, Vancouver, BC V6E 0C3.

The registrar and transfer agent of the Resulting Issuer is expected to be Computershare Investor Services Inc. of 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

MATERIAL CONTRACTS

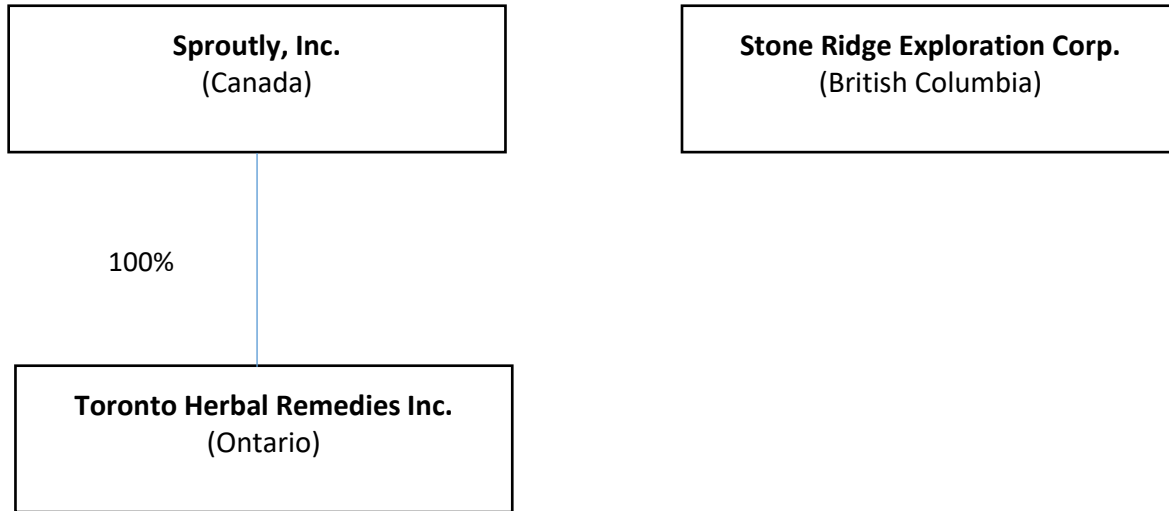
Since incorporation, the only material contracts entered into by the Resulting Issuer, other than contracts entered into in the ordinary course of business, are as follows:

1. Property Option Agreement dated January 26, 2012, as amended, among Stone Ridge, KGE Management Ltd. and John Chapman (see "Information Concerning Stone Ridge – General Development of Business").
2. Arrangement Agreement dated February 7, 2018 between Stone Ridge and Sproutly.
3. Amended and Restated Arrangement Agreement dated March 20, 2018 between Stone Ridge and Sproutly (see Schedule "B" to the Circular).

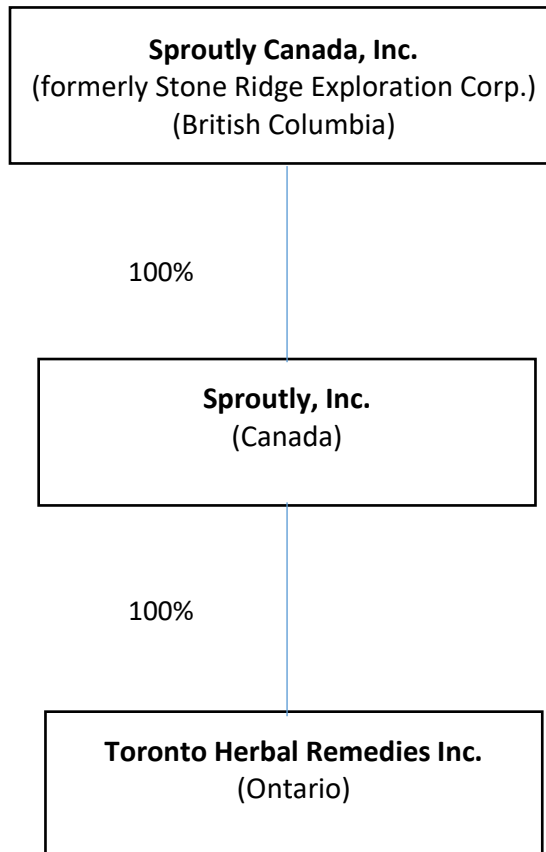
APPENDIX "B"

CHART OF INTERCORPORATE RELATIONSHIPS

Pre-Arrangement



Post-Arrangement



APPENDIX "C"
NARRATIVE DESCRIPTION OF THE BUSINESS

This Appendix C is to be read in conjunction with the Company's disclosure in the Circular.

The Canadian Medical Cannabis Market

Since 2013, the Canadian medical cannabis market has seen strong growth in patient enrollment, reaching 269,502 patients as of December 31, 2017.¹ Health Canada further projects that growth will continue under the ACMPR program for a number of years, ultimately reaching approximately 434,000 patients nationwide by 2024.² The overall market value for medical cannabis products in Canada, according to Canaccord Genuity Group Inc., is expected to surpass \$1.8 billion per year by 2021³, with many industry experts stating that the number of patients and overall market value could exceed that number.

The information in the following table⁴ was compiled by Health Canada based on information provided to Health Canada by licensed producers under the ACMPR regime in Canada (each, a "Licensed Producer"). The following table sets forth, among other data, the amount of cannabis and cannabis oil sold to clients, the amount of cannabis in licenced producers inventories, as well as client data in Canada since January 1, 2017.

	January 1, 2017 to March 31, 2017 (Q4)	April 1, 2017 to June 30, 2017 (Q1)	July 1, 2017 to September 30, 2017 (Q2)	October 1, 2017 to December 31, 2017 (Q3)
Dried Marijuana				
Amount sold to clients (kilograms)	5,836	5,896	5,905	6,342
Amount released for sale to clients (kilograms)	5,674	9,188	9,156	10,514
Total amount in Licensed Producers' inventories at end of period (kilograms)	18,140	25,077	29,312	38,927
Cannabis Oil				
Amount sold to clients (kilograms)	5,673	6,194	7,669	9,274
Amount released for sale to clients (kilograms)	5,298	6,188	7,305	8,524
Total amount in Licensed Producers' inventories at end of period (kilograms)	5,198	6,713	8,585	11,140
Client Data				
Average amount of dried marijuana for medical purposes authorized per client (grams/day)	2.4	2.3	2.4	2.4
Total number of client registrations at end of month - Canada	167,754	201,398	235,621	269,502

¹ Health Canada, *ACMPR Market Data – Total Client Registrations*, <https://www.canada.ca/en/health-canada/services/drugs-health-products/medical-use-marijuana/licensed-producers/market-data.html>.

² Health Canada, *Marihuana for Medical Purposes Regulations: Regulatory Impact Analysis Statement*, January 8, 2013, <http://www.gazette.gc.ca/rp-pr/p1/2012/2012-12-15/html/reg4-eng.html>.

³ Canaccord Genuity Group Inc., *A closer look at the Canadian cannabis industry: Forget the puns, this is serious business*, November 28, 2016.

⁴ A copy of the information table and related information is available at: Health Canada, *Market Data*, <https://www.canada.ca/en/health-canada/services/drugs-health-products/medical-use-marijuana/licensed-producers/market-data.html#t5fn2>.

The *Cannabis Act*, also known as Bill C-45, is an act introduced in the House of Commons on April 13, 2017 relating to the legalization of cannabis across Canada, which will have the effect of amending, among other pieces of legislation, the *Controlled Drugs and Substances Act* and the *Criminal Code* (the “**Cannabis Act**”). On June 7, 2018, a third reading of the proposed Cannabis Act took place in the Senate and the Senate passed the adoption of the Cannabis Act with amendments. The Senate’s proposed amendments to the Cannabis Act were partially adopted by the House of Commons and on June 21, 2018, the Cannabis Act received Royal Assent.

Under the Cannabis Act, once Sproutly receives a medical marijuana license, Sproutly will automatically have a license to sell cannabis for recreational use when legalization occurs. Upon the Cannabis Act coming into force, adult Canadians will be able to purchase cannabis from authorized retailers, which have been approved to sell and distribute cannabis by the applicable Canadian province or territory. In those provinces or territories that have yet to authorize retailers, adults would be able to purchase cannabis directly from a federally licensed producer by ordering online with secure delivery at home by mail.

Ahead of legalization, Statistics Canada estimated that almost 5 million Canadians consumed marijuana last year, spent over \$5.7 billion.⁵ This compares with the just over \$22 billion that Canadians spent on alcohol last year, and the \$16 billion they spent on tobacco products.⁶

With legalization set for summer of 2018 in Canada, Eight Capital Corp. (“**Eight Capital**”), a full-service investment dealer, has increased its market estimates for recreational cannabis to over \$11.3 billion by 2024.⁷ In order to order to satisfy this market demand, it is expected by Eight Capital that over 900,000 kg of cannabis, as well as usable trim, will be needed annually to create the range of products in the Canadian legal cannabis market, which is up from Eight Capital’s previous estimate of 600,000 kg.⁸ In order to meet the demand of over 900,000 kg annually, Eight Capital estimates producers will have to scale up aggressively as estimates of current active production capacity is only approximately 75,000 kg.⁹

Principal Products

The medicinal effects of cannabis can be obtained through several ways of ingesting cannabis, including:

- a) the smoking of dried cannabis;
- b) the inhaling of vapour released by heating dried cannabis or cannabis oil to just below its combustion point; or
- c) ingesting cannabis oil through a variety of delivery modes including capsular form, embedded in gels and lozenges, tinctures and incorporated into edible products.

If and when Sproutly receives an license to produce under the ACMPR and if and when Sproutly receives a license to sell under the ACMPR, as further described in the Circular, the Company’s principal business will be the sale of dried cannabis products as well as cannabis oils, extracts and derivative products to patients who have receive medical authorizations to acquire and use such cannabis.

⁵ Statistics Canada Cannabis Stats Hub, <http://www.statcan.gc.ca/pub/13-610-x/cannabis-eng.htm>.

⁶ CBC, *Canadians spent \$5.7B on marijuana last year, StatsCan estimates*, January 25, 2018.

⁷ Eight Capital, *Cannabis Sector, New Market Sizing Estimates: Think Brans & Products*, February 5, 2018.

⁸ Ibid.

⁹ Ibid.

In the event that Sproutly becomes authorized by Health Canada to produce and sell cannabis, it intends to implement a phased approach, as commercially warranted, beginning with the production and sale of dried cannabis products, and then the installation of additional facilities dedicated to the production of cannabis oils, extracts and derivative products.

Dried Cannabis Products:

Currently, Sproutly is not licensed to produce or sell cannabis products. If and when Sproutly receives licenses to produce and sell cannabis from Health Canada, Sproutly intends to produce a number of different genetic strains of cannabis, each with its own unique chemical cannabinoid content, terpene, and flavonoid profiles. Initially all cannabis production by Sproutly will be cultivated at the THR Facility in Toronto, Ontario.

Sproutly intends to cultivate, process and dry its cannabis into whole flower medical cannabis products. “Whole flower” cannabis refers to the unaltered flower of the female cannabis plant that appears in “bud” form. No undesirable components such as stalks, stems and leaves are included in whole flower cannabis. Whole flower dried cannabis is expected to initially make up the majority of Sproutly’s overall product offering.

In addition to whole flower dried cannabis, the company may develop complementing flower-based products, such as blended and refined cannabis products.

Cannabis Oils, Extracts and Derivative Products:

Sproutly is not currently licensed to produce or sell cannabis oils, extracts, and derivative products. If and when Sproutly is granted a license from Health Canada to produce cannabis, Sproutly intends to apply for an amendment to such license from the production and sale of cannabis oils, extracts and derivative products. If Sproutly is granted this amendment from Health Canada, Sproutly plans to work toward producing cannabis oils and extracts and developing derivative cannabis oil products. The current market for cannabis oils, extracts and products is relatively restrictive, with strictly imposed limits on a final product’s potency and delivery methods. The Company believes that oils, extracts, and derivative products will become an increasingly significant component of the Canadian medical and recreational cannabis markets in the future and it intends to pursue such opportunities.

Sourcing

Initial sourcing of starting material is dictated by Health Canada whereby a newly approved cultivator must obtain its starting material from an existing Licensed Producer. Sproutly is currently negotiating a supply agreement with an existing Licensed Producer to start production with several strains of cannabis selected for their quality and perceived market demand. Given its state of the art on-site laboratory, Sproutly is equipped to perform routine micropropagation in order to scale its production of plant stock. In addition, Sproutly’s specialized staff has the knowledge to begin experimentation on tissue culture methodologies which Sproutly expects to translate into cannabis production, if and when the company receives a license to produce cannabis from Health Canada.

Method of Distribution

Currently, distribution of cannabis products in Canada can only be undertaken under Health Canada’s mail order ACMPR program. Under the current ACMPR program, the only legal method of distribution is through a Licensed Producer’s website to registered medical patients. These Licensed Producers are expected to have a track record of successfully meeting the security and compliance requirements demanded by Health Canada. In other words, authorized individuals can order cannabis in all acceptable forms directly from Licensed Producers that are approved by Health Canada.

THR's primary distribution will be handled through the company's ecommerce website. While THR is located in Ontario, THR's ecommerce model for distribution will be open to all registered medical patients across Canada. Sproutly intends to utilize a recognized third-party supplier for its online ecommerce platform, architecture and support.

With the legalization of recreational cannabis incoming, the Canadian government is leaving the structure and setup of retail distribution of recreational marijuana to the provincial governments. Although few provinces have finalized their distribution models at this time, Ontario has determined that it will be distributing recreational marijuana through government-run stores, similar to the province's liquor distribution model. This will offer another channel for distribution in the Ontario market for THR's products, since this is currently THR's core geographical market (approximately 40% of registered medical patients under the ACMPR program are located in Ontario). As our intent is to distribute coast to coast our distribution model will accommodate and adapt to all provincial nuance in legislation. Once other provinces finalize their plans for distribution for the recreational market, more concrete distribution strategies through third party retail outlets can be developed for those areas.

Sproutly continues to monitor the regulatory environment with respect to the implementation of the legal recreational cannabis market including publicly owned and privately-owned distributions channels. Management of Sproutly will remain flexible and following authorization from Health Canada, will begin preliminary planning to incorporate distribution of its products via these channels as and when the applicable operating practices and regulatory status are formalized.

Marketing and Sales Plans

If and when Sproutly becomes a Licensed Producer, it will become a Health Canada regulated narcotic producer. As a narcotic producer, the Sproutly will be subject to many restrictions related to advertising and marketing. Advertising prohibitions prevent Health Canada regulated businesses (including cannabis producers) from, among other things: marketing to the public, advertising pictures of its product, and making specific health claims regarding the use or efficacy of medical cannabis products. However, there are Health Canada compliant strategies that Licensed Producers may utilize to educate medical cannabis patients and doctors about the potential benefits of medical cannabis and about a producer's products.

It is management's view that to become a successful participant in the Canadian cannabis marketplace, Sproutly will need to differentiate itself from other cannabis producers. Factors of differentiation include, but are not limited to:

- a) uniqueness in product;
- b) digital engagement;
- c) utilization of new technology; and
- d) leveraging of cannabis clinics to acquire customers.

Product selection will be a core component of achieving the marketing objectives for THR. Management believes that the most important aspects when it comes to product will be the quality, consistency, and accessibility (cost to consumer and fulfillment of orders). THR plans to supply a combination of high THC, high CBD, and 1:1 THC and CBD product in both flower and concentrate (oils and capsules) form, subject to being granted the appropriate licenses from Health Canada. Management believes there is a potential opportunity to secure wholesale relationships with other Licensed Producers to distribute their products through THR's facility, subject to any relevant approvals from Health Canada.

Management believes that significant digital communications will help differentiate Sproutly in the marketplace. Educational content marketing, search engine optimization, social media, and post-purchase follow-up services will be utilized as a part of the Company's communication strategy. The Company intends to utilize analytics systems such as Google Analytics which can be used to gather purchase and customer journey data that will assist in the refinement and improvement of the Company's communications.

Management believes that interaction between the Company and third party cannabis clinics and doctors will help the Company facilitate communications with potential customers. THR plans to develop educational content for doctors; a doctor resource centre is expected to become a prominent feature of the THR website and will be aimed at providing doctors with relevant information so that medical practitioners can comfortably refer patient to THR.

At the present time, Sproutly cannot estimate the costs of the company's various marketing programs following legalization of recreational cannabis, as the relevant legislation and regulations have not yet been enacted. Once such legislation and regulations are established, Sproutly will determine its marketing programs and budget.

Pricing of Sproutly's products will be established in response to market conditions.

Competition

The competitive landscape will comprise of direct competitors, indirect competitors, and substitute products and services.

Direct competitors are defined as other Licensed Producers that hold both cultivation and sales licenses under Health Canada's ACMPR program. Health Canada publishes a list of approved Medical Marijuana Production Licenses granted. However, Health Canada does not publish a list of applications in process. As of April 6, 2018, Health Canada had granted 94 Medical Marijuana Production Licenses, 53 in Ontario, 21 in British Columbia and 20 elsewhere in Canada.¹⁰ As of May 25, 2017, Health Canada disclosed that it has received 1,665 applications to become a License Producer, of which 265 have been refused, 69 have been withdrawn, 858 have been returned and 428 are in progress.¹¹

Available Funds, Principal Purposes & Business Milestones

Business Objectives

Our long-term business objectives are to:

- Develop distribution model for built-out Level 9 pharmaceutical vault with \$32MM capacity;
- Increase production efficiencies through optimization and streamlining of growing systems and management of supplier relationships;
- Research and development of new products to bring to market; and
- Build a successful marijuana cultivation company through focusing on long term growth opportunities, merger and acquisition activities, and prudent financial management

¹⁰ Health Canada, <https://www.canada.ca/en/health-canada/services/drugs-health-products/medical-use-marijuana/licensed-producers/authorized-licensed-producers-medical-purposes.html>.

¹¹ Health Canada, <https://www.canada.ca/en/health-canada/services/drugs-health-products/medical-use-marijuana/licensed-producers/application-process-becoming-licensed-producer.html>.

Our short-term business objectives for the next 12 months are as follows:

Timeline	Business Objective	Estimated Funds Needed to Complete Business Objective	Additional Details
Q3	Complete construction of THR grow facility and obtain cultivation license	\$132,000	THR submitted its virtual inspection video and documents to Health Canada in April 2018. THR obtained its cultivation license in Q2 2018. The estimated funds are for the completion of the THR construction, which is currently under way.
Q3 – Q4	Hire additional operational and support staff	\$275,000	THR expects to add 3 additional employees. Additional staff will be needed once THR obtains a sales license is achieved and fully production is underway.
Q4	Successfully complete initial grow cycle and obtain sales license	\$1,000,000	This business objective is underway as THR obtained its cultivation license and is currently sourcing the starting material for the cultivation phase of the license. THR is expecting to receive a sales license from Health Canada in Q4 2018. All estimated funds associated with the initial grow cycle and obtaining a sales license are included in the estimated \$1,000,000 allocated towards manufacturing, cultivation and production.
Q4	Begin full production of entire facility and expand inventory and product selection		This business objective can be completed after THR receives a sales license from Health Canada. All costs associated with the initial grow cycle and obtaining a sales license are included in the estimated \$1,000,000 allocated towards manufacturing, cultivation and production.
Q1 2019	Increase sales and marketing efforts, and develop sales portal for consumers and prescribing doctors	\$150,000	Once THR is a Licensed Producer, the Company anticipates launching a well-developed marketing and sales plan.

Total Funds Available, Breakdown of Funds and Principal Purposes for Which Funds Will be Used

As of May 31, 2018, the Resulting Issuer has total funds available of \$2,100,000. The primary purposes of the Transaction are to obtain additional equity capital, create a public market for Sproutly shares, and facilitate future access to financial opportunities for the Resulting Issuer. The Resulting Issuer expects to use the total funds available for the purposes described below, if it does not raise additional capital or generate revenues within 12 months:

Expense	Amount of Funds Required \$
Manufacturing, cultivation and production costs	500,000
Salaries and wages, including consulting fees	900,000
Branding, marketing & customer acquisition strategy	100,000
Professional fees	75,000
Capital expenditures	100,000
General & Administrative	400,000
Residual working capital	25,000
Total	\$2,100,000

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. At this time it is difficult to definitively project the total funds necessary to successfully execute all elements of the Resulting Issuer's business strategy. For these reasons, management of Sproutly and Stone Ridge consider it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates.

APPENDIX "D"

**AUDITED FINANCIAL STATEMENTS OF TORONTO HERBAL REMEDIES, INC. FOR THE YEARS ENDED
MARCH 31, 2017 AND UNAUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED
MARCH 31, 2016 AND MARCH 31, 2015.**

[Attached as the following pages.]

March 22, 2018

Canadian Securities Exchange

Dear Sirs/Mesdames:

Re: Toronto Herbal Remedies, Inc.

We refer to the management information circular with respect to a plan of arrangement involving Sproutly, Inc. and Stone Ridge Exploration Corp. ("information circular") dated February 28, 2018. We have reported to the shareholders of the Company on the following financial statements:

- (a) Toronto Herbal Remedies, Inc.
 - I. Statement of financial position of Toronto Herbal Remedies, Inc. as at March 31, 2017; and
 - II. Statement of loss and comprehensive loss, changes in shareholders' equity and cash flows and the notes to the financial statements for the year ended March 31, 2017.

We are withholding our signature from the draft reports in the information circular pending:

- (a) consideration of events between the dates of the preliminary and final information circular;
- (b) review of comments, which may be issued by the Canadian Securities Exchange;
- (c) authorization of the financial statements by those charged with governance; and
- (d) reading of the final filing information circular.

Based on the results of our audit of the financial statements referred to above and our limited inquiry and review procedures for the period to the date of this letter, we have no reason to believe that the financial statements do not present fairly, in all material respects, the financial position of Toronto Herbal Remedies, Inc. as at March 31, 2017 and the results of its operations and its cash flows for the year ended March 31, 2017 in accordance with International Financial Reporting Standards.

This letter is provided solely to the Canadian Securities Exchange to which it is addressed and should not be used for any other purpose.

Yours truly,



MNP LLP

March XX, 2018

To: Canadian Securities Exchange

Dear Sirs/Mesdames:

Re: Toronto Herbal Remedies, Inc

We refer to the management information circular with respect to a plan of arrangement involving Sproutly, Inc. and Stone Ridge Exploration Corp. ("information circular") dated March XX, 2018.

We consent to being named and to the use in the above-mentioned information circular, of our report dated March XX, 2018, to the Shareholders of the Company on the following financial statements:

- a. Statements of financial position as at March 31, 2017; and,
- b. Statements of loss and comprehensive loss, changes in shareholders' equity and cash flows and the notes to the financial statements for the year ended March 31, 2017.

We report that we have read the information circular and all information specifically therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the application as these terms are described in the CPA Canada Handbook – Assurance.

Yours truly,

Draft

MNP LLP

Financial Statements Toronto Herbal Remedies, Inc.

For the years ended March 31, 2017, 2016* and 2015*

(* Unaudited)

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Statements of Changes in Shareholders’ Equity	4
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Independent Auditors' Report

To the Shareholders of Toronto Herbal Remedies, Inc.:

We have audited the accompanying financial statements of Toronto Herbal Remedies, Inc., which comprise the statement of financial position as at March 31, 2017, and the statement of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Toronto Herbal Remedies Inc. as at March 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 of these financial statements, which states that Toronto Herbal Remedies Inc. incurred significant losses, negative cash flows from operating activities and has an accumulated deficit. This, along with other matters described in Note 1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of Toronto Herbal Remedies Inc. to continue as a going concern.

Other Matters

The financial statements of Toronto Herbal Remedies Inc. for the years ended March 31, 2016 and 2015 are unaudited.

Vancouver, British Columbia
March 22, 2018

Chartered Professional Accountants

TORONTO HERBAL REMEDIES INC.

Statements of Financial Position

(Expressed in Canadian Dollars)

As at

		March 31,		March 31,		March 31,
		2017		2016		2015
ASSETS	<i>Notes</i>			<i>(Unaudited)</i>		<i>(Unaudited)</i>
Current						
Cash		\$ -	\$	881,591	\$	244,588
Accounts receivable	5	665,128		91,700		58,336
Prepaid expenses		-		2,529		1,454
		665,128		975,820		304,378
Non-current						
Capital assets	<i>2(e), 6</i>	9,570,406		5,532,519		1,869,069
		\$ 10,235,534	\$	6,508,339	\$	2,173,447
LIABILITIES AND SHAREHOLDERS' DEFICIT						
Current liabilities						
Accounts payable and accrued liabilities	7	\$ 721,660	\$	1,402,491	\$	28,743
Bank overdraft		4,590		-		-
Mortgage payable	8	6,620,000		2,736,000		730,102
Loans	8	10,020,000		1,693,000		-
		17,366,250		5,831,491		758,845
Non-current liabilities						
Due to related parties	8	1,302,979		1,022,402		1,400,525
		18,669,229		6,853,893		2,159,370
Shareholders' equity (deficiency)						
Share capital	9	1,643,573		1,643,573		150,100
Deficit		(10,077,268)		(1,989,127)		(136,023)
		(8,433,695)		(345,554)		14,077
		\$ 10,235,534	\$	6,508,339	\$	2,173,447

Approved on behalf of the Board of Directors:

(Signed) "Venushki Kavinga Hemachandra", Director

(Signed) "Pamudri Ayeshka Hemachandra", Director

The accompanying notes are an integral part of these Financial Statements.

TORONTO HERBAL REMEDIES INC.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the years ended

		March 31,		March 31,
		2017		2016
EXPENSES	<i>Notes</i>			<i>(Unaudited)</i>
Accretion		\$ 280,577	\$	267,350
Advertising		184		-
Brokerage		-		(2,528)
Consulting		383,929		201,290
Depreciation	<i>2(e), 6</i>	303		673
Insurance		12,855		10,649
Interest and bank charges		8,694		23,479
Meals and entertainment		3,279		5,147
Office		22,763		24,522
Professional fees		116,593		58,083
Property taxes		31,977		31,212
Salaries and wages		57,011		34,200
Travel		48,702		24,732
Utilities		10,274		20,295
		977,141		699,104
OTHER INCOME (EXPENSE)				
Unrealized loss of fair value of derivative liability	<i>14</i>	(7,111,000)		(1,154,000)
Loss and comprehensive loss for the year		\$ (8,088,141)	\$	(1,853,104)
Basic and diluted loss per share		\$ (1.09)	\$	(0.25)
Weighted average number of shares outstanding				
Basic and diluted		7,450,181		7,450,181

The accompanying notes are an integral part of these Financial Statements.

TORONTO HERBAL REMEDIES INC.

Statements of Changes in Shareholders' Equity/(Deficiency)

(Expressed in Canadian Dollars)

	Number of common shares	Common stock	Deficit	Total Shareholders' Equity/ (Deficiency)
Balance, March 31, 2015 <i>(Unaudited)</i>	7,450,181	\$150,100	\$(136,023)	\$14,077
Capital contribution from related party	-	1,493,473	-	1,493,473
Loss and comprehensive loss	-	-	(1,853,104)	(1,853,104)
Balance, March 31, 2016 <i>(Unaudited)</i>	7,450,181	1,643,573	(1,989,127)	(345,554)
Loss and comprehensive loss	-	-	(8,088,141)	(8,088,141)
Balance, March 31, 2017	7,450,181	\$1,643,573	\$(10,077,268)	\$(8,433,695)

Subsequent to March 31, 2017, the Company split its issued and outstanding common shares, stock options, share purchase warrants and restricted share units on the basis of 39.7343 new shares for every existing share. Unless otherwise indicated, all references to share capital, stock options, share purchase warrants and restricted share units presented in these condensed interim financial statements and notes thereto are on a post-split basis.

The accompanying notes are an integral part of these Financial Statements.

TORONTO HERBAL REMEDIES INC.

Statements of Cash Flows

(Expressed in Canadian Dollars)

For the years ended

	March 31,	March 31,
	2017	2016
		<i>(Unaudited)</i>
Operating activities		
Loss for the year	\$ (8,088,141)	\$ (1,853,104)
Items not involving cash:		
Accretion	280,577	-
Depreciation	303	-
Unrealized loss of fair value of derivative liability	7,111,000	-
Changes in non-cash working capital items:		
Accounts receivable	(573,328)	(33,364)
Prepaid expenses	2,529	(1,075)
Accounts payable	(1,153,450)	1,181,670
Net cash provided by (used in) operating activities	<u>(2,420,510)</u>	<u>(705,873)</u>
Investing activities		
Due to (from) related parties	(100)	-
Purchase of equipment	(3,565,571)	(3,663,450)
Net cash provided by (used in) investing activities	<u>(3,565,671)</u>	<u>(3,663,450)</u>
Financing activities		
Interest payable	-	116
Loans received	5,100,000	3,512,737
Bank overdraft	4,590	-
Shares issued	-	1,493,473
Net cash provided by (used in) financing activities	<u>5,104,590</u>	<u>5,006,326</u>
Increase (decrease) in cash during the year	(881,591)	637,003
Cash, beginning of the year	<u>881,591</u>	244,588
Cash, end of the year	<u>\$ -</u>	<u>\$ 881,591</u>

Supplemental disclosure with respect to cash flows (Note 14)

The accompanying notes are an integral part of these Financial Statements.

Toronto Herbal Remedies Inc.

Notes to the Financial Statements

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

1. Nature and continuance of operations

Toronto Herbal Remedies Inc. ("the Company"), has applied for a licence to produce and sell medical marijuana under the provisions of the Access to Cannabis for Medical Purposes Regulations ("ACMPR"). The registered office is located at 4 Barkworth Place, Scarborough Ontario, M1J 2W8. These financial statements were approved by the Company's Board of Directors on March 22, 2018.

The Company has not generated revenues from operations and incurred losses since inception. The company incurred a net loss of \$8,088,141 and negative cash flows from operating activities of \$2,420,510 for the year ended March 31, 2017. As at March 31, 2017 the Company's accumulated deficit was \$10,077,268. To date, the Company's activities have been primarily funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. The Company will need to successfully obtain a trading license from the Province of British Columbia. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months through the private placements of common stock.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that could result should the Company be unable to continue as a going concern.

2. Summary of significant accounting policies

(a) Basis of presentation and statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

This represents the Company's first application of IFRS as at and for the year ended March 31, 2017, including comparative periods. The financial statements have been prepared in accordance with IFRS 1, "First-time Adoption of International Reporting Standards". A summary of the Company's significant accounting policies under IFRS is presented below. These policies have been applied retrospectively and consistently applied except where specific exemptions permitted an alternative treatment upon transition to IFRS in accordance with IFRS 1. Previously, the Company prepared its interim and annual financial statements in accordance with Accounting Standards for Private Enterprises in Canada ("ASPE"). The impact of the transition from ASPE to IFRS is explained in further detail in Note 16.

The financial statements have been prepared on an accrual basis and are based on historical cost, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

(a) Functional Currency

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. The functional and presentation currency used to prepare the Company's financial statements is Canadian dollars.

Toronto Herbal Remedies Inc.

Notes to the Financial Statements

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

2. Summary of significant accounting policies (continued)

(b) Cash and Cash Equivalents

Cash and cash equivalents consists of cash and demand deposits with maturities of 90 days or less.

(c) Earnings (Loss) per Share

Basic earnings per share is computed by dividing the net income applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings per share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. The Company's instruments are not dilutive due to the loss in the year.

(d) Share Capital

- (i) The proceeds from the exercise of stock options, warrants and on convertible debentures are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.
- (ii) Share capital issued for non-monetary consideration is recorded at an amount based on the fair market value of these shares.
- (iii) The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a prorated basis on relative fair values as follows: the fair value of common shares is based on the stock price on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(e) Capital assets

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes construction costs, professional fees eligible for capitalization and, for qualifying assets, capitalized borrowing costs.

These properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets commences when the assets are ready for their intended use.

Building, machinery and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated.

Depreciation is recognized, less their residual values, over the estimated useful life of the assets (other than land and buildings under construction), using the declining balance

Toronto Herbal Remedies Inc.

Notes to the Financial Statements

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

2. Summary of significant accounting policies (continued)

method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

Capital assets	Depreciation method	Depreciation %
Land	Not amortized	Not amortized
Buildings under construction	Not amortized	Not amortized
Building	Declining balance	4%
Machinery and equipment	Declining balance	20%-55%

Depreciation of building, machinery and equipment commences when the asset is substantially complete and available for its intended use.

The carrying amounts of the Company's building, machinery and equipment are reviewed at each statement of financial position date to determine whether there is any indication of impairment as required by IAS 36, Impairment of Assets. If any such indication exists, the asset's recoverable amount is estimated at the greater of its value in use and its fair value less costs of disposal. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

Tangible assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount, but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized into profit or loss immediately.

Capital assets are 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 the disposal or retirement of a capital asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized into profit or loss.

(f) Income tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Toronto Herbal Remedies Inc.

Notes to the Financial Statements

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

2. Summary of significant accounting policies (continued)

(g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

(h) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes party to the contractual provisions of the instruments. Financial assets and liabilities are initially measured at fair value, plus transaction costs.

Financial assets are classified into one of the following categories, depending on the purpose for which the asset was acquired.

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at 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. Accounts receivable and cash are classified as loans and receivables.

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as FVTPL when the financial assets are either held for trading or they are designated upon initial recognition as FVTPL.

The Company currently does not currently have any financial assets at fair value through profit or loss.

(iii) Available-for-sale financial assets

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. 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 the statements of loss and comprehensive loss.

The Company currently does not currently have any available-for-sale investments.

(iv) Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. 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

The Company currently does not have any held to maturity investments.

Toronto Herbal Remedies Inc.

Notes to the Financial Statements

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

2. Summary of significant accounting policies (continued)

The Company classifies its financial liabilities into one of two categories.

(v) Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL arise when the financial liabilities are either held for trading or they are designated upon initial recognition as FVTPL. The gain or loss resulting from the change in the fair value of the instruments is recognized in the Statement of loss in the period in which it occurs.

Mortgage payable and loans are carried at fair value through profit or loss.

(vi) *Other* financial liabilities

Other financial liabilities include all other liabilities, which are initially recognized at fair value and subsequently carried at amortized cost.

Accounts payable and accrued liabilities, bank overdraft and due to related parties are other financial liabilities.

(vii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when objective evidence highlights that the estimated future cash flows from the investment have been affected.

For the financial assets, objective evidence of impairment could include:

- significant financial difficulty of the counterparty, indicated through unusual or increasingly delayed payments
- or increase in average credit period taken;
- evidence that the counterparty is entering bankruptcy or financial re-organization; and
- observable changes in local or economic conditions.

(viii) Derecognition of financial liabilities

The Company derecognizes financial liabilities only when the Company's obligations are discharged, cancelled or expire.

Toronto Herbal Remedies Inc.

Notes to the Financial Statements

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

3. New accounting pronouncements

Certain new and revised accounting standards and new International Financial Reporting Interpretations Committee ('IFRIC') interpretations have been issued during year, but do not have a material effect on the results or the financial position of the Company.

The following revised standards are not yet effective and the impact on the Company is currently under review:

IFRS 15, Revenue from Contracts with Customers

Clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will also result in enhanced disclosure about revenue, provide guidance for transactions that were not previously addressed comprehensively (i.e. service revenue and contract modifications) and improve guidance for multiple-element arrangements. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Given the Company has no revenue to date, this standard is not expected to have a material impact on the financial statements.

IFRS 9, Financial Instruments

Replaces the guidance in IAS 39 - Financial Instruments; Recognition and Measurement, on the classification and measurement of financial assets. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivable. Financial assets will be classified into one of two categories on initial recognition, financial assets measured at amortized cost or financial assets measured at fair value. Gains and losses on re-measurement of financial assets measured at fair value will be recognized in profit or loss, except that for an investment in an equity instrument which is not held-for-trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 16, Leases

Issued in January 2016, IFRS which establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019.

4. Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described within this note, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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 the period of the revision and future periods if the revision affects both current and future periods.

Toronto Herbal Remedies Inc.

Notes to the Financial Statements

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

4. Critical accounting estimates and judgements (continued)

Critical judgements in applying accounting policies

- i. Going Concern - Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing its financial statements. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

Key sources of estimation uncertainty

- i. Current and Deferred Taxes - The determination of income tax expense and the composition of deferred tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversal of deferred tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretation, judgments and estimates may materially affect the final amount of current and deferred tax provisions, deferred income tax assets and liabilities, and results of operations.
- ii. Fair value of financial instruments - the individual fair values attributable to the different components of a financing transaction, notably loan and mortgage liabilities are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine the values attributable to each component of a transaction at the time of their issuance and at each reporting date. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.
- iii. Useful lives of capital assets - Each significant component of an capital assets is depreciated over its estimated useful life. Estimated useful lives are determined based on current facts and past management experience, and take into consideration the anticipated physical life of the asset, existing long term sales agreements and contracts, current and forecasted demand, and the potential for technological obsolescence.
- iv. Impairment of capital assets - At the end of each reporting period, the Company assesses whether there is any indication capital assets subject to amortization may be impaired. If any such indication exists, the recoverable amount of the asset or cash-generating unit to which the asset belongs is estimated and compared to its carrying value. The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and its value in use. An impairment loss is recognized to the extent the carrying amount exceeds the recoverable amount. Significant judgment is required in estimating the recoverable amount of an asset or cash-generating unit.

Toronto Herbal Remedies Inc.**Notes to the Financial Statements**

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

5. Accounts receivable

Accounts receivable is composed of the following amounts:

	March 31,	March 31,	March 31,
	2017	2016*	2015*
	\$	\$	\$
GST receivable	664,928	91,600	58,236
Due to related party	200	100	100
	665,128	91,700	58,336

Toronto Herbal Remedies Inc.

Notes to the Financial Statements

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

6. Capital assets

The Company is currently constructing a production facility in Scarborough, Ontario. As at March 31, 2017, costs related to the construction of this facility were capitalized as Capital in progress and not amortized. Amortization will commence when construction is complete and the facility is available for its intended use.

During the year ended March 31, 2017, \$473,546 in borrowing costs were capitalized to construction in progress at a weighted average rate of 6%.

The following table reconciles the Company's capital assets:

	Land	Equipment	Construction in progress	Total
	\$	\$	\$	\$
Cost				
Balance, March 31, 2015*	1,098,550	-	770,519	1,869,069
Additions*	-	1,224	3,662,899	3,664,123
Balance, March 31, 2016*	1,098,550	1,224	4,433,418	5,533,192
Additions	-	69	4,038,121	4,038,190
Balance, March 31, 2017	1,098,550	1,293	8,471,539	9,571,382
Accumulated Amortization				
Balance, March 31, 2015*	-	-	-	-
Depreciation*	-	673	-	673
Balance, March 31, 2016*	-	673	-	673
Depreciation	-	303	-	303
Balance, March 31, 2017	-	976	-	976
Net Book Value				
March 31, 2015*	1,098,550	-	770,519	1,869,069
March 31, 2016*	1,098,550	551	4,433,418	5,532,519
March 31, 2017	1,098,550	317	8,471,539	9,570,406

Toronto Herbal Remedies Inc.**Notes to the Financial Statements**

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities is composed of the following:

	March 31, 2017	March 31, 2016*	March 31, 2015*
	\$	\$	\$
Interest payable	664,696	192,962	-
Other trade payables	56,964	1,210,529	28,743
	721,660	1,402,491	28,743

Toronto Herbal Remedies Inc.

Notes to the Financial Statements

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

8. Borrowings

	Notes	March 31, 2017	March 31, 2016*	March 31, 2015*
Current borrowings		\$	\$	\$
Loans from				
Mortgage payable with 0982244 B.C. Ltd.	(i)	6,620,000	2,736,000	-
Mortgage payable with 1010046 B.C. Ltd.	(ii)	-	-	730,102
Loan with 2546308 Ontario Inc.	(iii)	5,870,000	-	-
Loan with 1053797 B.C. Ltd.	(iv)	4,150,000	1,693,000	-
Total current portion of long-term borrowings		<u>16,640,000</u>	<u>4,429,000</u>	<u>730,102</u>
Non-current borrowings				
Due to a related party	(v)	<u>1,302,979</u>	<u>1,022,402</u>	<u>1,400,525</u>
Total non-current portion of long-term borrowings		<u>1,302,979</u>	<u>1,022,402</u>	<u>1,400,525</u>
		<u>17,942,979</u>	<u>5,451,402</u>	<u>2,130,627</u>

(i) Mortgage Payable with 0982244 B.C. Ltd

On the June 24, 2015, the Company entered into a fixed rate loan of \$3,250,000 with 0982244 BC Ltd. The loan is repayable in full at the end of the 3 year term. This loan contains a conversion feature, which can be exercised by the lender at any time during the term of the loan. The feature gives a right to the lender to convert the loan into the option to:

- acquire 23% of all issued and outstanding shares of the Company at a purchase price of \$0.01 per share; and
- make a shareholder 4% fixed rate loan of \$1,500,000, which will remain as a first mortgage on the property located at 64-70 Raleigh Avenue, and will have no set terms but the shareholder loan plus interest shall be paid off from any funds released by the Company to its shareholders, by way of a dividend.

The loan's embedded conversion feature was determined to meet the definition of a derivative and accounted for at its fair value. The entire compound financial instrument has been recorded fair value through profit or loss at March 31, 2017. At March 31, 2017, the fair value of the financial instrument is estimated to be \$6,620,000 (2016* - \$2,736,000).

(ii) Mortgage Payable with 1010046 B.C. Ltd

Mortgage payable to 1010046 B.C. LTD. bearing interest at 7.2% per annum, with the interest being accrued and due to be paid out with the principle at the maturity of the loan. The loan initially matured on August 8, 2015, at which time all principle and interest amounts were due. The loan was secured by way of a first mortgage on the property located at 64-70 Raleigh Avenue. The mortgage principle and accrued interest was transferred to Bray Limited Partnership on August 26, 2015. This balance was added to due to a related party loan.

Toronto Herbal Remedies Inc.

Notes to the Financial Statements

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

8. Borrowings (continued)

(iii) Loan with 2546308 Ontario Inc

On November 22, 2016, the Company entered into a fixed rate loan for the principle amount of \$3,500,000 with 2546308 Ontario Inc. The loan is repayable in full by May 30, 2017. This loan contains a conversion feature, which can be exercised by the lender on or before April 30, 2017. The feature gives a right to the lender to convert the loan into the option to:

- (a) acquire from the Company that number of common shares that, upon completion of such acquisition, is equal in number to 23.4% of the then issued and outstanding common shares, calculated on fully diluted basis, for an aggregate subscription price of \$131,362;
- (b) make a loan bearing 4% simple interest secured by a mortgage with priority of repayment, in the principal amount of \$350,000; and
- (c) make an unsecured shareholder loan bearing 4% simple interest in the principal amount of \$3,028,638.

The loan's embedded conversion feature was determined to meet the definition of a derivative and accounted for at its fair value. The entire compound financial instrument has been recorded fair value through profit or loss at March 31, 2017. At March 31, 2017, the fair value of the financial instrument is estimated to be \$5,870,000.

(iv) Loan with 1053797 BC Ltd

On November 6, 2015, the Company entered into an interest-free loan for the principle amount of \$2,075,000 with 1053797 BC Ltd. This loan is repayable on October 31, 2017. The conversion feature can be exercised by the lender on or before October 31, 2017. The feature gives a right to the lender to convert the loan into the option to:

- a. acquire from the Company the number of shares representing 15% of the fully diluted shares of the share capital of the Company for an aggregate subscription price of \$84,372; and
- b. make an unsecured loan bearing 4% simple interest, which ranks parri passu with all other shareholder loans in the principal amount of \$1,990,628.

The loan's embedded conversion feature was determined to meet the definition of a derivative and accounted for at its fair value. The entire compound financial instrument has been recorded fair value through profit or loss at March 31, 2017. At March 31, 2017, the fair value of the financial instrument is estimated to be \$4,150,000 (2016* - \$1,693,000).

(v) Due to a related party

On July 30, 2014, the Company received part of a fixed rate loan at 4% interest from shareholder (Bray Limited Partnership). This principal of the loan is \$2,248,525 and loan is repayable in full at the end of the 5-year term on July 30, 2019. The loan is secured by a commercial security agreement against all property of the company.

Since the interest rate on the loan was determined to be below fair market value, an estimate was completed to determine third party interest rate of approximately 25%. The loan was recorded at fair value on inception and subsequently recorded at amortized cost using the effective interest rate.

For the year ended March 31, 2017, the carrying amount of the loan is \$1,302,979 (2016* - \$1,022,402, 2015* - \$1,400,525) and an accretion expense of \$280,577 was recorded.

Toronto Herbal Remedies Inc.
Notes to the Financial Statements

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

9. Share capital

Subsequent to March 31, 2017, the Company split its issued and outstanding common shares, stock options, share purchase warrants and restricted share units on the basis of 39.7343 new shares for every existing share. Unless otherwise indicated, all references to share capital, stock options, share purchase warrants and restricted share units presented in these condensed interim financial statements and notes thereto are on a post-split basis.

The authorized capital of the Company consists of an unlimited number of Class A common shares without par value.

	March 31, 2017	March 31, 2016*	March 31, 2015*
	\$	\$	\$
Share capital	1,643,573	1,643,573	150,100
	1,643,573	1,643,573	150,100

All shares in issue are restricted, in that they cannot be sold, assigned, transferred, given, pledge or otherwise without prior written approval of all Shareholders.

10. Related party transactions

(a) Due to a related party

The Company has received a loan from its shareholder, Bray Limited Partnership. The details of this loan are disclosed in Note 8(v).

	March 31, 2017	March 31, 2016*	March 31, 2015*
	\$	\$	\$
Due to a related party	1,302,979	1,022,402	1,400,525
	1,302,979	1,022,402	1,400,525

This principal of the loan due to a related party is \$2,248,525 and loan is repayable in full at the end of the 5-year term on July 30, 2019.

Toronto Herbal Remedies Inc.**Notes to the Financial Statements**

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

10. Related party transactions (continued)

(b) Transactions with related parties

The Company entered into the following transactions with related parties:

	March 31, 2017	March 31, 2016*	March 31, 2015*
	\$	\$	\$
Interest related to loan (Note 8(d))	90,927	78,594	22,234
Consulting fees	101,602	39,852	20,310
	192,529	118,446	42,544

All transactions with related parties are in the normal course of operations.

(c) Compensation of key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of key management personnel during the years ended was as follows:

	March 31, 2017	March 31, 2016*
	\$	\$
Officers and Directors	126,438	54,425
	126,438	54,425

At March 31, 2017, \$nil (2016 - \$nil, 2015 - \$nil) in relation to these services is included in accounts payable and accrued liabilities.

Toronto Herbal Remedies Inc.

Notes to the Financial Statements

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

11. Financial instruments and risk management

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

(a) Fair value of financial instruments

	March 31, 2017		
	Cash Value	Fair Value	Fair Value Level
	\$	\$	
Cash	-	-	1
Accounts payable and accrued liabilities	721,660	721,660	1
Borrowings	11,073,525	17,942,979	3
	March 31, 2016*		
Cash	881,591	881,591	1
Accounts payable and accrued liabilities	1,402,491	1,402,491	1
Borrowings	4,297,402	5,451,402	3
	March 31, 2015*		
Cash	244,588	244,588	1
Accounts payable and accrued liabilities	28,743	28,743	1
Borrowings	2,130,627	2,130,627	1

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

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

Cash and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The initial fair value of the due to a related party loan and the reporting date fair value of all other loans and mortgage payables has been measured using Level 3 valuation methods and the following summarizes the key assumptions used to estimate fair value as at March 31, 2017:

Toronto Herbal Remedies Inc.

Notes to the Financial Statements

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

11. Financial instruments and risk management (continued)

<u>Valuation approach</u>	<u>Key inputs</u>	<u>Inter-relationship between inputs and fair value measurement</u>
The loan and mortgage payable embedded conversion feature was determined to meet the definition of a derivative and accounted for at its fair value. The entire compound financial instrument has been recorded fair value through profit or loss at March 31, 2017.	-Discount rate on conversion feature between 10% - 25% per annum. -Valuation of the Company as a whole.	As the value associated with the Company as a whole changes, the fair value associated the conversion feature changes.

(b) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Receivables consist of tax refunds from the Federal Government of Canada, for which regular collection occurs. The Company believes its credit risk is equal to the carrying value of this balance.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's primary source of funding has been through debt. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding, see Note 1. As at March 31, 2017, the Company had current assets of \$665,128 to settle current liabilities of \$17,366,250.

(d) Foreign exchange risk

Foreign currency risk is the risk that the fair values 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 significant foreign exchange risk.

(e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All of the Company's debt is either fixed rate or interest free, eliminating any impact of interest rate fluctuations on future cash flows.

12. Capital management

In the management of capital, the Company includes components of shareholders' equity (deficiency). The Company aims to manage its capital resources to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and to maximize its financial flexibility by maintaining strong liquidity and by utilizing alternative sources of capital including equity, debt and bank loans or lines of credit to fund continued growth. The

Toronto Herbal Remedies Inc.

Notes to the Financial Statements

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

12. Capital management (continued)

Company sets the amount of capital in proportion to risk and based on the availability of funding sources. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Additional debt and/or equity financing may be pursued in future as deemed appropriate to balance debt and equity. To maintain or adjust the capital structure, the Company may issue new shares, take on additional debt or sell assets to reduce debt. The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

13. Income taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of operations and comprehensive loss for the years ended March 31, 2017 and 2016:

	March 31, 2017	March 31, 2016
Loss before income taxes	\$ (8,088,141)	\$ (1,853,104)
Statutory tax rate	26.50%	26.50%
Expected income tax (recovery)	\$ (2,143,357)	\$ (491,073)
Non-deductible expense	1,959,202	377,340
Change in estimates	50,132	-
Change in deferred tax asset not recognized	134,023	113,733
Future income tax recovery	\$ -	\$ -

The unrecognizable deductible temporary differences as at March 31, 2017 and 2016 are made up of the following:

	March 31, 2017	March 31, 2016	March 31, 2015
Non-capital losses carryforwards	\$ 1,920,446	\$ 752,279	\$ 121,428
Total unrecognized deductible temporary differences	\$ 1,920,446	\$ 752,279	\$ 121,428

The Company has non-capital losses of approximately \$1,492,203 which may be applied against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry	\$
2035	121,428
2036	630,851
2037	1,168,167
Total	1,920,446

Toronto Herbal Remedies Inc.

Notes to the Financial Statements

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

14. Supplemental disclosure with respect to cash flows

For the year ended March 31, 2017, the Company had the following significant non-cash transactions:

- Unpaid borrowing costs of \$472,619 were removed from capital asset additions.

15. Subsequent events

During the period, two debt holders exercised the conversion rights on their debt. 1053797 BC Ltd. converted \$84,372 of its debt into 1,565,164 common shares of THR, and 0982244 BC Ltd. converted \$545 of its debt into 2,399,918 common shares of THR. Both debt holders entered into new debt agreements with the Company for their remaining debt. These new debt agreements do not contain any conversion features.

On February 28, 2018, the company entered into an agreement with Sproutly, Inc. ("Sproutly") whereby Sproutly will acquire all of the issued shares of THR in exchange for approximately 11,544,389 shares of Sproutly.

16. First time adoption of IFRS

The Company's financial statements for the year ended March 31, 2017 are the first annual financial statements prepared in accordance with IFRS. IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date. Therefore, the financial statements for the year ended March 31, 2017, and the unaudited comparative information presented in these financial statements for the years ended March 31, 2016 and 2015 are prepared in accordance with IFRS effective as at the reporting date.

IFRS 1 provides for certain optional exemptions and certain mandatory exceptions for first-time IFRS adopters. Prior to transition to IFRS, the Company prepared its financial statements in accordance with Accounting Standards for Private Enterprises in Canada ("ASPE"). In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with ASPE.

The IFRS applicable exemptions and exceptions applied in the conversion from pre-changeover Canadian GAAP to IFRS are described below.

Optional exemptions

(a) Leases

IFRS 1 allows an exemption for first-time adopters to determine whether an arrangement existing at the IFRS transaction date contains a lease on the basis of facts and circumstances existing at the Transition Date, instead of the inception of the agreements. The Company has elected to use this exemption.

Mandatory Exceptions

(a) Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made under pre-changeover Canadian GAAP, unless there is objective evidence that those estimates were in error. IFRS employs a conceptual framework that is similar to ASPE. The Company's IFRS estimates as of April 1, 2016 are consistent with its ASPE estimates for the same date.

Toronto Herbal Remedies Inc.

Notes to the Financial Statements

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

16. First time adoption of IFRS (continued)

Reconciliation of ASPE to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive loss and cash flows to prior periods. The changes required to the statements of financial position and statements of loss and comprehensive loss as shown below have not resulted in material adjustments to the net cash flows, and therefore, reconciliation of the statement of cash flows and statement of shareholders' equity have not been disclosed

Toronto Herbal Remedies Inc.**Notes to the Financial Statements**

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

16. First time adoption of IFRS (continued)

(a) Reconciliation of statement of financial position as of March 31, 2016

The reconciliation between ASPE and the IFRS statement of financial position as of March 31, 2016 is provided below:

	ASPE	Effects of transition to IFRS	Change in estimate	IFRS
	\$	\$		\$
Assets				
Current assets				
Cash	881,591	-		881,591
GST receivable	91,700	-		91,700
Prepaid expenses	2,529	-		2,529
	<u>975,820</u>	<u>-</u>		<u>975,820</u>
Non-current assets				
Capital assets	<u>5,343,343</u>	<u>189,176</u>		<u>5,532,519</u>
	<u>6,319,163</u>	<u>189,176</u>		<u>6,508,339</u>
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	1,210,529	-	-	1,210,529
Current portion of mortgage payable	-	-	2,822,792	2,822,792
Current portion of long-term borrowings	-	-	2,179,552	2,179,552
	<u>1,210,529</u>	<u>-</u>	<u>5,002,344</u>	<u>6,212,873</u>
Non-current liabilities				
Long-term borrowings	<u>5,715,487</u>	<u>-</u>	<u>(5,074,467)</u>	<u>641,020</u>
	<u>6,926,016</u>	<u>-</u>	<u>(72,123)</u>	<u>6,853,893</u>
Shareholders' equity				
Share capital	150,100	-	1,493,473	1,643,573
Deficit	<u>(756,953)</u>	<u>189,176</u>	<u>(1,421,350)</u>	<u>(1,989,127)</u>
	<u>(606,853)</u>	<u>189,176</u>	<u>72,123</u>	<u>(345,554)</u>
	<u>6,319,163</u>	<u>189,176</u>	<u>-</u>	<u>6,508,339</u>

Toronto Herbal Remedies Inc.

Notes to the Financial Statements

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

16. First time adoption of IFRS (continued)

The effects of the transition to IFRS in this period relate to the capitalization of borrowing costs and the treatment of financial instruments.

Under ASPE, section 3061 requires that costs directly attributable to the acquisition, construction, or development activity over time be included in the initial cost. Therefore, interest costs may be included in cost when the entities accounting policy is to capitalize interest costs. However, under IFRS, IAS 23 an entity must capitalize interest for qualifying assets. Therefore, as the Company had not elected to capitalize borrowing costs under ASPE, the effect of the transition resulted in \$189,176 of borrowing costs becoming capitalized on the balance sheet that were previously expensed and held within retained earnings.

Under ASPE, derivatives (other than those in a hedging relationship and derivatives linked to equity instruments whose fair value cannot be readily determined) are required to be classified in the fair value category. Under IFRS, IAS 39 states that derivatives must be classified into the fair value through profit or loss category, unless they are part of a hedging relationship. As the fair value of the embedded derivative could not be determined reliably due to a lack of available comparable market rates, under ASPE the financial instrument was carried at amortized cost. However, under IFRS the financial instrument became fair valued following the accounting policy described in note 2h(v). Details of each financial instrument that was fair valued, the valuation methodology used, and the unrealized loss of fair value derivative liability can be found in notes 8 and 14 respectively. This change in estimate resulted in a net change in the valuation of financial instruments of \$(72,123). This value is comprised of the current portion of mortgage payable fair value adjustment of \$2,822,792, the current portion of long-term borrowings fair value adjustment of \$2,179,552 and the long-term borrowings fair value adjustment of \$(5,074,467).

Toronto Herbal Remedies Inc.

Notes to the Financial Statements

For the years ended March 31, 2017, 2016* and 2015*

(*Unaudited)

(Expressed in Canadian dollars)

16. First time adoption of IFRS (continued)

(b) Reconciliation of loss and comprehensive loss for the year ended March 31, 2016

The reconciliation between ASPE and the IFRS statement of financial position as of March 31, 2016 is provided below:

	ASPE	Effects of transition to IFRS	Changes in estimate	IFRS
Expenses				
Accretion	-	-	267,350	267,350
Advertising	-	-	-	-
Brokerage	-	-	(2,528)	(2,528)
Consulting	194,623	-	6,667	201,290
Depreciation	673	-	-	673
Insurance	10,649	-	-	10,649
Interest and bank charges	187,894	(164,415)	-	23,479
Meals and entertainment	5,147	-	-	5,147
Office	23,662	-	860	24,522
Professional fees	58,083	-	-	58,083
Property taxes	31,212	-	-	31,212
Salaries and wages	40,867	-	(6,667)	34,200
Travel	26,142	-	(1,410)	24,732
Utilities	19,745	-	550	20,295
Loss	598,697	(164,415)	264,822	699,104
Other income (expense)				
Unrealized loss of fair value of derivative liability	-	-	(1,154,000)	(1,154,000)
Loss and comprehensive loss	(598,697)	164,415	(1,418,822)	(1,853,104)

The cumulative effects of the transition to IFRS in this period relate to the capitalization of borrowing costs. Under ASPE, section 3061 requires that costs directly attributable to the acquisition, construction, or development activity over time be included in the initial cost. Therefore, interest costs may be included in cost when the entities accounting policy is to capitalize interest costs. However, under IFRS, IAS 23 an entity must capitalize interest for qualifying assets. Therefore, as the Company had not elected to capitalize borrowing costs under ASPE, the effect of the transition resulted in \$164,415 of borrowing costs becoming capitalized and therefore reducing interest expense for the year.

The change in estimates is a result of accretion expense of \$267,350 is attributed to a related party loan as described in Note 8(v).

Toronto Herbal Remedies, Inc.
Condensed Interim Financial Statements
(Unaudited)

For the three and six months ended September 30, 2017 and 2016
(In Canadian Dollars)

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TORONTO HERBAL REMEDIES INC.**Condensed Interim Statement of Financial Position (Unaudited)**

(Expressed in Canadian Dollars)

As at

ASSETS	<i>Notes</i>	September 30, 2017	March 31, 2017
Current			
Cash		\$ 8,281	\$ -
Accounts receivable	4	212,632	665,128
Prepaid expenses		-	-
		220,913	665,128
Non-current			
Capital assets	5	10,952,057	9,570,406
		\$ 11,172,970	\$ 10,235,534
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	6	571,341	721,660
Bank overdraft		-	4,590
Loans payable	7	7,314,000	10,020,000
Mortgage payable		6,802,000	6,620,000
Current portion of due to related parties	7	1,350,180	-
		16,037,521	17,336,250
Non-current liabilities			
Due to related parties	7	1,470,941	1,302,979
		17,508,462	18,669,229
Shareholders' equity (deficiency)			
Share capital	8	1,643,573	1,643,573
Deficit		(7,979,065)	(10,077,268)
		(6,335,492)	(8,433,695)
		\$ 11,172,970	\$ 10,235,534

The accompanying notes are an integral part of these Condensed Interim Financial Statements.

TORONTO HERBAL REMEDIES INC.

Condensed Interim Statement of Loss and Comprehensive Loss (Unaudited)

(Expressed in Canadian Dollars except for share amounts)

EXPENSES	<i>Notes</i>	Three months ended		Six months ended	
		September 30,		September 30,	
		2017	2016	2017	2016
Accretion		\$ 86,526	\$ 67,894	\$ 167,962	\$ 131,794
Advertising		1,976	-	2,065	29
Consulting		95,022	70,617	146,659	141,496
Insurance		-	2,900	2,007	7,683
Interest and bank charges		247	123	352	242
Meals and entertainment		1,612	257	3,104	427
Office expenses		3,978	3,655	5,390	10,724
Professional fees		6,300	13,644	10,800	33,253
Property taxes		16,406	4,973	21,506	25,499
Rent		5,043	3,327	10,972	10,255
Salaries and wages		49,844	10,406	88,819	19,963
Travel		16,054	15,373	29,352	26,195
Utilities		9,948	1,666	11,809	2,848
		292,956	194,835	500,797	410,408
OTHER INCOME (EXPENSE)					
Unrealized gain (loss) of fair value of derivative liability		(1,300,000)	(940,000)	2,599,000	(1,696,000)
Comprehensive income (loss) for the period		\$ (1,592,956)	\$ (1,134,835)	\$ 2,098,203	\$ (2,106,408)
Basic loss per share		\$ (0.21)	\$ (0.15)	\$ 0.28	\$ (0.28)
Diluted loss per share		\$ (0.21)	\$ (0.15)	\$ 0.17	\$ (0.28)
Weighted average number of shares outstanding					
Basic		7,450,181	7,450,181	7,450,181	7,450,181
Fully diluted		7,450,181	7,450,181	12,024,592	7,450,181

The accompanying notes are an integral part of these Condensed Interim Financial Statements.

TORONTO HERBAL REMEDIES INC.**Condensed Interim Statement of Changes in Shareholders' Equity/(Deficiency)** (Unaudited)

(Expressed in Canadian Dollars except for share amounts)

	<i>Notes</i>	Number of common shares	Common stock	Deficit	Total Shareholders' Equity/(Deficiency)
Balance, March 31, 2016		7,450,181	\$150,100	\$(1,989,127)	\$(1,839,027)
Capital contribution		-	1,493,473	-	1,493,473
Loss and comprehensive loss		-	-	(2,106,408)	(882,894)
Balance, September 30, 2016		7,450,181	1,643,573	(4,095,535)	(1,228,448)
Loss and comprehensive loss		-	-	(5,981,733)	(7,205,247)
Balance, March 31, 2017		7,450,181	1,643,573	(10,077,268)	(8,433,695)
Net income (loss) and comprehensive income		-	-	2,098,203	2,098,203
Balance, September 30, 2017		7,450,181	\$1,643,573	\$(7,979,065)	\$(6,335,492)

Subsequent to September 30, 2017, the Company split its issued and outstanding common shares, stock options, share purchase warrants and restricted share units on the basis of 39.7343 new shares for every existing share. Unless otherwise indicated, all references to share capital, stock options, share purchase warrants and restricted share units presented in these condensed interim financial statements and notes thereto are on a post-split basis.

The accompanying notes are an integral part of these Condensed Interim Financial Statements.

TORONTO HERBAL REMEDIES INC.**Condensed Interim Statement of Cash Flows** (Unaudited)

(Expressed in Canadian Dollars)

For the six months ended

	September 30,	September 30,
	2017	2016
<hr/>		
Cash provided by (used in):		
Operating activities		
Net income (loss) for the period	\$ 2,098,203	\$ (2,106,408)
Items not involving cash:		
Accretion	167,962	131,794
Unrealized gain (loss) of fair value of derivative liability	(2,599,000)	1,696,000
Changes in non-cash working capital items:		
Accounts receivable	452,596	(540,961)
Accounts payable and accrued liabilities	(273,974)	928,639
Net cash provided by (used in) operating activities	(154,213)	109,064
Investing activities		
Capital asset additions	(1,381,651)	(3,286,692)
Net cash provided by (used in) investing activities	(1,381,651)	(3,286,692)
Financing activities		
Bank overdraft	(4,590)	
Interest payable	123,655	-
Loans received	1,425,080	2,373,856
Net cash provided by (used in) financing activities	1,548,735	2,736,856
Increase (decrease) in cash during the period	8,281	(803,872)
Cash, beginning of the period	-	881,591
Cash, end of the period	\$ 8,281	\$ 77,719

The accompanying notes are an integral part of these Condensed Interim Financial Statements.

Toronto Herbal Remedies Inc.

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2017 and 2016

(Unaudited -- Expressed in Canadian dollars)

1. Nature and continuance of operations

Toronto Herbal Remedies Inc. ("the Company"), has applied for a licence to produce and sell medical marijuana under the provisions of the Access to Cannabis for Medical Purposes Regulations ("ACMPR"). The registered office is located at 4 Barkworth Place, Scarborough Ontario, M1J 2W8. These financial statements were approved by the Company's Board of Directors on March 22, 2018.

The Company has not generated revenues from operations and incurred losses since inception. The company incurred a net loss from operating activities of \$500,797 and negative cash flows from operating activities of \$154,213 for the six months ended September 30, 2017. As at September 30, 2017 the Company's accumulated deficit was \$7,979,065. To date, the Company's activities have been primarily funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. The Company will need to successfully obtain a trading license from the Province of British Columbia. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months through the private placement of common stock.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that could result should the Company be unable to continue as a going concern.

2. Summary of significant accounting policies

(a) Basis of presentation and statement of compliance

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting" ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements. The accounting policies and critical estimates applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company's annual consolidated financial statements as at and for the year ended March 31, 2017.

The year ended March 31, 2017 represented the Company's first application of IFRS, including comparative periods. The Company followed the provisions of IFRS 1 in preparing its statement of financial position as of the date, March 31, 2017. IFRS 1 generally requires that an entity apply all IFRS effective at the end of its first IFRS reporting period retrospectively. Therefore, as required by IFRS 1, any adjustments were recognized directly through retained earnings.

The financial statements have been prepared on an accrual basis and are based on historical cost, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would consider those characteristics when pricing the asset

Toronto Herbal Remedies Inc.

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2017 and 2016

(Unaudited -- Expressed in Canadian dollars)

2. Summary of significant accounting policies (continued)

or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

(a) Basis of presentation and statement of compliance (continued)

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

(b) Functional Currency

The functional and presentation currency used to prepare the Company's financial statements is Canadian dollars.

3. New accounting pronouncements

Certain new and revised accounting standards and new International Financial Reporting Interpretations Committee ('IFRIC') interpretations have been issued and are not expected to have a material effect on the results of the financial position of the Company.

The following revised standards are not yet effective and the impact on the Company is currently under review:

IFRS 15, Revenue from Contracts with Customers - clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will also result in enhanced disclosure about revenue, provide guidance for transactions that were not previously addressed comprehensively (i.e. service revenue and contract modifications) and improve guidance for multiple-element arrangements. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Given the Company has no revenue to date, this standard is not expected to have a material impact on the financial statements.

IFRS 9, Financial Instruments - replaces the guidance in IAS 39 - Financial Instruments; Recognition and Measurement, on the classification and measurement of financial assets. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivable. Financial assets will be classified into one of two categories on initial recognition, financial assets measured at amortized cost or financial assets measured at fair value. Gains and losses on re-measurement of financial assets measured at fair value will be recognized in profit or loss, except that for an investment in an equity instrument which is not held-for-trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 16, Leases - issues in January 2016, IFRS which establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019.

Toronto Herbal Remedies Inc.

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2017 and 2016

(Unaudited -- Expressed in Canadian dollars)

4. Accounts Receivable

Accounts receivable is composed of the following amounts:

	September 30,	March 31,
	2017	2017
	\$	\$
GST receivable	212,632	664,928
	212,632	664,928

Toronto Herbal Remedies Inc.**Notes to the Condensed Interim Financial Statements**

For the three and six months ended September 30, 2017 and 2016

(Unaudited -- Expressed in Canadian dollars)

5. Capital assets

The following table reconciles the Company's capital assets:

		Land	Equipment	Software	Construction in progress	Total
Cost		\$	\$	\$	\$	\$
Balance, April 1, 2016		1,098,550	1,224	-	4,433,418	5,533,192
Additions		-	69	-	4,038,121	4,038,190
Balance, March 31, 2017		1,098,550	1,293	-	8,471,539	9,571,382
Additions		-	9,238	23,600	1,348,813	1,381,651
Balance, September 30, 2017		1,098,550	10,531	23,600	9,820,352	10,953,033
Accumulated amortization						
Balance, April 1, 2016		-	673	-	-	673
Depreciation		-	303	-	-	303
Balance, March 31, 2017		-	976	-	-	976
Depreciation		-	-	-	-	-
Balance, September 30, 2017		-	976	-	-	976
Net book value						
April 1, 2016		1,098,550	551	-	4,433,418	5,532,519
March 31, 2017		1,098,550	317	-	8,471,539	9,570,406
September 30, 2017		1,098,550	9,555	23,600	9,853,190	10,952,057

The Company is currently constructing a production facility in Scarborough, Ontario. As at September 30, 2017, costs related to the construction of this facility were capitalized as Construction in progress and not amortized. Software and Equipment additions for the period also relate to the new production facility. Amortization will commence when construction is complete and the facility is available for its intended use.

During the three and six months ended September 30, 2017, \$148,883 and \$296,918 in borrowing costs were capitalized to construction in progress at a weighted average rate of 6%.

Toronto Herbal Remedies Inc.

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2017 and 2016

(Unaudited -- Expressed in Canadian dollars)

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities is composed of the following:

	September 30,	March 31,
	2017	2017
	\$	\$
Interest payable	541,042	664,696
Other trade payables	30,299	56,964
	571,341	721,660

Toronto Herbal Remedies Inc.

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2017 and 2016

(Unaudited -- Expressed in Canadian dollars)

7. Borrowings

		September 30, 2017	March 31, 2017
		\$	\$
Current borrowings			
Loans from			
Mortgage payable with 0982244 B.C. Ltd.	(i)	6,802,000	6,620,000
Interest-bearing loan with 2546308 Ontario Inc. - convertible	(ii)	3,125,000	5,870,000
Non-interest-bearing loan with 1053797 B.C. Ltd.	(iii)	4,189,000	4,150,000
Related party loan with 1023409 B.C. Ltd.	(iv)	49,000	-
Related party loan with Sproutly	(vi)	1,301,180	-
Total current portion of long-term borrowings		<u>15,466,180</u>	<u>16,640,000</u>
Non-current borrowings			
Due to a related party – Bray LP	(v)	<u>1,470,941</u>	<u>1,302,979</u>
Total non-current portion of long-term borrowings		<u>1,470,941</u>	<u>1,302,979</u>
		<u>16,937,121</u>	<u>17,942,979</u>

Mortgage Payable with 0982244 B.C. Ltd

- (i) On the June 24, 2015, the Company entered into a fixed rate loan of \$3,250,000 with 0982244 BC Ltd. The loan is repayable in full at the end of the 3 year term. This loan contains a conversion feature, which can be exercised by the lender at any time during the term of the loan. The feature gives a right to the lender to convert the loan into the option to:
- (a) acquire 23% of all issued and outstanding shares of the Company at a purchase price of \$0.01 per share; and
 - (b) make a shareholder 4% fixed rate loan of \$1,500,000, which will remain as a first mortgage on the property located at 64-70 Raleigh Avenue, and will have no set terms but the shareholder loan plus interest shall be paid off from any funds released by the Company to its shareholders, by way of a dividend.

The loan's embedded conversion feature was determined to meet the definition of a derivative and accounted for at fair value. The fair value of the entire compound financial instrument has been adjusted for at September 30, 2017. The fair value of the financial instrument is estimated to be \$6,802,000.

Interest Bearing Loan with 2546308 Ontario Inc – convertible

- (ii.) On November 22, 2016, the Company entered into a fixed rate loan for the principal amount of \$3,500,000 with 2546308 Ontario Inc. The loan is repayable in full by May 30, 2017. This loan contains a conversion feature, which can be exercised by the lender on or before April 30, 2017. The feature gives a right to the lender to convert the loan into the option to:

Toronto Herbal Remedies Inc.

Notes to the Condensed Interim Financial Statements

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7. Borrowings (continued)

- (a) acquire from the Company that number of common shares that, upon completion of such acquisition, is equal in number to 23.4% of the then issued and outstanding common shares, calculated on fully diluted basis, for an aggregate subscription price of \$131,362;
- (b) make a loan bearing 4% simple interest secured by a mortgage with priority of repayment, in the principal amount of \$350,000; and
- (c) make an unsecured shareholder loan bearing 4% simple interest in the principal amount of \$3,028,638.

As the conversion feature of the loan expired during the reporting period, it has been determined that there is no longer a compound financial instrument that needs to be adjusted for at fair value. Therefore, the value of the loan consists solely of the principal debt amount drawn, which is \$3,125,000.

Non-interest bearing loan with 1053797 BC Ltd.

- (iii.) On November 21, 2016, the Company entered into an interest-free loan for the principal amount of \$2,075,000 with 1053797 BC Ltd. This loan is repayable on October 31, 2017. The conversion feature can be exercised by the lender on or before October 31, 2017. The feature gives a right to the lender to convert the loan into the option to:
 - a. acquire from the Company the number of shares representing 15% of the fully diluted shares of the share capital of the Company for an aggregate subscription price of \$84,372; and
 - b. make an unsecured loan bearing 4% simple interest, which ranks parri passu with all other shareholder loans in the principal amount of \$1,990,628.

The loan's embedded conversion feature was determined to meet the definition of a derivative and accounted for at its fair value. The entire compound financial instrument has been recorded fair value through profit or loss at September 30, 2017. At September 30, 2017, the fair value of the financial instrument is estimated to be \$4,189,000.

Related party loan – 1023409 BC Ltd.

- (iv.) On July 18, 2017, the Company received a loan of \$49,000 from 1023408 BC Ltd. The loan is non-interest bearing, due on demand, and does not contain a conversion feature.

Related party loan – Bray Limited Partnership

- (v.) On July 30, 2014, the Company received part of a fixed rate loan at 4% interest from shareholder (Bray Limited Partnership). This principal of the loan is \$2,248,525 and loan is repayable in full at the end of the 5-year term on July 30, 2019. The loan is secured by a commercial security agreement against all property of the company.

Since the interest rate on the loan was determined to be below fair market value, an estimate was completed to determine third party interest rate of approximately 25%. The loan was initially present values and subsequently recorded at amortized cost using the effective interest rate.

For the six months ended September 30, 2017, the carrying amount of the loan is \$1,470,941 and an accretion expense of \$167,962 was recorded.

Toronto Herbal Remedies Inc.

Notes to the Condensed Interim Financial Statements

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7. Borrowings (continued)

Related party loan – Sproutly Inc.

- (vi) On June 16, 2017 the Company received a loan of \$1,301,180 from Sproutly Inc. The loan is non-interest bearing, due on demand, and does not contain a conversion feature.

8. Share capital

Subsequent to September 30, 2017, the Company split its issued and outstanding common shares, stock options, share purchase warrants and restricted share units on the basis of 40 new shares for every existing share. Unless otherwise indicated, all references to share capital, stock options, share purchase warrants and restricted share units presented in these condensed interim financial statements and notes thereto are on a post-split basis.

The authorized capital of the Company consists of an unlimited number of Class A common shares without par value.

	September 30, 2017	March 31, 2017
	\$	\$
Share capital	<u>1,643,573</u>	<u>1,643,573</u>
	<u>1,643,573</u>	<u>1,643,573</u>

All shares in issue are restricted, in that they cannot be sold, assigned, transferred, given, pledge or otherwise without prior written approval of all Shareholders.

9. Related party transactions

(a) Loans from related parties

The Company has received loans from Bray Limited Partnership, 1023409 B.C. Ltd, and Sproutly Inc. The details of these loans are disclosed in note 7.

	September 30, 2017	March 31, 2017
	\$	\$
Due to a related party	<u>2,821,121</u>	<u>1,302,979</u>
	<u>2,821,121</u>	<u>1,302,979</u>

(b) Transactions with related parties

The Company entered into the following transactions with related parties:

Toronto Herbal Remedies Inc.

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2017 and 2016

(Unaudited -- Expressed in Canadian dollars)

9. Related party transactions (continued)

The Company has two balances outstanding with related parties. The first is an interest-bearing loan with Bray Limited Partnership disclosed in note 7(v). The amount outstanding is unsecured and will be settled in cash. The second is an interest-free, due on demand loan with Sproutly Inc. No guarantees have been given or received.

	Three months ended		Six months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	\$	\$	\$	\$
Consulting fees	27,000	20,667	47,000	34,000
Interest	22,916	22,916	45,587	45,587
	49,916	43,583	92,587	79,587

(c) Compensation of key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors, and corporate officers. The remuneration of key management personnel during the years ended was as follows:

	Three months ended		Six months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	\$	\$	\$	\$
Officers and Directors	39,807	13,327	77,350	30,248
	39,807	13,327	77,350	30,248

At September 30, 2017, \$0 (\$0 in 2016) in relation to these services is included in accounts payable and accrued liabilities.

Toronto Herbal Remedies Inc.

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2017 and 2016

(Unaudited -- Expressed in Canadian dollars)

10. Financial instruments and risk management

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

(a) Fair value

	Cash value	Carrying amount/ fair value	Fair value level	Reference
September 30, 2017	\$	\$		
Cash	8,281	8,281	1	
Accounts payable and accrued liabilities	571,341	571,341	1	
Borrowings	11,271,121	16,937,121	3	Note 7
March 31, 2017				
Cash	-	-	1	
Accounts payable and accrued liabilities	721,660	721,660	1	
Borrowings	10,698,525	17,942,979	3	Note 7

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

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

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

Cash and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The initial fair value of the due to a related party loan and the reporting date fair value of all other loans and mortgage payables has been measured using Level 3 valuation methods and the following summarizes the key assumptions used to estimate fair value as at September 30, 2017:

Toronto Herbal Remedies Inc.

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2017 and 2016

(Unaudited -- Expressed in Canadian dollars)

10. Financial instruments and risk management (continued)

<u>Valuation approach</u>	<u>Key inputs</u>	<u>Inter-relationship between inputs and fair value measurement</u>
The loan and mortgage payable embedded conversion feature was determined to meet the definition of a derivative and accounted for at its fair value. The entire compound financial instrument has been recorded fair value through profit or loss at September 30, 2017.	-Discount rate on conversion feature between 10% - 25% per annum. -Valuation of the Company as a whole.	As the value associated with the Company as a whole changes, the fair value associated the conversion feature changes.

(b) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Receivables consist of tax refunds from the Federal Government of Canada, for which regular collection occurs. The Company believes its credit risk is equal to the carrying value of this balance.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's primary source of funding has been through debt. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding, see Note 1. As at September 30, 2017, the Company had current assets of \$220,913 to settle current liabilities of \$16,037,521.

(d) Foreign exchange risk

Foreign currency risk is the risk that the fair values 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 significant foreign exchange risk.

(e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All of the Company's debt is either fixed rate or interest free, eliminating any impact of interest rate fluctuations on future cash flows.

11. Capital management

In the management of capital, the Company includes components of shareholders' equity (deficiency). The Company aims to manage its capital resources to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and to maximize its financial flexibility by maintaining strong liquidity and by utilizing alternative sources of capital including equity, debt and bank loans or lines of credit to fund continued growth. The Company sets the amount of capital in proportion to risk and based on the availability of funding

Toronto Herbal Remedies Inc.

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2017 and 2016

(Unaudited -- Expressed in Canadian dollars)

11. Capital management (continued)

sources. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Additional debt and/or equity financing may be pursued in future as deemed appropriate to balance debt and equity. To maintain or adjust the capital structure, the Company may issue new shares, take on additional debt or sell assets to reduce debt. The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

12. Subsequent events

During the period, two debt holders exercised the conversion rights on their debt. 1053797 BC Ltd. converted \$84,372 of it's debt into 1,565,164 common shares of THR, and 0982244 BC Ltd. converted \$545 of it's debt into 2,399,918 common shares of THR. Both debt holders entered into new debt agreements with the Company for their remaining debt. These new debt agreements do not contain any conversion features.

On February 28, 2018, the company entered into an agreement with Sproutly, Inc. ("Sproutly") whereby Sproutly will acquire all of the issued shares of THR in exchange for approximately 11,544,389 shares of Sproutly.

APPENDIX "E"

OPTIONS TO PURCHASE SECURITIES

The following table sets forth information with respect to the outstanding incentive stock options of the Issuer (each, an “**Option**”) granted by the Issuer to directors, employees and consultants of the Issuer, each as a group, as of the date of this Listing Statement:

Optionholder(s)	Number of Options
Current and previous executive officers, as a group	5,970,866 ⁽¹⁾
Current and previous directors as a group	3,253,273 ⁽²⁾
Current and previous executive officers of all subsidiaries of the Issuer	Nil
Current and previous directors of the Issuer’s subsidiaries who are not executive officers as a group	Nil
Current and previous employees of the Issuer as a group	1,163,671 ⁽³⁾
Current and previous consultants of the Issuer as a group	225,000 ⁽⁴⁾

⁽¹⁾ 1,953,273 Options granted at an exercise price of \$0.24638 per common share (each, a “**Share**”) with an expiration date of March 25, 2027; 2,942,593 Options granted at an exercise price of \$0.00493 per Share with an expiration date of March 25, 2027; 900,000 Options granted at an exercise price of \$0.25 per Share with an expiration date of July 6, 2028; and 175,000 Options granted at an exercise price of \$0.60 per Share with an expiration date of July 6, 2028.

⁽²⁾ 1,953,273 Options granted at an exercise price of \$0.24638 per Share with an expiration date of March 25, 2027; 400,000 Options granted at an exercise price of \$0.04928 per Share with an expiration date of May 5, 2020; and 900,000 Options granted at an exercise price of \$0.25 per Share with an expiration date of July 6, 2028.

⁽³⁾ 152,203 Options granted at an exercise price of \$0.24638 per Share with an expiration date of March 25, 2027; 101,468 Options granted at an exercise price of \$0.00493 per Share with an expiration date of April 18, 2027; 700,000 Options granted at an exercise price of \$0.25 per Share with an expiration date of July 6, 2028; and 200,000 Options granted at an exercise price of \$0.60 per Share with an expiration date of July 6, 2028.

⁽⁴⁾ 225,000 Options granted at an exercise price of \$0.60 per Share with an expiration date of July 6, 2028.

APPENDIX "F"

ESCROWED & RESTRICTED SECURITIES

Escrowed Securities

The following table sets forth information with respect to the number of securities of each class of securities of the Issuer held, to the knowledge of the Issuer, in escrow as of the date of this Listing Statement:

Designation of class held in escrow	Number of securities held in escrow	Percentage of class
Common shares	35,718,398 ⁽¹⁾	29.03% ⁽²⁾
Incentive stock options	6,849,139	65.84 ⁽³⁾

(1) All escrowed securities (the “**Escrowed Securities**”) are subject to a 36-month release schedule pursuant to the Principal Escrow Agreement, as defined below.

(2) Based on 123,060,267 Resulting Issuer Shares issued and outstanding upon closing of the Transaction.

(3) Based on 10,402,811 options of the Resulting Issuer issued and outstanding upon closing of the Transaction.

Principal Escrow Agreement

Pursuant to the terms of the principal escrow agreement entered into by Related Persons (as such term is defined in the CSE Policy 1) prior to the closing of the Transaction (the “**Principal Escrow Agreement**”), the following automatic timed releases will apply to the Escrowed Securities:

Date of Automatic Timed Release	Amount of Escrowed Securities Released
4 months after the date the Issuer’s securities are listed on the CSE (the Listing Date)	1/10 of the remaining Escrowed Securities
6 months after the Listing Date	1/6 of the remaining Escrowed Securities
12 months after the Listing Date	1/5 of the remaining Escrowed Securities
18 months after the Listing Date	1/4 of the remaining Escrowed Securities
24 months after the Listing Date	1/3 of the remaining Escrowed Securities
30 months after the Listing Date	1/2 of the remaining Escrowed Securities
36 months after the Listing Date	The remaining Escrowed Securities

Restricted Securities

The following table sets forth information with respect to the number of restricted securities (the “**Restricted Securities**”) of the Issuer, not including securities held in escrow, to the knowledge of the Issuer, as of the date of this Listing Statement:

Designation of class of Restricted Securities	Number of Restricted Securities	Percentage of class
Common shares	42,697,520	34.70% ⁽¹⁾

(1) Based on 123,060,267 Resulting Issuer Shares issued and outstanding upon closing of the Transaction.

Lock-Up Agreements

Pursuant to the terms of the lock-up agreement entered into by certain Sproutly shareholders prior to the closing of the Transaction (the “**Lock-Up Agreement**”), the following automatic timed releases will apply to approximately 22,458,267 of the Restricted Securities:

Date of Automatic Timed Release	Amount of Restricted Securities Released
4 months after the Listing Date	1/10 of the Restricted Securities
6 months after the Listing Date	1/6 of the remaining Restricted Securities
12 months after the Listing Date	1/5 of the remaining Restricted Securities
18 months after the Listing Date	1/4 of the remaining Restricted Securities
24 months after the Listing Date	1/3 of the remaining Restricted Securities
30 months after the Listing Date	1/2 of the remaining Restricted Securities
36 months after the Listing Date	The remaining Restricted Securities

Contractual Restrictions

The following Restricted Securities are subject to contractual restrictions:

Designation of class of Restricted Securities	Number of Shares Under Contractual Restrictions	Terms of Contractual Restrictions
Common shares	5,195,189	The holders of these Restricted Securities must not trade the security before the date that is 4 months after the Listing Date.
Common Shares	15,044,064	The holders of these Restricted Securities are subject to a 12-month lock-up period, pursuant to which 50% of the Restricted Securities will be released 6 months after the Listing Date and the remaining 50% of the Restricted Securities will be released 12 months after the Listing Date.

APPENDIX "G"

PRINCIPAL SHAREHOLDERS

The following table provide information for each of the principal shareholders of the Issuer as of the completion of the Transaction.

Other than as described below, to the knowledge of the Issuer, after the completion of the Transaction, no person or company will beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the issued and outstanding Resulting Issuer Shares.

Name and Relationship to Issuer	No. of Shares Beneficially Owned	Percentage of Outstanding Shares ⁽¹⁾
Aman Bains Director	12,559,027 ⁽²⁾	10.21%
Bray Limited Partnership	21,104,073	17.15%
0788268 B.C. Ltd.	12,599,060	10.24%

⁽¹⁾ Based on 123,060,267 Resulting Issuer Shares issued and outstanding after the close of the Transaction.

⁽²⁾ Includes 6,299,530 Resulting Issuer Shares held through 0788286 B.C. Ltd., 4,838,934 Resulting Issuer Shares held through Bray Limited Partnership and 1,420,562 Resulting Issuer Shares held by Aman's wife, Gursarup Ruby Bains.

APPENDIX "H"

DIRECTORS AND OFFICERS OF THE RESULTING ISSUER

EXECUTIVE OFFICERS AND DIRECTORS

Name, Occupation and Security Holding

The following table sets forth information with respect to the directors and executive officers of the Resulting Issuer, including their respective provinces or states and countries of residence, their position(s) with the Resulting Issuer, their principal occupations for the last five years, the dates on which they first became directors or officers of the Resulting Issuer, and the number of the Resulting Issuer Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by such persons or such persons' respective associates or affiliates.

The directors hold office until the next annual meeting of the Resulting Issuer or until they otherwise cease to hold office in accordance with the Resulting Issuer's Articles of Incorporation.

Name, Province/State and Country of Residence	Position with the Corporation	Principal Occupation During the Past Five Years	Period as Director and/or Officer	Number and Percentage of Common Shares Held ⁽¹⁾
Keith Dolo ⁽²⁾ British Columbia, Canada	Chief Executive Officer, President & Director	Mr. Dolo was employed by Robert Half Finance & Accounting from 2003 to 2017, most recently as a Vice President	April 30, 2018	1,264,687 1.03%
Craig Loverock Ontario, Canada	Chief Financial Officer	Mr. Loverock has been employed as Chief Financial Officer of Contagious Gaming Inc., a TSXV listed company, since December 2015. Mr. Loverock has served as President of Loverock Consulting since May 2015. Mr. Loverock served as Chief Financial Officer of Voice Trust eServices from October 2014 to May 2015. He served as Chief Financial Officer and Chief Compliance Officer of Quartz Capital Group from November 2012 to October 2014	April 30, 2018	81,175 0.07%
Karin Studer British Columbia, Canada	Chief Operating Officer	Ms. Studer was the Managing Partner of Bray Partners Inc. from February 2014 to February 2017, Owner & Primary Consultant at Studer Consulting from February 2013 to January 2014 and Director of Retail	April 30, 2018	981,836 0.80%

		Operations of Coast Capital Savings from April 2006 to January 2013		
Aman Bains ⁽²⁾ British Columbia, Canada	Director	Mr. Bains is currently the Managing Director of Bray Partners Inc., the general partner of Bray Limited Partnership	April 30, 2018	12,559,027 ⁽³⁾ 10.21%
Gregg Orr ⁽²⁾ British Columbia, Canada	Director	Mr. Orr is a Chartered Professional Accountant and is currently employed as the Chief Financial Officer of Maple Gold Mines Ltd., a TSXV listed company, since October 2017. Prior to that time, Mr. Orr was the British Columbia Mining Leader for Deloitte for six years and was an Audit Partner for 10 years prior to becoming a consultant from January 2016 to October 2017.	April 30, 2018	146,622 0.01%
Justin Kates British Columbia, Canada	Director	Mr. Kates is a partner of DuMoulin Black LLP (where he has worked for the past 6 years), practicing primarily in the areas of securities, corporate finance, mergers and acquisitions, and corporate and commercial law. He received his J.D. from the University of Western Ontario and his Bachelor of Business Administration from Western Michigan University.	April 30, 2018	-

⁽¹⁾ Based on 123,060,267 Resulting Issuer Shares issued and outstanding after the completion of the Arrangement, assuming that no Sproutly or Stone Ridge convertible securities are exercised.

⁽²⁾ Member of the Resulting Issuer's Audit Committee upon completion of the Transaction.

⁽³⁾ Includes 6,299,530 Resulting Issuer Shares held through 0788286 B.C. Ltd., 4,838,934 Resulting Issuer Shares held through Bray Limited Partnership and 1,420,562 Resulting Issuer Shares held by Aman's wife, Gursarup Ruby Bains.

Upon completion of the Transaction, directors and executive officers of the Resulting Issuer, as a group, will beneficially own, or exercise control or direction, directly or indirectly, over an aggregate of 15,033,347 Resulting Issuer Shares representing 12.22% of the outstanding Resulting Issuer Shares.

DIRECTOR COMPENSATION

To date, the Resulting Issuer has not paid any cash compensation to its directors in respect of their service as directors. However, the Resulting Issuer reimburses its directors for certain out-of-pocket expenses related to the directors' services as a member of the Resulting Issuer Board. It is anticipated that the Resulting Issuer Board will determine director compensation following the completion of the Arrangement.

Outstanding Option-Based Awards

The following table sets forth the outstanding option-based awards expected to be held by the directors of the Resulting Issuer, other than NEOs, upon completion of the Transaction, assuming no Sproutly or Stone Ridge convertible securities are exercised:

	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Aman Bains	1,953,273	\$0.24638	March 25, 2027	\$690,716
Aman Bains	300,000	\$0.25	July 6, 2028	\$105,000
Greg Orr	300,000	\$0.25	July 6, 2028	\$105,000
Justin Kates	300,000	\$0.25	July 6, 2028	\$105,000

APPENDIX "I"

CAPITALIZATION TABLES

14. Capitalization

The following tables provide information about the Issuer's capitalization upon closing of the Transaction:

Issued Capital ⁽¹⁾

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	%of Issued (non- diluted)	% of Issued (fully diluted)
<u>Public Float</u>				
Total outstanding (A)	123,060,267	148,174,893	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)	51,774,802	62,152,613		
Total Public Float (A-B)	71,285,465	86,022,280	57.93%	58.05%
<u>Freely-Tradeable Float</u>				
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)	78,415,918	85,265,057	63.72%	57.53%
Total Tradeable Float (A-C)	44,644,349	62,939,987	36.28%	42.47%

⁽¹⁾ Figures are reported to the best knowledge of the management of the Issuer.

Public Securityholders (Registered)

Instruction: For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	<u>0</u>	<u>0</u>
100 – 499 securities	<u>0</u>	<u>0</u>
500 – 999 securities	<u>0</u>	<u>0</u>
1,000 – 1,999 securities	<u>0</u>	<u>0</u>
2,000 – 2,999 securities	<u>0</u>	<u>0</u>
3,000 – 3,999 securities	<u>0</u>	<u>0</u>
4,000 – 4,999 securities	<u>0</u>	<u>0</u>
5,000 or more securities	<u>193</u>	<u>71,285,465</u>
Total	<u>193</u>	<u>71,285,465</u>

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	67 ⁽¹⁾	6,066,560
2,000 – 2,999 securities	14 ⁽²⁾	29,000
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	178 ⁽³⁾	20,329,657
Unable to confirm		5,208,750
Total		31,633,967

⁽¹⁾ Number of holders includes NOBO and holders with shares deposited with Canaccord Genuity Corp. ("Canaccord"). Some Canaccord shareholders likely hold in excess of 1,999 shares but information has not been made available.

⁽²⁾ Number of holders ascertained from NOBO listing.

⁽³⁾ Number of holders ascertained from NOBO listing, CDS intermediary listing, and registration details.

Non-Public Securityholders (Registered)

Instruction: For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	18	51,774,802
Total	18	51,774,802

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Common Share Purchase Warrants	14,711,815	14,711,815
Options to purchase Common Shares	10,402,811	10,402,811

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

Not applicable.

APPENDIX "J"

INTEREST OF EXPERTS

To the best of the Issuer's knowledge, as at the date hereof, MNP LLP and Manning Elliott LLP each being companies, partnerships or persons who have prepared certain sections of the Circular, or are named as having prepared or certified a report, statement or opinion in or incorporated by reference in the Circular or this Listing Statement, or any director, officer, employee or partner thereof, as applicable, have not received a direct or indirect interest in a property of Sproutly, Stone Ridge or the Resulting Issuer, or any associate or affiliate thereof.

As of the date hereof, each of: (a) the partners and associates of MNP LLP; and (b) the partners and associates of Manning Elliott LLP, owned, directly or indirectly, less than one percent of the Stone Ridge Shares, less than one percent of the Sproutly Shares, and less than one percent of the Resulting Issuer Shares. None of the aforementioned persons nor any directors, officers, employees and partners, as applicable, of each of the aforementioned companies and partnerships, is currently expected to be elected, appointed or employed as a director, officer or employee of Sproutly, Stone Ridge or the Resulting Issuer, or any associate or affiliate thereof, or has received or will receive as a result of the Arrangement a direct or indirect interest in a property of Sproutly, Stone Ridge or the Resulting Issuer, or any associate or affiliate thereof.

MNP LLP is the auditor for Sproutly. MNP LLP has issued an auditor's report on the financial statements of Sproutly for the year ended February 28, 2018 and has confirmed that they are independent with respect to Sproutly within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Manning Elliott LLP is the auditor for Stone Ridge. Manning Elliott LLP has issued an auditor's report on the financial statements of Stone Ridge for the years ended February 28, 2018 and February 29, 2017 and has confirmed that they are independent with respect to Stone Ridge within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

APPENDIX "K"

**AUDITED FINANCIAL STATEMENTS OF SPROUTLY FOR THE YEAR ENDED
FEBRUARY 28, 2018**

[Attached as the following pages.]

Consolidated Financial Statements Sproutly Inc.

(Expressed in Canadian Dollars)

For the period from incorporation on January 17, 2017 to February 28, 2018

Independent Auditors' Report	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Loss and Comprehensive Loss	3
Consolidated Statement of Changes in Shareholders' Equity	4
Consolidated Statement of Cash Flows.....	5
Notes to the Consolidated Financial Statements	6-25

Independent Auditors' Report

To the Shareholders of Sproutly Inc.:

We have audited the accompanying consolidated financial statements of Sproutly Inc., which comprise the consolidated statement of financial position as at February 28, 2018, and the consolidated statement of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from incorporation on January 17, 2017 to February 28, 2018, 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 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.

Auditors' 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 auditors' 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 Sproutly Inc. as at February 28, 2018 and its financial performance and its cash flows for the period from incorporation on January 17, 2017 to February 28, 2018 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of these consolidated financial statements, which states that Sproutly Inc. incurred significant losses since inception and negative cash flows from operating activities. This, along with other matters described in Note 1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of Sproutly Inc. to continue as a going concern.

Vancouver, British Columbia
June 28, 2018



Chartered Professional Accountants

Sproutly Inc.**Consolidated Statement of Financial Position**

As at February 28, 2018

(Expressed in Canadian dollars)

	Notes	February 28, 2018 \$
Assets		
Current Assets		
Cash		741,385
Receivables	6	395,670
		<u>1,137,055</u>
Non-Current		
Capital assets	7	10,914,333
Intangible assets	5	6,200,305
Goodwill	5	1,208,036
		<u>19,459,729</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	14	1,740,596
On-demand loan	8	100,000
Borrowings	9	150,000
Loans payable	10	6,611,382
Convertible loan payable	11	979,079
		<u>9,581,057</u>
Non-Current Liabilities		
Related party loan	12	1,581,887
Shareholder loan	13	876,587
Deferred tax liability	5,20	1,208,036
		<u>13,247,567</u>
Shareholders' equity		
Share capital	15	7,832,586
Contributed surplus	11(i)(ii)	152,230
Options reserve	15(b)	330,095
Warrants reserve	15(a)(iii)	567,854
Accumulated deficit		(2,670,603)
		<u>6,212,162</u>
		<u>19,459,729</u>

Approved on behalf of the Board June 28, 2018

_____, Director

_____, Director

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

Sproutly Inc.
Consolidated Statement of Loss and Comprehensive Loss
For the period from incorporation on January 17, 2017 to February 28, 2018
(Expressed in Canadian dollars)

		From incorporation on January 17,2017 to February 28,2018
		\$
Expenses	Notes	
Marketing		2,260
Salaries and wages	16(a)(i)	504,803
Stock based compensation	16(a)(ii)	330,095
Office expenses		195,742
Consulting		182,686
Professional fees		355,177
Interest, accretion and bank charges		86,619
Advance receivable write-off	(16)(b)	984,461
Other		57,408
		<hr/>
Net Loss before tax		2,699,251
Deferred tax recovery		(28,648)
Net loss and comprehensive loss for the period		<hr/> 2,670,603
Basic and diluted loss per share		\$ (0.26)
Weighted average number of shares outstanding		
Basic and diluted		<hr/> 10,367,244

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

Sproutly Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

	Notes	Number of common shares	Share capital	Total reserves	Accumulated deficit	Total shareholders' equity
			\$	\$	\$	\$
Balance - January 17, 2017		-	-	-	-	-
Incorporation shares	15(a)(i)(ii)	10,000,000	50,000	-	-	50,000
Conversion option (deferred tax recovery on conversion)	11(i)(ii)	-	-	152,230	-	152,230
Stock based compensation	15(b)	-	-	330,095	-	330,095
Issuance of units consisting of shares and warrants	15(a)(iii)	7,413,160	3,049,387	567,854	-	3,617,241
Issuance of shares on THR acquisition	15(a)(iv)	11,544,388	4,733,199	-	-	4,733,199
Net loss and comprehensive loss for the period		-	-	-	(2,670,603)	(2,670,603)
Balance - February 28, 2018		28,957,548	7,832,586	1,050,179	(2,670,603)	6,212,162

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

Sproutly Inc.**Consolidated Statement of Cash Flows**

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

	Notes	From incorporation on January 17, 2017 to February 28, 2018
		\$
Cash provided by (used in) operating activities		
Net loss and comprehensive loss		(2,670,603)
Adjustments for non-cash items:		
Stock based compensation		330,095
Loss on advances receivable		984,461
Financing fees	9,11	71,199
Accretion expense	11	13,566
Deferred tax recovery		(28,648)
Changes in non-cash operating working capital		
Increase in accounts payable and accrued liabilities		480,977
Increase in GST receivable		(38,552)
		<u>(857,505)</u>
Cash provided by (used in) financing activities		
Proceeds of short term loans		250,000
Proceeds of convertible debt		979,079
Proceeds of option from convertible debt		180,878
Proceeds from issuance of warrants		567,854
Shares issued for cash, net of share issue costs		3,014,622
		<u>4,992,433</u>
Cash provided by investing activities		
Funds advanced to a third party		(2,421,130)
Cash paid to Sproutly USA Inc.		(984,461)
Cash from the acquisition of Toronto Herbal Remedies Inc.		12,048
		<u>(3,393,543)</u>
Net change in cash		741,385
Cash, beginning of the period		-
Cash, end of the period		<u>741,385</u>

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

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

1. Nature and continuance of operations

Sproutly Inc. ("the Company" or "Sproutly") was incorporated on January 17, 2017 and is a company continued under the Business Corporations Act (British Columbia). The Company intends to identify and evaluate potential business opportunities in the medicinal cannabis industry. The registered office is located at 10th floor – 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

On February 28, 2018, the Company acquired all of the issued and outstanding common shares of Toronto Herbal Remedies Inc. ("THR") in exchange for 11,544,388 common shares of Sproutly valued at \$0.41 per share, for total consideration of \$4,733,199.

THR has applied for a license to produce and sell medical marijuana under the provisions of the Access to Cannabis for Medical Purposes Regulations ("ACMPR"). On June 8, 2018, Health Canada has approved the application and granted THR a cultivation license.

The financial statements and accompanying notes cover the period from January 17, 2017 to February 28, 2018, which is longer than a year as the Company is new incorporated.

The Company has not generated any revenues from operations and has incurred losses since inception. The Company incurred a net loss of \$2,699,251 and negative cash flows from operating activities for the period from January 17, 2017 to February 28, 2018. To date, the Company's activities have been funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand and through the private placements of common stock.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that could result should the Company be unable to continue as a going concern.

2. Summary of significant accounting policies

(a) Basis of presentation and statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

These financial consolidated statements were approved by the Company's Board of Directors on June 28, 2018.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Toronto Herbal Remedies Inc. ("THR"). All intercompany balances and transactions were eliminated on consolidation.

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

2. Summary of significant accounting policies (continued)

(c) Functional currency

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. The functional and presentation currency used to prepare the Company's consolidated financial statements is Canadian dollars.

(d) Cash and cash equivalents

Cash and cash equivalents consists of cash and demand deposits with maturities of 90 days or less.

(e) Capital assets

Capital assets are measured at cost less accumulated depreciation and impairment losses. Currently, all capital assets are under construction at THR and deprecation will commence subsequent to the completion of the project and ready for its intended use.

An asset's residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted if appropriate.

Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized in profit or loss.

(f) Intangible assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization is provided on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The estimated useful lives, residual values, and amortization methods are reviewed at each year end, and any changes in estimates are accounted for prospectively.

ACMPR license application is measured at fair value of acquisition and not amortized until 1) license is granted by Health Canada and 2) completion of the THR facility. When both conditions are met, the license is amortized on a straight-line basis over the life of the facility.

(g) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit ("CGU") or CGUs which are expected to benefit from the synergies of the combination.

Goodwill that has an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

2. Summary of significant accounting policies (continued)

(g) Goodwill (continued)

Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

(h) Impairment of non-financial assets

The carrying amount of the Company's non-financial assets is reviewed at each financial 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 when the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the period.

The recoverable amount of an asset or CGU is the greater of its fair value less cost to sell 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 the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment.

(i) Share-based payments

The Company applies the fair value method of accounting for stock option awards using the Black-Scholes option pricing model. Under this method, the Company recognizes compensation expense for employee stock option awards, based on the grant date fair value, for each vesting instalment, over the vesting period of the options. Each instalment is valued separately, based on assumptions determined from historical data, and recognized as compensation expense over each instalment's individual tranche vesting period. Forfeiture estimates are recognized in the period they are estimated and are revised for actual forfeitures in subsequent periods.

In situations where stock option awards are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

2. Summary of significant accounting policies (continued)

(j) Earnings (loss) per share

Basic earnings per share is computed by dividing the net income/loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings per share is computed by dividing the net income/loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. The Company's instruments are not dilutive due to the loss in the period.

(k) Share capital

(i) The proceeds from the exercise of stock options, warrants and on convertible debentures are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

(ii) Share capital issued for non-monetary consideration is recorded at an amount based on the fair market value of these shares.

(iii) The proceeds from the issue of units is allocated between common shares and common share purchase warrants based on the residual method by first allocating to common shares and remaining amounts to warrants.

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(l) Convertible debentures

Convertible debentures are separated into their liability and equity components on the statements of financial position. The liability component is initially recognized at fair value, determined as the net present value of future payments of interest and principal, discounted at the market rate for similar non-convertible liabilities at the time of issue. The liability component is recognized at amortized cost, using the effective interest method, until extinguished upon conversion, maturity or a normal course issuer bid. The fair value of the equity component of the convertible debentures is estimated using the residual method in which the difference between the face value of the instrument and the fair value of the debt component is allocated as the fair value of the equity component.

(m) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes party to the contractual provisions of the instruments. Financial assets and liabilities are initially measured at fair value, plus transaction costs.

Financial assets are classified into one of the following categories at initial recognition, depending on the purpose for which the asset was acquired.

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

2. Summary of significant accounting policies (continued)

(m) Financial instruments (continued)

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at 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. Cash and receivables are classified as loans and receivables.

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as FVTPL when the financial assets are either held for trading or they are designated upon initial recognition as FVTPL.

The Company currently does not currently have any financial assets at fair value through profit or loss.

(iii) Available-for-sale financial assets

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. 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 the statements of loss and comprehensive loss.

The Company currently does not currently have any available-for-sale investments.

(iv) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when objective evidence highlights that the estimated future cash flows from the investment have been affected.

For the financial assets, objective evidence of impairment could include:

- significant financial difficulty of the counterparty, indicated through unusual or increasingly delayed payments
- or increase in average credit period taken;
- evidence that the counterparty is entering bankruptcy or financial re-organization; and
- observable changes in local or economic conditions.

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

2. Summary of significant accounting policies (continued)

(m) Financial instruments (continued)

(v) Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. 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 through profit or loss.

The Company currently does not have any held to maturity investments.

The Company classifies its financial liabilities into one of two categories.

(i) Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL arise when the financial liabilities are either held for trading or they are designated upon initial recognition as FVTPL. The gain or loss resulting from the change in the fair value of the instruments is recognized in the Statement of loss in the period in which it occurs.

The Company has no liabilities carried at fair value through profit or loss.

(ii) Other financial liabilities

Other financial liabilities include all other liabilities, which are initially recognized at fair value and subsequently carried at amortized cost.

Accounts payable and accrued liabilities, borrowings, on-demand loan, loans payable, convertible loans payable, related party loan, and shareholder loan are other financial liabilities.

(iii) Derecognition of financial liabilities

The Company derecognizes financial liabilities only when the Company's obligations are discharged, cancelled or expired.

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

2. Summary of significant accounting policies (continued)

(n) Income taxes

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are to the extent that it is no longer probable that the related tax benefit will be realized.

3. New accounting pronouncements

Certain new and revised accounting standards and new International Financial Reporting Interpretations Committee ('IFRIC') interpretations have been issued during year, but do not have a material effect on the results or the financial position of the Company.

The following revised standards are not yet effective and the impact on the Company is currently under review:

IFRS 15, Revenue from Contracts with Customers

Clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will also result in enhanced disclosure about revenue, provide guidance for transactions that were not previously addressed comprehensively (i.e. service revenue and contract modifications) and improve guidance for multiple-element arrangements. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Given the Company has no revenue to date, this standard is not expected to have a material impact on the consolidated financial statements.

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

3. New accounting pronouncements (continued)

IFRS 9, Financial Instruments

Replaces the guidance in IAS 39 - Financial Instruments: Recognition and Measurement, on the classification and measurement of financial assets. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivable. Financial assets will be classified into one of two categories on initial recognition, financial assets measured at amortized cost or financial assets measured at fair value. Gains and losses on re-measurement of financial assets measured at fair value will be recognized in profit or loss, except that for an investment in an equity instrument which is not held-for-trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 16, Leases

Issued in January 2016, IFRS which establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

4. Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described within this note, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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 the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

- (i) Going concern - Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing its financial statements. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

4. Critical accounting estimates and judgements (continued)

Critical estimates

- (i) In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

Key sources of estimation uncertainty

- (ii) Current and deferred taxes - The determination of income tax expense and the composition of deferred tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversal of deferred tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretation, judgments and estimates may materially affect the final amount of current and deferred tax provisions, deferred income tax assets and liabilities, and results of operations.
- (iii) Collection of advances receivable - Management assesses the valuation of advances receivable and at the end of each reporting period. Management will assess the repayment schedule for the advance, ability of the borrow to repay the advance receivable and accrued interest, if any, and the Company's overall ability to collect the advance receivable amount. Management's assessment is based on significant judgements and estimates available at each reporting period. Changes in the assumptions may materially affect the amount of the advance receivable to be collectible.
- (iv) Fair value of financial instruments - the individual fair values attributable to the different components of a financing transaction, notably borrowing liabilities are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine the values attributable to each component of a transaction at the time of their issuance. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.
- (v) Share based payments - All equity-settled, share-based awards issued by the Company are fair valued using the Black-Scholes option-pricing model or other fair value techniques. In assessing the fair value of equity based compensation, estimates have to be made regarding the expected volatility in share price, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

5. Acquisition of THR

On February 28, 2018, the Company acquired all of the issued and outstanding common shares of THR in exchange for 11,544,388 common shares of Sproutly valued at \$0.41 per share, for total consideration of \$4,733,199. The transaction was accounted for as a business combination.

THR has applied for a license to produce and sell medical marijuana under the provisions of the Access to Cannabis for Medical Purposes Regulations ("ACMPR") and currently constructing a production facility in Scarborough, Ontario.

The purchase price was allocated as follows:

	\$
Net liabilities acquired	(1,467,106)
Intangible assets – ACMPR license application	6,200,305
Goodwill	1,208,036
Deferred tax liability	(1,208,036)
	<hr/> 4,733,199

Goodwill reflects the deferred income tax liability recognized for all taxable temporary differences. None of the goodwill arising on this acquisition is deductible for tax purposes. The license application is classified as an intangible asset and amortized over the life of THR's facility when the Company receives an ACMPR license from Health Canada and the completion of the THR's facility.

Fair values of the net liabilities acquired include the following:

	\$
Cash	12,048
Accounts receivable	357,118
Property and equipment	10,914,333
	<hr/> 11,283,499
Accounts payable and accrued liabilities	1,259,619
Loans payable	11,490,986
	<hr/> (1,467,106)

During the year ended February 28, 2018, acquisition costs of \$23,145 were included in the consideration transferred as part of settling THR's accounts payable and accrued liabilities.

As the acquisition occurred at the end of the fiscal year, net losses from THR were excluded in the Company's consolidated statement of loss and comprehensive loss. If the acquisition had been completed on January 17, 2017, the Company estimates it would have recorded an increase of \$1,504,688 in net loss for the period ended February 28, 2018.

The purchase price allocation related to the acquisition is not finalized and the allocation of the purchase price to the various assets acquired is subject to change.

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

6. Accounts receivable

Accounts receivables consist of the following:

	February 28, 2018
	\$
Subscription receivable	10,566
GST receivable	385,104
	<hr/>
	395,670

7. Capital assets

On February 28, 2018, the Company acquired THR (Note 5). THR is currently constructing a production facility in Scarborough, Ontario. As at February 28, 2018 costs related to the construction of this facility were capitalized as construction in progress and not amortized. Amortization will commence when construction is complete and the facility is available for its intended use.

The following table reconciles the Company's capital assets:

	Land	Construction in progress	Total
Cost	\$	\$	\$
Balance, January 17, 2017	-	-	-
Additions	1,098,550	9,815,783	10,914,333
Balance, February 28, 2018	1,098,550	9,815,783	10,914,333
Accumulated amortization			
Balance, January 17, 2017	-	-	-
Depreciation	-	-	-
Balance, February 28, 2018	-	-	-
Net book value			
February 28, 2018	1,098,550	9,815,783	10,914,333

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

8. On-demand loans

On October 16, 2017, the Company entered into an on-demand loan for the principal amount of \$100,000. The loan is unsecured, bears no interest and due on demand.

9. Borrowings

On November 2, 2017, the Company entered into an unsecured term loan for the principal amount of \$150,000. The loan began to bear interest at a rate of 10% per annum effective on December 15, 2017 and will continue until full and final payment is received. The loan was received at the same time that an additional \$150,000 was received for share subscriptions receivable at \$0.35 per share. The difference between the share subscription receivable amount of \$0.35 and the average share subscription receivable amount of \$0.50 was treated as financing charged and initially offset against the loan. A finance fee of \$69,832 was then recorded as an expense to record the loan at its principle amount of \$150,000 at February 28, 2018.

10. Loans payable

		February 28, 2018
		\$
Mortgage payable with 0982244 B.C. Ltd.	(i)	1,446,754
Interest-bearing loan with 2546308 Ontario Inc.	(ii)	3,125,000
Interest-bearing loan with 1053797 B.C. Ltd.	(iii)	1,990,628
Related party loan with 1023409 B.C. Ltd.	(iv)	49,000
Total loans payable		6,611,382

(i) On the June 24, 2015, THR entered into a secured, non-convertible loan of \$3,250,000 with 0982244 B.C. Ltd. The loan has a fixed interest rate of 8.5% per annum compounded semi-annually with share purchase and loan conversion options. Loan is repayable on June 24, 2018. On February 28, 2018, the lender exercised its rights to purchase 2,399,918 of THR's common shares and \$1,500,000 of the outstanding loan balance was converted to a shareholder loan with interest of 8.5% per annum compounded semi-annually due on February 28, 2023. The loan was re-measured at fair value using effective interest rate method at an effective interest rate of 19.6% on February 28, 2018 when THR was acquired by the Company.

(ii) On November 22, 2016, THR entered into a secured, fixed interest rate of 8% per annum loan for the principal amount of \$3,500,000 with 2546308 Ontario Inc., against which THR drew \$3,125,000. The loan is secured by a mortgage with priority of repayment with a convertible feature to convert \$131,362 of the loan equivalent to 23.4% of issued and outstanding common shares in THR. The conversion option expired on April 30, 2017 and the interest rate increased to 12% per annum and due on demand.

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

10. Loans payable (continued)

(iii) On November 21, 2016, THR entered into an interest-free loan for the principal amount of \$2,075,000 with 1053797 B.C. Ltd. This loan was repayable on October 31, 2017. On February 28, 2018, 1053797 B.C. Ltd. converted a portion of the loan into common shares of THR. The remaining balance is \$1,990,628 and due on demand with a fixed interest rate of 4% per annum.

(iv) On July 18, 2017, the Company received an unsecured, interest-free, non-convertible loan of \$49,000 from 1023409 B.C. Ltd. The loan is due on demand.

11. Convertible loans payable

		February 28, 2018
Convertible loan	(i)	\$ 318,305
Convertible debentures	(ii)	660,774
Total convertible loans payable		<u>979,079</u>

(i) On November 30, 2017, the Company entered into an unsecured, non - interest bearing loan for \$330,000. The loan is repayable in full on May 30, 2018. This loan contains a conversion feature. The conversion feature can be exercised by the holder on or before May 30, 2018.

The feature gives a right to the holder to convert the total principal loan or any outstanding portion therefore into Units of the Company. The conversion price per Unit at which the principal amount of the loan can be converted is \$0.30 per Unit. Units are defined as one (1) Common Share of the Company and one half (1/2) Warrant. Warrants entitle the holder to acquire one Common Share at a price of \$0.45 per Warrant Share for 24 months following the issue date.

The loan's embedded conversion feature was determined to meet the definition of a compound financial instrument required to assign a fair value to the debt with any residual amount recorded as equity. The conversion feature value has been determined to be \$23,024. The borrowing amount represents the debt element of the loan, without the conversion option, recorded at its amortized cost at February 28, 2018 using effective interest rate of 15%. An accretion expense of \$2,262 and \$3,646 of deferred tax recovery against equity was recorded in the year ended February 28, 2018.

(ii) On February 28, 2018, the Company entered into convertible debentures with various third parties for \$815,000 and bear non-compounding interest rate of 10% per annum. Loans are repayable in full on April 10, 2019. The conversion feature value has determined to be \$157,855. The borrowing amount represents the debt element of the loan, without the conversion option, recorded at its amortized costs at February 28, 2018 using effective interest rate of 21%. An accretion expense of \$11,304, financing fee of \$1,367 and \$25,002 of deferred tax recovery against equity was recorded in the year ended February 28, 2018.

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

11. Convertible loans payable (continued)

The conversion feature can be exercised in the following manner:

- Automatic conversion upon acquisition of all issued shares of the Company by Stone Ridge Exploration Inc. ("Stone Ridge") (Note 21).
- The holder shall have the right at any time to convert prior to the maturity date on April 10, 2019.

If the acquisition by Stone Ridge is not completed by July 31, 2018, upon conversion of the debenture, holders will receive an additional 15% of common shares that the holder would otherwise be entitled to upon conversion of the debenture.

12. Related party loan

On July 30, 2014, THR received part of a fixed rate loan at 4% interest from shareholder (Bray Limited Partnership). This principal of the loan is \$2,248,525 and loan is repayable in full at the end of the 5-year term on July 30, 2019. The loan is secured by a commercial security agreement against all property of the Company.

The loan was re-measured at fair value using the effective interest rate method at an effective interest rate of 20.2% on February 28, 2018 when THR was acquired by the Company.

As at February 28, 2018, the carrying amount of the loan is \$1,581,887.

13. Shareholder loan

On February 28, 2018, \$1,500,000 of the outstanding \$3,250,000 loan from 0982244 B.C. Ltd. was converted to a shareholder loan (Note 10(i)). The loan has a fixed interest rate of 8.5% per annum compounded semi-annually and matures on February 28, 2023.

Since the interest rate on the loan was determined to be below fair market value, an estimate was completed to determine third party interest rate of approximately 21%. The loan was initially present values and subsequently recorded at amortized cost using the effective interest rate.

As at February 28, 2018, the carrying amount of the loan is \$876,587.

14. Accounts payable

	February 28, 2018
	\$
Interest payable	864,981
Other payables	875,615
	<u>1,740,596</u>

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

15. Share capital

(a) Share issuances

The authorized capital of the Company consists of an unlimited number of common shares without par value. All shares are Class A common shares with voting rights.

(iii) On January 17, 2017 on incorporation, the Company issued 9,300,000 shares at \$0.005/share for aggregate proceeds of \$46,500.

(iv) On April 10, 2017, the Company issued 700,000 shares at \$0.005 per share for aggregate proceeds of \$3,500.

(v) From December 19, 2017 to January 31, 2018, the Company issued 7,413,160 Sproutly Units at an average price of \$0.478 per Unit, to settle previously share subscriptions received and for new proceeds totaling \$3,544,000. Each Sproutly Unit consists of one (1) Sproutly Share and one half (1/2) of a share purchase warrant (the "Sproutly Warrants"). Each whole Sproutly Warrant entitles the holder to acquire one additional Sproutly Share at a price of \$1.50 per Sproutly Share for a period of 24 months following the date of issuance of the Sproutly Warrants. A reserve of \$567,854 was recognized as equity.

(vi) On February 28, 2018, the Company issued 11,544,388 common shares at a price of \$0.41 per share to the shareholders of THR in exchange for all of the issued and outstanding shares of THR (Note 5).

(b) Stock Options

The Company has a stock option plan in place under which it is authorized to grant options of up to 15% of its outstanding shares of the Company to officers, directors, employees and consultants. The exercise price of each option is to be determined by the Board of Directors.

The expiry date for each option should be for a maximum term of ten years. Stock options granted vest over the period determined by the Board of Directors.

The following is a summary of stock options activity:

January 17, 2017	Granted	Expired	Cancelled	February 28, 2018	Weighted Average Exercise Price
-	1,500,000	-	-	1,500,000	\$0.01
-	1,500,000	-	-	1,500,000	\$0.01

On March 25, 2017 and on April 18, 2017, the Company granted 1,450,000 and 50,000 stock options to certain employees respectively. These options are exercisable at \$0.01 per share for a period of 10 years from the date of grant. 500,000 of the options fully vest on the one year anniversary from the date of grant. An additional 550,000 options vest as follows: one-sixth vesting 18 months from date of grant, and one-sixth every 6 months following the date of the first tranche vesting. The remaining 450,000 options vest follows: one-sixth vesting 27 months from date of grant, and one-sixth every 6 months following the date of the first tranche vesting. Total fair value of the stock based compensation on the date of grant was estimated to be \$615,000 using a value of \$0.41 per option. The weighted-average remaining life of option is 9.08 years.

During the current period, the Company recorded share-based compensation expense of \$330,095 which was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

15. Shareholder capital (continued)

(b) Stock Options

	February 28, 2018
Total options granted	1,500,000
Volatility	148%
Expected life	10 years
Risk-free rate	1.22% to 1.40%

(c) Warrants

As of February 28, 2018, the Company issued a total 3,706,580 warrants with an exercise price at \$1.50 in relations to the Sproutly Warrants. The weighted-average of remaining life of warrants is 1.89 years expiring between December 19, 2019 and January 31, 2020.

	February 28, 2018
Total warrants outstanding	3,706,580
Volatility	137.4%
Expected life	2 years
Risk-free rate	1.68%

16. Related party transactions

(a) Compensation of key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors, and corporate officers. The remuneration of key management personnel during the year ended was as follows:

	February 28, 2018
	\$
Management compensation (i)	343,139
Share-based payments (ii)	323,123
	<hr/> 666,262 <hr/>

- (i) As of February 28, 2018, the Company owes \$52,790 to key management personnel.
- (ii) Share-based payments are the fair value of options granted and vested to key management personnel and directors of the Company under the Company's stock option plan (Note 15(b)).

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

16. Related party transactions (continued)

(b) Advance to related party

During the year, a related party advance of \$984,461 from Sproutly USA was written-off as it was determined by management that the balance is uncollectible.

(c) Loans from related parties

The Company has received loans from Bray Limited Partnership, 1023409 B.C. Ltd. and on demand loan related to a Director of the Company.

	Note	February 28, 2018
		\$
On-demand loan	8	100,000
Loan payable	10	49,000
Due to related parties	12	1,581,867
		<hr/>
		1,730,867

17. Financial instruments and risk management

(a) Fair values of financial instruments

February 28, 2018

	Cash value	Fair value	Fair value level
	\$	\$	
Cash	741,385	741,385	1
Accounts payable and accrued liabilities	(1,740,596)	(1,740,596)	1
On demand loan	(100,000)	(100,000)	1
Current borrowings	(150,000)	(150,000)	1
Loans payable	(6,914,628)	(6,611,382)	3
Convertible loans payable	(1,115,000)	(979,079)	3
Related party loan	(2,248,525)	(1,581,887)	3
Shareholder loan	(1,500,000)	(876,587)	3

Fair value measurements and disclosures use the following hierarchy definitions in determining its classifications:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs)

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

17. Financial instruments and risk management (continued)

(a) Fair values of financial instruments (continued)

Cash, accounts payable and accrued liabilities, on-demand loans and current borrowings approximate their fair value due to their short-term nature. The initial fair value of the convertible note, related party loan and shareholder loan has been measured using Level 3 valuation methods and the following summarizes the key assumptions used to estimate fair value as at February 28, 2018:

<u>Valuation approach</u>	<u>Key inputs</u>	<u>Inter-relationship between inputs and fair value measurement</u>
The liability of the convertible debenture was valued using Company specific interest rates assuming no conversion features existed. The debt component is accreted over the term to maturity as a non-cash interest charge and the initial equity component is \$180,879.	Discount rate – 15% per annum.	As the discount rate decreases, the fair value increases.

A 10 basis point change in the discount rate would have increased/decreased the fair value by \$2,000.

(b) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Advances receivables comprises loans advanced to third parties that are due on demand, unsecured and bear no interest. As the Company does not obtain collateral or security to support these advances, there is a risk that the Company will not collect on these advances. Should the Company not collect on these advances, it would have a significant effect on the Company.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its holdings of cash and financing opportunities.

Since incorporation, the Company's primary source of funding has been through debt and equity. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding, see Note 1. As at February 28, 2018, the Company had current assets of \$1,137,055 to settle current liabilities of \$9,581,057.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently the Company does not charge or is charged floating interest rates on its loans receivable, payables or other loan.

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

18. Capital management

In the management of capital, the Company includes components of shareholders' equity. The Company aims to manage its capital resources to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and to maximize its financial flexibility by maintaining strong liquidity and by utilizing alternative sources of capital including equity, debt and bank loans or lines of credit to fund continued growth. The Company sets the amount of capital in proportion to risk and based on the availability of funding sources. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Additional debt and/or equity financing may be pursued in future as deemed appropriate to balance debt and equity. To maintain or adjust the capital structure, the Company may issue new shares, take on additional debt or sell assets to reduce debt. The Company is not subject to externally imposed capital requirements.

19. Commitments and contingencies

On August 1, 2017 the Company entered into a two year office lease agreement at 1050 – 1095 West Pender St, Vancouver British Columbia for monthly payments of \$16,317 expiring on July 31, 2019.

Future lease payments of the remaining lease is \$277,389.

	\$
2018	163,170
2019	114,219
	<u>277,389</u>

20. Income tax

The Company's tax charge, which relates fully to deferred taxes, differs from the amount obtained by applying the Canadian statutory tax rate due to the following:

	February 28, 2018
Loss before taxes	\$ (2,699,251)
Canadian statutory tax rate	12.00%
Expected income tax (recovery)	(323,910)
Non-deductible items	40,260
Equity portion of convertible loans	21,705
Change in tax rates	(366,092)
Share issuance cost	(8,009)
Change in deferred tax asset not recognized	607,398
Total income tax expense (recovery)	\$ (28,648)

The unrecognized deductible temporary differences as at February 28, 2018 are comprised of the following:

	February 28, 2018
Non-capital losses carryforwards	\$ 6,261,565
Total unrecognized deductible temporary differences	\$ 6,261,565

Sproutly Inc.

Notes to the Consolidated Financial Statements

For the period from incorporation on January 17, 2017 to February 28, 2018

(Expressed in Canadian dollars)

20. Income tax (continued)

The Company has non-capital loss carryforwards of approximately \$6,261,565 which may be carried forward to apply against future income for Canadian income tax purposes, subject to final determination by taxation authorities expiring in 2038.

As part of the THR acquisition, the Company has incurred a deferred tax liability of \$1,208,036 due to the recognition of the ACMPR license.

	February 28, 2018
Non-capital loss carryforwards	\$ 1,670,914
Intangible assets	(1,643,081)
Loans payable	(609,504)
Convertible loan payable	(45,174)
Capital assets	9,681
Financing costs	16,526
	(600,638)
Deferred tax assets not recognized	(607,398)
Net deferred tax liability	\$ (1,208,036)

Deferred tax recovery of \$28,648 was recognized in the year ended February 28, 2018 related to the equity portion of the convertible loan payable (Note 11).

21. Subsequent events

During the period and amended and restated on March 20, 2018, the Company entered into an arrangement agreement with Stone Ridge to have the latter acquire all of the issued shares of Sproutly in exchange for approximately 103,389,522 shares of Stone Ridge.

On March 15, 2018, the Board approved and granted 2,000,000 options with an exercise price of \$0.50 to director, officer and employee of the Company.

On June 1, 2018, the Company closed four tranches of convertible debentures bearing interest of 10% per annum and raised proceeds of \$3,725,000. \$815,000 of proceeds were already received and recorded as convertible debentures before year ended February 28, 2018 (Note 11). The Company paid cash finder's fee of \$252,670 and finder's warrants of 830,857 with an exercise price of \$0.35 per unit expiring on March 26, 2020. All convertible debentures were converted to common shares by June 2018.

On April 10, 2018, the Company issued approximately 8,621,505 common shares to the holders of the Bray LP debt and the 1053797 B.C. Ltd. debt from THR. Sproutly will assume the debt and accrued interest totaling \$4,768,963.

On May 14, 2018, the Company has signed a letter of intent to purchase Infusion Biosciences Canada Inc. from Infusion Bioscience Inc.

On May 22, 2018, the Company has signed a letter of intent to purchase SSM Partners Inc. from BNO Holdings Inc.

On June 8, 2018, THR, a wholly owned subsidiary of the Company officially became a Canadian licensed commercial producer of cannabis under the ACMPR upon receiving a cultivation license from Health Canada (Note 1).

APPENDIX "L"

**AUDITED FINANCIAL STATEMENTS OF STONE RIDGE FOR THE YEARS ENDED
FEBRUARY 28, 2018 AND 2017**

[Attached as the following pages.]

STONE RIDGE EXPLORATION CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

FEBRUARY 28, 2018 AND 2017

(Expressed in Canadian dollars)



INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Stone Ridge Exploration Corp.

We have audited the accompanying financial statements of Stone Ridge Exploration Corp. which comprise the statements of financial position as at February 28, 2018 and 2017, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended and the related notes comprising 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 financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Stone Ridge Exploration Corp. as at February 28, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

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

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
June 4, 2018

STONE RIDGE EXPLORATION CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	February 28, 2018	February 28, 2017
		\$	\$
ASSETS			
CURRENT			
Cash		575,626	26
Amounts receivable		13,755	7,245
		589,381	7,271
EXPLORATION AND EVALUATION ASSET	6	-	205,433
		589,381	212,704
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	8	110,918	66,578
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	7	1,103,645	681,655
CONTRIBUTED SURPLUS		481,367	215,306
DEFICIT		(1,106,549)	(750,835)
		478,463	146,126
		589,381	212,704

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
SUBSEQUENT EVENT (Note 12)

Approved and authorized for issue on behalf of the Board on June 4, 2018

/s/ "Robert Coltura" Director /s/ "Stephen B. Butrenchuk" Director

The accompanying notes are an integral part of these financial statements

STONE RIDGE EXPLORATION CORP.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Note	Year ended February 28, 2018	Year ended February 28, 2017
		\$	\$
EXPENSES			
Management fees	8	61,500	74,000
Office and miscellaneous		2,910	19,673
Professional fees	8	58,959	40,223
Rent	8	18,000	22,463
Travel and promotion		627	6,677
Transfer agent and filing fees		22,363	23,859
LOSS BEFORE OTHER ITEM		(164,359)	(186,895)
OTHER ITEM			
Write down of exploration and evaluation asset	6	(191,355)	-
NET LOSS AND COMPREHENSIVE LOSS		(355,714)	(186,895)
LOSS PER SHARE – Basic and diluted		(0.02)	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		18,057,348	15,140,975

The accompanying notes are an integral part of these financial statements

STONE RIDGE EXPLORATION CORP.
STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars)

	Common Shares		Contributed Surplus	Deficit	Total
	Number of Shares	Amount \$			
Balance, February 28, 2016	9,960,000	261,900	183,037	(563,940)	(119,003)
Share issue for cash (Note 7c)	5,500,000	550,000	-	-	550,000
Share issue costs (Note 7c)	250,000	(142,745)	32,269	-	(110,476)
Shares issued for exploration and evaluation assets (Note 7c)	125,000	12,500	-	-	12,500
Net loss for the year	-	-	-	(186,895)	(186,895)
Balance, February 28, 2017	15,835,000	681,655	215,306	(750,835)	146,126
Share issue for cash in private placement (Note 7c)	13,500,000	675,000	-	-	675,000
Share issue costs (Note 7c)	1,350,000	(342,494)	304,695	-	(37,799)
Shares issued from exercise of stock options (Note 7c)	400,000	72,268	(32,268)	-	40,000
Shares issued from exercise of warrants (Note 7c)	108,500	17,216	(6,366)	-	10,850
Net loss for the year	-	-	-	(355,714)	(355,714)
Balance, February 28, 2018	31,193,500	1,103,645	481,367	(1,106,549)	478,463

The accompanying notes are an integral part of these financial statements

STONE RIDGE EXPLORATION CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year ended February 28, 2018	Year ended February 28, 2017
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	(355,714)	(186,895)
Item not involving cash:		
Write down of exploration and evaluation asset	191,355	-
	(161,359)	(186,895)
Changes in non-cash working capital balances:		
Amounts receivable	(6,510)	2,249
Prepaid expenses	-	10,000
Accounts payable and accrued liabilities	44,340	(178,272)
Repayments to related party	-	(23,500)
Cash used in operating activities	(126,529)	(376,418)
INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures	-	(73,067)
British Columbia Mineral Exploration Tax Credit	14,078	1,501
Cash provided by (used in) investing activities	14,078	(71,566)
FINANCING ACTIVITIES		
Issuance of common shares, net of issuance cost	688,051	439,524
Cash provided by financing activities	688,051	439,524
CHANGE IN CASH	575,600	(8,460)
CASH, BEGINNING OF YEAR	26	8,486
CASH, END OF YEAR	575,626	26
NON-CASH TRANSACTIONS:		
Shares and warrants issued for finder's fees	372,195	25,000
Shares issued from exercise of options and warrants	38,634	-
SUPPLEMENTAL CASH DISCLOSURES:		
Interest paid	-	-
Income taxes paid	-	-

The accompanying notes are an integral part of these financial statements

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2018 AND 2017
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Stone Ridge Exploration Corp. ("the Company") was incorporated on January 26, 2012 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 200-551 Howe Street, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at February 28, 2018, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

On February 7, 2018 and amended on March 20, 2018, the Company has entered into a binding definitive agreement with Sproutly Inc. ("Sproutly"), to acquire a 100% of Sproutly. Sproutly is an emerging Canadian cannabis company focused on building new forms of production and consumption technology and creating reliable products and brands in the cannabis industry. The proposed transaction will constitute a reverse takeover of the Company by Sproutly. Pursuant to the proposed transaction, the issued and outstanding common shares of Sproutly will be exchanged for common shares of the Company on a one post-consolidated share for one share basis.

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future. The Company incurred a loss of \$355,714 for the year ended February 28, 2018. The Company has incurred losses since its inception and had an accumulated deficit of \$1,106,549 at February 28, 2018. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. These factors give rise to a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

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

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on June 4, 2018.

b) Basis of presentation

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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2018 AND 2017
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Cash equivalents

Cash equivalents in the statements of financial position is comprised of short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

d) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

e) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based payments expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

The fair value of warrants issued to agents in connection with private placements ("Agent Warrants") is recognized on the date of issue as a share issue cost. The Company uses the BlackScholes option pricing model to estimate the fair value of Agent Warrants issued.

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2018 AND 2017
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

g) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

h) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

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

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2018 AND 2017
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) 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 does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Share issuance costs

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

k) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. The Company assigns 100% proceeds to the common shares and \$nil to warrants.

l) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

m) Government assistance

British Columbia ("B.C.") mining exploration tax credits for certain exploration expenditures incurred in B.C. are recognized as a reduction of the exploration and development costs of the respective mineral property upon when the amount can be measured reliably and it is probable that the economics will flow to the Company.

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. At February 28, 2018, the Company has not classified any financial assets as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At February 28, 2018, the Company has not classified any financial assets as available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

o) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At February 28, 2018, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

- i. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable;
- ii. the measurement of deferred income tax assets and liabilities; and
- iii. the inputs used in accounting for share-based payments.

Significant accounting judgments

- i. the determination of categories of financial assets and financial liabilities; and
- ii. the evaluation of the Company's ability to continue as a going concern.

4. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS

There were no new or revised accounting standards scheduled for mandatory adoption on March 1, 2017 that affected the Company's financial statements.

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
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5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

The following accounting policies will be adopted by the Company effective March 1, 2018:

IFRS 9 – Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

IFRS 2 ‘Share-based payments’ In June 2016, the IASB issued the final amendments to IFRS 2 Share-based payments that clarify the classification and measurement of share-based payment transactions. This includes the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

The adoptions of these standards are not expected to have a material impact on the Company's financial statements.

The following standard will be adopted by the Company effective January 1, 2019:

IFRS 16 ‘Leases’: IFRS 16 will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting.

The extent of the impact of adoption of this standard and interpretations on the financial statements of the Company has not been determined.

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSET

	Acquisition Costs	Exploration Costs	Total
	\$	\$	\$
Balance, February 28, 2016	12,647	108,720	121,367
Issuance of common shares	12,500	-	12,500
Cash payments	26,220	-	26,220
Other exploration costs	-	46,847	46,847
BCMETC credit	-	(1,501)	(1,501)
Balance, February 28, 2017	51,367	154,066	205,433
BCMETC credit	-	(14,078)	(14,078)
Write down of exploration and evaluation asset	(51,367)	(139,988)	(191,355)
Balance, February 28, 2018	-	-	-

Hanson Mineral Property

Pursuant to an option agreement (the "Original Agreement") dated January 26, 2012, with KGE Management Ltd. ("KGE") and John Chapman, collectively, the "Optionors", the Company was granted an option to acquire a 100% undivided interest in the Hanson Mineral Property (the "Property") in the Omineca Mining Division of British Columbia. The terms of the Original Agreement were amended on February 25, 2012, August 1, 2013, September 19, 2014, February 23, 2015, July 23, 2015, November 13, 2015, January 14, 2016 and April 24, 2017 (collectively, the "Option Agreement").

In accordance with the Option Agreement, the Company had the option to acquire a 100% undivided interest in the Property by issuing a total of 630,000 common shares of the Company to the Optionors, making cash payments totaling \$161,220, and incurring a total of \$2,600,000 in exploration expenditures on and before the fourth anniversary. The Optionors would retain a 3% Net Smelter Returns royalty on the Property. The Company had the right to purchase 1.5% of the royalty for \$3 million at any time prior to the commencement of commercial production.

During the year ended February 28, 2018, the Company received \$14,078 (2017 - \$1,501) in British Columbia Mining Exploration Tax Credits ("BCMETC"). Management decided not to pursue the interest in this property and as a result, the Company recorded a write down of exploration and evaluation asset of \$191,355.

STONE RIDGE EXPLORATION CORP.
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7. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six month from date of listing. At February 28, 2018, there were 2,250,000 shares held in escrow.

c) Issued and Outstanding: As at February 28, 2018, there were 31,193,500 common shares outstanding.

February 28, 2018

(i) The Company issued 13,500,000 units for gross proceeds of \$675,000. Each unit consisted of one common share of the Company and one-half of a common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share at a purchase price of \$0.10 per share for a period of one year. The Company incurred \$37,799 professional fees, issued 1,350,000 agent units with a fair value of \$67,500 and 1,350,000 agent warrants with a fair value of \$304,695 as finder's fees. Each agent unit consisted of one common share and one-half of a common share purchase warrant. Each whole agent warrant entitles the holder to purchase one common share at \$0.10 per share for one year. The fair market value of the 1,350,000 agent warrants was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free rate	1.75%
Exercise price	\$0.10
Expected life of warrants in years	1
Expected volatility	212%
Expected dividend yield	0%

(ii) The Company issued 400,000 common shares for proceeds of \$40,000 from the exercise of stock options.

(iii) The Company issued 108,500 common shares for proceeds of \$10,850 from the exercise of warrants.

February 28, 2017

The Company issued 5,500,000 common shares at \$0.10 per share for gross proceeds of \$550,000. In connection with the transaction, the Company issued to an agent 250,000 common shares with a fair value of \$25,000 and paid agent commission and other fees of \$110,476. In addition, the Company also issued 550,000 warrants with a fair value of \$32,269 to the agent. Each agent warrant entitles the holder to purchase one additional common share at \$0.10 per share until April 13, 2018. The fair value of the agent warrants was estimated using the assumptions of: risk-free rate of 0.68%; expected life of 2 years; expected volatility of 115% and expected dividends of \$Nil.

The Company issued 125,000 common shares with a fair value of \$12,500 in connection with the Option Agreement (Note 6).

STONE RIDGE EXPLORATION CORP.
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7. SHARE CAPITAL (continued)

d) Stock Options:

The Company grants incentive stock options as permitted pursuant to the Company's Stock Option Plan (the "Plan") approved by the shareholders which complies with the rules and policies of the Canadian Securities Exchange. Under the Plan, the aggregate number of common shares which may be subject to option at any time may not exceed 10% of the issued common shares of the Company as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the Optionee. If the Optionee ceases to be qualified to receive options from the Company those options shall immediately expire. All options vest when granted unless otherwise specified by the Board of Directors. Options granted to persons providing investor relations activities to the Company must vest in stages over at least one-year period and no more than one-quarter of such options may be vested in any three month period.

The following table summarizes stock option transactions:

	Number of Options	Weighted Average Exercise Price
		\$
Outstanding, February 29, 2016 and February 28, 2017	800,000	0.10
Exercised	(400,000)	0.10
Outstanding, February 28, 2018	400,000	0.10

The following table summarizes the stock options outstanding and exercisable as at February 28, 2018 is:

Exercise Price	Number of options	Exercisable	Expiry date
\$ 0.10	400,000	400,000	May 5, 2020

The weighted average remaining useful life of outstanding options is 2.18 years as at February 28, 2018.

e) Warrants:

The following table summarizes warrants transactions:

	Number of Options	Weighted Average Exercise Price
		\$
Outstanding, February 29, 2016	-	-
Issued	550,000	0.10
Outstanding, February 28, 2017	550,000	0.10
Issued – private placement	6,750,000	0.10
Issued – agent warrants	2,025,000	0.10
Exercised	(108,500)	0.10
Outstanding, February 28, 2018	9,216,500	0.10

STONE RIDGE EXPLORATION CORP.
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(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

e) Warrants (continued):

The table below summarizes the warrants outstanding and exercisable as at February 28, 2018 is:

Exercise Price	Number of warrants	Exercisable	Expiry date
\$ 0.10	441,500*	411,500*	April 13, 2018
\$ 0.10	8,775,000	8,775,000	January 12, 2019

*Subsequent to February 28, 2018, 440,620 warrants were exercised.

The weighted average remaining useful life of outstanding options is 0.84 years as at February 28, 2018.

8. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following amounts are due to related parties and have been included in accounts payable and accrued liabilities:

	February 28, 2018	February 28, 2017
	\$	\$
Accounts payable and accrued liabilities	93,736	53,955

The amounts are due to companies controlled by the officer and a former director of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

The Company had the following related party transactions:

	Year ended February 28, 2018	Year ended February 28, 2017
	\$	\$
Professional fees	22,100	22,000
Rent	18,000	22,463
Total	40,100	44,463

Professional fees and rent are paid to companies controlled by the officer and a former director of the Company.

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8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Key management personnel receive compensation in the form of short-term employee benefits. The remuneration of key management is as follows:

	Year ended February 28, 2018	Year ended February 28, 2017
	\$	\$
Management fees	61,500	69,000

Management services were provided by companies owned by the officer and a former director of the Company. Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer.

9. INCOME TAXES

The Company has losses carried forward of \$747,000 available to reduce income taxes in future years which expire between 2032 and 2038.

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	Year ended February 28, 2018	Year ended February 28, 2017
Canadian statutory income tax rate	26%	26%
	\$	\$
Income tax recovery at statutory rate	93,000	49,000
Effect of income taxes of:		
Change in rate and others	10,000	-
Permanent differences	27,000	29,000
Change in deferred tax assets not recognized	(130,000)	(78,000)
Deferred income tax recovery	-	-

The temporary differences that give rise to significant portions of the deferred tax assets not recognized are presented below:

	February 28, 2018	February 28, 2017
	\$	\$
Non-capital loss carry forwards	202,000	139,000
Mineral properties	38,000	(13,000)
Share issue costs	42,000	26,000
Deferred tax assets not recognized	(282,000)	(152,000)
	-	-

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2018 AND 2017
(Expressed in Canadian dollars)

10. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at February 28, 2018 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash	575,626	-	-	575,626

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at February 28, 2018 because of the demand nature or short-term maturity of these instruments.

STONE RIDGE EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2018 AND 2017
(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

12. SUBSEQUENT EVENT

Subsequent to February 28, 2018, 440,620 warrants were exercised for cash proceeds of \$44,150.

APPENDIX "M"

MD&A OF STONE RIDGE FOR THE YEAR ENDED FEBRUARY 28, 2018

[Attached as the following pages.]

STONE RIDGE EXPLORATION CORP.

Management Discussion and Analysis

For the year ended February 28, 2018

The Management Discussion and Analysis (“MD&A”), prepared June 4, 2018 should be read in conjunction with the audited financial statements and notes thereto for the year ended February 28, 2018, and the notes thereto of Stone Ridge Exploration Corp. (“Stone Ridge”) which were prepared in accordance with International Financial Reporting Standards.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional information about Stone Ridge Exploration Inc. and other filings are available through the System of Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the Province of British Columbia on January 26, 2012.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties. The Company is currently focusing its financial resources on conducting an exploration program on the Hanson Mineral Property. The Company has not yet determined whether this property contains reserves that are economically recoverable. The recoverability of amounts shown for resource property and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource property and upon future profitable production or proceeds from the disposition thereof.

EXPLORATION AND EVALUATION ASSET

	Acquisition Costs	Exploration Costs	Total
	\$	\$	\$
Balance, February 28, 2016	12,647	108,720	121,367
Issuance of common shares	12,500	-	12,500
Cash payments	26,220	-	26,220
Other exploration costs	-	46,847	46,847
BCMETC credit	-	(1,501)	(1,501)
Balance, February 28, 2017	51,367	154,066	205,433
BCMETC credit	-	(14,078)	(14,078)
Write down of exploration and evaluation asset	(51,367)	(139,988)	(191,355)
Balance, February 28, 2018	-	-	-

Hanson Mineral Property

Pursuant to an option agreement (the “Original Agreement”) dated January 26, 2012, with KGE Management Ltd. (“KGE”) and John Chapman, collectively, the “Optionors”, the Company was granted an option to acquire a 100% undivided interest in the Hanson Mineral Property (the “Property”) in the Omineca Mining Division of British Columbia. The terms of the Original Agreement were amended on February 25, 2012, August 1, 2013, September 19, 2014, February 23, 2015, July 23, 2015, November 13, 2015, January 14, 2016 and April 24, 2017 (collectively, the “Option Agreement”).

In accordance with the Option Agreement, the Company had the option to acquire a 100% undivided interest in the Property by issuing a total of 630,000 common shares of the Company to the Optionors, making cash payments totaling \$161,220, and incurring a total of \$2,600,000 in exploration expenditures on and before the fourth anniversary. The Optionors would retain a 3% Net Smelter Returns royalty on the Property. The Company had the right to purchase 1.5% of the royalty for \$3 million at any time prior to the commencement of commercial production.

During the year ended February 28, 2018, the Company received \$14,078 (2017 - \$1,501) in British Columbia Mining Exploration Tax Credits ("BCMETS"). Management decided not to pursue the interest in this property and as a result, the Company recorded a write down of exploration and evaluation asset of \$191,355.

SELECTED ANNUAL INFORMATION
(\$000's except loss per share)

	February 28, <u>2018</u>	February 28, <u>2017</u>	February 29 <u>2016</u>
Revenue	\$ 0	\$ 0	\$ 0
Net Loss	\$ (356)	\$ (187)	\$ (241)
Basic and Diluted Loss Per Share	\$ (0.02)	\$ (0.02)	\$ (0.02)
Total Assets	\$ 589	\$ 213	\$ 149
Long-Term Debt	\$ 0	\$ 0	\$ 0
Dividends	\$ 0	\$ 0	\$ 0

OPERATIONS

Three month period ended February 28, 2018

During the three months ended February 28, 2018 the Company reported a net loss of \$43,168 (2017 - \$46,542). Included in the determination of operating loss was \$4,500 (2017 - \$5,411) spent on rent, \$9,750 (2017 - \$22,250) on management and administration, \$19,093 (2017 - \$11,629) on professional fees, \$8,180 (2017 - \$2,757) and on transfer agent and filing fees, \$32 (2017 - \$273) on travel and promotion and \$1,613 (2017 - \$4,022) on office and miscellaneous.

Twelve month period ended February 28, 2018

During the twelve months ended February 28, 2018 the Company reported a net loss of \$355,714 (2017 - \$186,895). Included in the determination of operating loss was \$18,000 (2017 - \$22,463) spent on rent, \$61,500 (2017 - \$74,000) on management and administration, \$58,959 (2017 - \$40,223) on professional fees, \$22,363 (2017 - \$23,859) and on transfer agent and filing fees, \$627 (2017 - \$6,677) on travel and promotion and \$2,910 (2017 - \$19,673) on office and miscellaneous. During the period the Company also incurred a loss of \$191,355 (2017 - \$Nil) on the write off of exploration and evaluation assets.

SUMMARY OF QUARTERLY RESULTS
(\$000's except earnings per share)

	February 28, <u>2018</u>	November 30, <u>2017</u>	August 31, <u>2017</u>	May 31, <u>2017</u>
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
NET LOSS	\$ (44)	\$ (16)	\$ (250)	\$ (46)
Basic and diluted Loss per share	\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ (0.00)

	February 28, <u>2017</u>	November 30, <u>2016</u>	August 31, <u>2016</u>	May 31, <u>2016</u>
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
NET LOSS	\$ (47)	\$ (35)	\$ (56)	\$ (49)
Basic and diluted Loss per share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at February 28, 2018 was \$575,626 compared to \$26 at February 28, 2017.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY BALANCES AND TRANSACTIONS

Key management personnel receive compensation in the form of short-term employee benefits. The remuneration of key management is as follows:

	Year ended February 28, 2018	Year ended February 28, 2017
Management fees	\$ 61,500	\$ 69,000

Management services were provided by companies owned by the officer and a former director of the Company. Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer.

COMMITMENTS

The Company is obligated to make certain payments and issue shares in connection with the acquisition of its mineral property.

PROPOSED BUSINESS COMBINATION AND SUBSEQUENT EVENT

During the period the Company entered into a non-binding letter of intent (the "LOI") with Sproutly Inc. ("Sproutly") to acquire all of the issued shares of Sproutly in exchange for approximately 87,440,742 shares of the Company. Concurrent with the acquisition Sproutly will raise up to \$3,300,000 at price of \$0.50 unit. Each Sproutly Unit will consist of one (1) Sproutly Share and one-half (1/2) of a share purchase warrant (the "Sproutly Warrants"). Each whole Sproutly Warrant will entitle the holder to acquire one additional Sproutly Share at a price of \$0.75 per Sproutly Share for a period of 24 months following the date of issuance of the Sproutly Warrants. Upon completion of the proposed transaction the Sproutly Warrants will become warrants of the company. The proposed transaction will result in a reverse take-over. Upon completion of the proposed transaction the shares of the Company will be consolidated on a basis of two new shares for every one share.

The Company announced a working capital private placement of up to 13,500,000 pre-consolidated units (the "Units") at \$0.05 per unit to raise gross proceeds of up to \$675,000 (the "Private Placement"). Each Unit will consist of one (1) common share of the Company and one-half (1/2) of a common share purchase warrant (the "Warrants"). Each whole Warrant will entitle the holder to purchase one (1) additional common share at a purchase price of \$0.10 per share for a period of one year from the date of closing of the Private Placement. The proceeds of the Private Placement will be used for general working capital purposes. The closing of the Private Placement is not contingent upon the closing of the proposed Sproutly Transaction.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The mandatory adoption of the following new and revised accounting standards and interpretations on March 1, 2017 had no significant impact on the Company's financial statements for the years presented:

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

New accounting standards effective for annual periods on or after March 1, 2018:

IFRS 9 – Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

CRITICAL ACCOUNTING POLICIES

Share-based payments

The Company has an equity-settled share-based compensation plan. Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

Financial Instruments

Financial assets are classified into one of four categories:

- Fair value through profit or loss;
- Held-to-maturity;
- Available for sale and;
- Loans and receivables

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or;
- It is a derivative that is not designated and effective as a hedging instrument.

The Company's cash is classified as FVTPL.

Held-to-maturity ("HTM")

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

Available-for-sale financial assets ("AFS")

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets as at FVTPL. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign

currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less and impairment losses.

Derecognition of financial assets

A financial asset is derecognized when:

- The contractual right to the asset's cash flows expire; or
- If the Company transfer the financial assets and substantially all risks and rewards of ownership to another entity.

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.

The carrying amount of all financial assets is directly reduced by the impairment loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

The Company does not have any significant foreign currency denominated monetary assets or liabilities.

(ii) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

SHARE CAPITAL

Issued

The company has 31,193,500 shares issued and outstanding as at February 28, 2018 and June 4, 2018.

Share Purchase Options

The Company has 400,000 stock options outstanding as at February 28, 2018 and June 4, 2018.

Warrants

The Company has 9,216,500 share purchase warrants outstanding as at February 28, 2018 and 8,775,000 as at June 4, 2018.

Escrow Shares

The Company has 2,250,000 shares held in escrow as at February 28, 2018 and 1,500,000 as at June 4, 2018.