

Chemesis International Inc.
(formerly Canadian Mining Corp.)



CHEMESIS

LISTING STATEMENT - FORM 2A

IN RESPECT OF THE PROPOSED REVERSE TAKEOVER
TRANSACTION INVOLVING THE MERGER OF
CANADIAN MINING CORP.
AND
1145411 B.C. LTD.

July 16, 2018

This listing statement qualifies the listing of securities of an entity that currently derives, indirectly, a substantial portion of its revenues from the cannabis industry in certain U.S. states, which industry is illegal under U.S. Federal Law. Chemesis International Inc. is indirectly involved (pursuant to a management services agreement) in the medical-use cannabis industry and the adult-use cannabis marketplace in the State of California, which has regulated such activity. In addition, Chemesis International Inc. is indirectly involved (pursuant to a management services agreement with an entity engaged in the production and sale of certain cannabis products) in both the medical and adult-use cannabis industries in the United States where local and state law permits such activities.

The cultivation, sale and use of cannabis is illegal under federal law pursuant to the U.S. Controlled Substance Act of 1970 (the “CSA”). Under the CSA, the policies and regulations of the United States Federal Government and its agencies are that cannabis has no medical benefit and a range of activities including cultivation and the personal use of cannabis is prohibited. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

Despite the current state of the federal law and the CSA, the states of California, Nevada, Massachusetts, Maine, Washington, Oregon, Colorado, Vermont and Alaska, and the District of Columbia, have legalized recreational use of cannabis. Massachusetts and Maine have not yet begun recreational cannabis commercial operations. In early 2018, Vermont became the first state to legalize recreational cannabis by passage in a state legislature, but does not allow commercial sales of recreational cannabis. Although the District of Columbia voters passed a ballot initiative in November 2014, no commercial recreational operations exist because of a prohibition on using funds for regulation within a federal appropriations amendment to local District spending powers.

In addition, over half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis, while other states have legalized and regulated the sale and use of medical cannabis with strict limits on the levels of THC.

Chemesis International Inc.'s objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the cannabis industry in the United States. Accordingly, there are a number of significant risks associated with the business of Chemesis International Inc. Unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, and the business of Chemesis International Inc. or one or more of its investees may be deemed to be producing, cultivating, extracting or dispensing cannabis in violation of federal law in the United States.

For these reasons, Chemesis International Inc.’s investments in the United States cannabis market may subject it to heightened scrutiny by regulators, stock exchanges, clearing agencies and other Canadian authorities. There are a number of risks associated with the business of Chemesis International Inc.. See Section entitled “Risk Factors”, including “Specific Risks Related To The Cannabis Industry.”

TABLE OF CONTENTS

1.	GLOSSARY OF TERMS.....	6
2.	CORPORATE STRUCTURE.....	10
3.	GENERAL DEVELOPMENT OF THE BUSINESS.....	11
4.	NARRATIVE DESCRIPTION OF THE BUSINESS	18
5.	SELECTED CONSOLIDATED FINANCIAL INFORMATION	30
6.	MANAGEMENT'S DISCUSSION AND ANALYSIS.....	32
7.	MARKET FOR SECURITIES	32
8.	CONSOLIDATED CAPITALIZATION	32
9.	OPTIONS TO PURCHASE SECURITIES	33
10.	DESCRIPTION OF THE SECURITIES.....	34
11.	ESCROWED SECURITIES	36
12.	PRINCIPAL SHAREHOLDERS	37
13.	DIRECTORS AND OFFICERS.....	38
14.	CAPITALIZATION.....	42
15.	EXECUTIVE COMPENSATION	46
16.	INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS	47
17.	RISK FACTORS	47
18.	PROMOTERS	61
19.	LEGAL PROCEEDINGS.....	61
20.	INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	61
21.	AUDITORS, TRANSFER AGENTS AND REGISTRARS.....	61
22.	MATERIAL CONTRACTS.....	62
23.	INTEREST OF EXPERTS	63
24.	OTHER MATERIAL FACTS.....	63
25.	FINANCIAL STATEMENTS	63
	SCHEDULE "A" FINANCIAL STATEMENTS OF CANADIAN MINING CORP.....	A-1
	SCHEDULE "B" CONSOLIDATED FINANCIAL STATEMENTS OF 1145411 B.C. LTD.....	B-1
	SCHEDULE "C" MD&A OF CANADIAN MINING CORP.	C-1
	SCHEDULE "D" MD&A OF 1145411 B.C. LTD.	D-1
	SCHEDULE "E" PROFORMA BALANCE SHEET OF THE RESULTING ISSUER	E-1
	SCHEDULE "F" AUDITOR REPORTING PACKAGE	F-1

Cautionary Note Regarding Forward-Looking Statements

The information provided in this listing statement (“**Listing Statement**”), including information incorporated by reference, may contain “forward-looking statements” about Canadian Mining Corp. (the “**Corporation**”) and 1145411 B.C. Ltd. (“**B.C. Ltd**”). In addition, the Corporation may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Corporation or B.C. Ltd. that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Corporation that address activities, events or developments that the Corporation or B.C. Ltd. expects or anticipates will or may occur in the future are forward- looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of the party making the statement and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- (a) the regulation of the recreational cannabis industry, including in the State of California;
- (b) the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and
- (c) other risks described in this Listing Statement and described from time to time in documents filed by the Corporation with Canadian securities regulatory authorities.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including, but not limited to, with respect to expectations and assumptions concerning: (i) receipt of required shareholder and regulatory approvals in a timely manner or at all; (ii) receipt and/or maintenance of required licenses and third party consents in a timely manner or at all; and (iii) the success of the operations of the Resulting Issuer, including, but not limited to, with respect to being able to maintain cordial relations with the other shareholder of SAP.

Although the Corporation believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the availability of sources of income to generate cash flow and revenue; the dependence on management and directors; risks relating to the receipt of the required licenses, risks relating to additional funding requirements; due diligence risks; exchange rate risks;

potential transaction and legal risks; risks relating to laws and regulations applicable to the production and sale of marijuana; and other factors beyond the Corporation's control, as more particularly described under the heading "*Risk Factors*" in this Listing Statement.

Consequently, all forward-looking statements made in this Listing Statement and other documents of the Corporation or B.C. Ltd., as applicable, are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Corporation and B.C. Ltd. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Corporation, B.C. Ltd., and/or persons acting on their behalf may issue. Neither the Corporation nor B.C. Ltd. undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third party sources, including industry publications. The Corporation believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Corporation has not independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

1. GLOSSARY OF TERMS

The following is a glossary of certain general terms used in this Listing Statement including in the summary hereof. Terms and abbreviations used in the financial statements appended to this Listing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

“**Affiliate**” means a corporation that is affiliated with another corporation as described below. A corporation is an “**Affiliate**” of another corporation if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person.

A corporation is “**controlled**” by a Person if:

- (a) voting securities of the Corporation are held, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Corporation.

A Person beneficially owns securities that are beneficially owned by:

- (a) a corporation controlled by that Person; or
- (b) an Affiliate of that Person or an Affiliate of any corporation controlled by that Person.

“**Arrangement**” means the plan of arrangement contemplated in the Arrangement Agreement;

“**Arrangement Agreement**” means the agreement between International Zeolite and the Corporation, dated February 17, 2017, under which the Corporation agreed to undertake a plan of arrangement under section 288 of the BCBCA.

“**Assignment of Rights**” means the agreement governing the assignment of rights of Tomate Soleil, Yushin Wen, and Dr. Philip Wen to SAP dated as of January 1, 2018.

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

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or

- (d) in the case of a Person who is an individual:
- (i) that Person's spouse or child, or
 - (ii) any relative of the Person or of his spouse who has the same residence as that Person.

"B.C. Ltd." means 1145411 B.C. Ltd, a corporation existing under the laws of the Province of British Columbia.

"BCBCA" means the *Business Corporations Act* (British Columbia).

"BCC" means the Bureau of Cannabis Control in the State of California.

"Bonhomie" means Bonhomie Labs Inc., a corporation existing under the laws of the State of California.

"Change of Business" means the change of business of the Corporation from mining activities to the recreational cannabis industry.

"Commissions" means the British Columbia Securities Commission and the Alberta Securities Commission.

"Common Shares" means the issued and outstanding common shares in the capital of the Corporation as presently constituted.

"Corporation" means Canadian Mining Corp., a corporation existing under the laws of the Province of British Columbia.

"Corporation's Board of Directors" means the board of directors of the Corporation.

"CSE" means the Canadian Securities Exchange.

"CSE Approval" means the final approval of the CSE in respect of the listing of the Corporation's Common Shares on the CSE following completion of the Proposed Transaction, as evidenced by the issuance of the final approval bulletin of the CSE in respect thereof.

"CSE Policies" means the rules and policies of the CSE in effect as of the date hereof.

"Escrow Agent" means AST Trust Company (Canada).

"Escrow Agreement" means the escrow agreement to be entered into by the Corporation, the Escrow Agent and certain securityholders of the Resulting Issuer in compliance with the requirements of the CSE.

"Escrowed Securities" means the Common Shares that will be subject to the Escrow Agreement upon completion of the Proposed Transaction.

"International Zeolite" means International Zeolite Corp. (formerly, Canadian Zeolite Corp.), a corporation existing under the laws of the Province of British Columbia.

“Letter Agreement” means the letter agreement entered into by the Corporation and B.C. Ltd. dated December 17, 2017, as amended on January 22, 2018.

“Listing Statement” means this listing statement of the Corporation, including the schedules hereto, prepared in support of the listing of the Common Shares on the CSE.

“LOI” means the letter of intent between the Corporation and Crust Resources Corp., a British Columbia-registered company, dated September 12, 2017.

“Management Agreement” means the management agreement entered into by SAP, Yushin Wen and Tomate Soleil on March 16, 2018.

“MOU” means the non-binding memorandum of understanding between the Corporation and Natural Ventures, dated January 12, 2018.

“Name Change” means the change of the Corporation's name from "Canadian Mining Corp." to "Chemesis International Inc."

“Natural Ventures” means Natural Ventures PR LLC, a company existing under the laws of the U.S. Territory of Puerto Rico.

“NP 46-201” means National Policy 46-201 – *Escrow for Initial Public Offerings*.

“Option” means a stock option to purchase Common Shares granted pursuant to the Corporation's 10% rolling stock option plan.

“Person” means any individual, corporation, company, partnership, unincorporated association, trust, joint venture, governmental body or any other legal entity whatsoever.

“Premises” means that premises located at 36650 Sunair Plaza, Cathedral City, CA 92234.

“Proposed Transaction” means the acquisition of B.C. Ltd. by the Corporation, as contemplated by the Share Purchase Agreement.

“Related Person” has the meaning attributed to it in the CSE Policies.

“Resulting Issuer” means the Corporation following completion of the Proposed Transaction.

“SAP” means SAP Global, a corporation existing under the laws of the State of California.

“Share Purchase Agreement” means the share purchase agreement entered into by the Corporation, B.C. Ltd., Bonhomie, and certain shareholders of B.C. Ltd. dated July 16, 2018.

“Shareholders” means shareholders of the Corporation.

“Spin-Out Transaction” means the spin-out transaction contemplated by the Arrangement Agreement.

“Stock Consolidation” means the proposed 2 for 1 stock consolidation that the Corporation intends to complete immediately following completion of the Proposed Transaction.

“Subco” means the Canadian Mining Company of Arizona Inc., a company incorporated and existing under the laws of the State of Arizona.

“Tomate Soleil” means Tomate Soleil Rouge, a non-profit corporation existing under the laws of the State of California.

“TSXV” means the TSX Venture Exchange.

“Vend-In Agreement” means the agreement between International Zeolite and the Corporation dated February 17, 2017, under which the Corporation issued 5,653,676 common shares to International Zeolite valued at \$16,243 in exchange for International Zeolite’s 100% interest in Subco.

“Warrant” means a common share purchase warrant of the Corporation, entitling the holder thereof to purchase one Common Share.

2. CORPORATE STRUCTURE

2.1 Corporate Name and Head and Registered Office

This Listing Statement has been prepared in connection with the Proposed Transaction and the Corporation's proposed listing on the CSE. Upon completion of the Proposed Transaction, the head and registered office of the Resulting Issuer will be located at 1212 Austin Avenue, Coquitlam, British Columbia. The Corporation is a reporting issuer in the Provinces of British Columbia and Alberta.

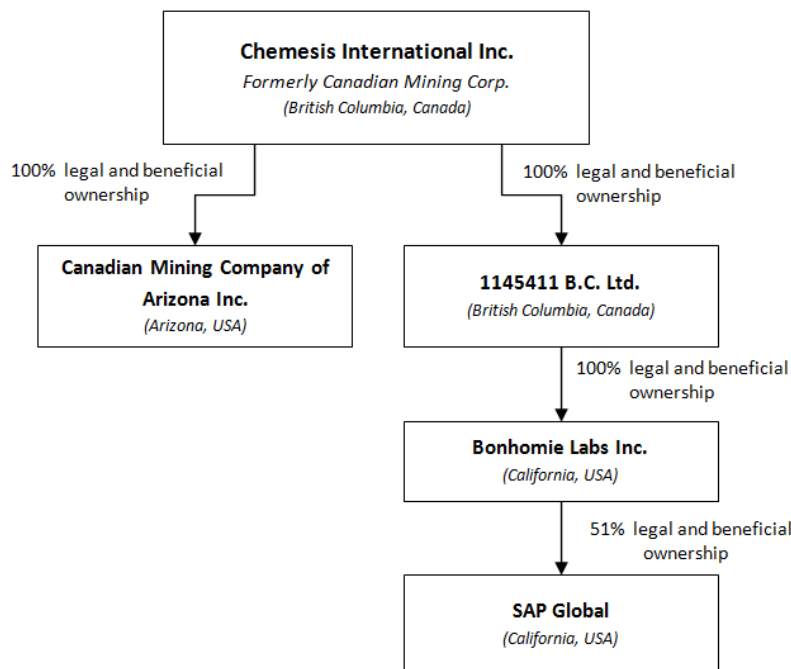
2.2 Jurisdiction of Incorporation

The Corporation was incorporated as Canadian Zeolite Corp. (and subsequently changed its name to Canadian Mining Company Inc. and then Canadian Mining Corp.) pursuant to the BCBCA, on April 26, 2013.

2.3 Inter-corporate Relationships

The Corporation currently has one wholly-owned subsidiary: Subco. Subco was incorporated on April 17, 2007 under the name Canadian Mining Company of Arizona Inc. under the laws of the State of Arizona.

On July 16, 2018, the Corporation and B.C. Ltd. entered into the Share Purchase Agreement in respect of the Proposed Transaction. The chart below represents the proposed corporate structure of the Resulting Issuer upon completion of the Proposed Transaction:



2.4 Fundamental Change

See *Item 3.1 – General Development of the Business – The Proposed Transaction*

2.5 Non-corporate Corporations and Corporations incorporated outside of Canada

This section is not applicable to the Corporation.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Business

The Corporation

The Corporation was initially incorporated as a wholly-owned subsidiary of International Zeolite on April 26, 2013.

On February 17, 2017, the Corporation entered into the Vend-In Agreement with its then parent company, International Zeolite, pursuant to which the Corporation issued 5,653,676 common shares to International Zeolite, then valued at \$16,243, in exchange for International Zeolite's 100% interest in Subco. The Corporation and International Zeolite subsequently entered into the Arrangement Agreement, pursuant to which the Corporation and Subco were spun out of International Zeolite. The Arrangement was approved by the shareholders of International Zeolite on April 28, 2017 and by the Supreme Court of British Columbia on May 1, 2017. In connection with the Arrangement, the Corporation applied to list its Common Shares on the TSXV. All conditions of the Arrangement were completed as of May 30, 2017, and Common Shares of the Corporation began trading on the TSXV on June 5, 2017 under the symbol "CNG".

At the time of the Arrangement, Subco held 22 claims in one large claim block totalling 454 survey acres located in Yavapai County, Arizona, USA, which comprised the Bullard Pass Property (the "**Bullard Pass Property**").

On September 27, 2017, the Corporation announced it had entered into a letter of intent ("**LOI**") with Crust Resources Corp., a British Columbia-registered company, to acquire a 100% direct or indirect interest in its operating subsidiary, Care Mining Company Ltd., a company registered in the Republic of Ghana. A definitive agreement with Crust Resources Corp. was not reached and the LOI terminated in accordance with its terms on October 31, 2017.

On July 16, 2018, the Corporation, B.C. Ltd., Bonhomie, and all of the shareholders of B.C. Ltd., entered into the Share Purchase Agreement in respect of the Proposed Transaction. In the event that the Proposed Transaction is completed, the transaction would constitute a Change of Business for the Corporation.

1145411 B.C. Ltd.

B.C. Ltd. was incorporated under the BCBCA on December 15, 2017. The registered office of B.C. Ltd. is located at 1450-13401-108th Avenue, Surrey, British Columbia, V3T 5T3 and head office located at 2016 Winter Crescent, Coquitlam, British Columbia, V3K 676. B.C. Ltd. is the owner of 100% of the issued and outstanding capital stock of Bonhomie. Bonhomie is the owner of 51% of the issued and outstanding capital stock of SAP.

Bonhomie Labs Inc. Overview

Bonhomie was incorporated on December 8, 2017. It is located at 832 La Jolla Rd. La Jolla, CA 92037. Its sole purpose is to serve as a holding company that owns 51% of the issued and outstanding shares of SAP Global. On January 1, 2018, B.C. Ltd. purchased all of the issued and outstanding stock of Bonhomie for \$100 and loaned Bonhomie USD \$750,000. Bonhomie issued a promissory note to B.C. Ltd. for the principal sum of USD \$750,000, due December 31, 2019, with interest accruing from January 1, 2018, at a rate equal to the Prime rate published in the Wall Street Journal, on the same day.

SAP Global Overview

SAP was incorporated on August 4, 2015. It is located at 1237 S. Gene Autry Trail, Palm Springs, CA 92264. Fifty-one percent (51%) of the issued and outstanding shares of SAP are held by Bonhomie and the remaining forty-nine (49%) are held by Gemini Ventures LLC ("**Gemini**"). Based in Cathedral City, California, SAP is the assignee, pursuant to the Management Agreement, of various entitlements that allow it to operate cannabis businesses in the State of California.

On March 16, 2018, SAP, Yushin Wen and Tomato Soleil, an affiliate of Gemini entered into the Management Agreement. Under the Management Agreement, SAP is entitled to manage, consult and supervise all operations of a medical marijuana (inclusive of cannabidiol ("**CBD**")) cultivation and manufacturing facility on the Premises (the "**Business**"), along with all marketing and sales of medical marijuana products (inclusive of CBD) arising from said cultivation and manufacturing as well as all financial and operational matters. In addition, SAP has the sole authority and responsibility to manage, deposit, disburse and invest the funds received by Tomato Soleil from operation of the Business. The Management Agreement additionally provides that Tomato Soleil will pay for the cost of all goods, all city excise taxes, and the base Franchise Tax Board tax from its revenues (the "**Product Costs**"). SAP is responsible for all operating expenses, including, but not limited to, rent, payroll, advertising, sales, power, gas, electricity, security, water, and building insurance (the "**Operating Costs**").

SAP is entitled to receive a management fee (the "**Management Fee**") from Tomato Soleil equal to the gross revenues from the Business less Product Costs and Operating Costs. The Management Fee shall constitute SAP's sole compensation and all other amounts represent reimbursement to SAP for all indirect costs, including all overhead, legal, accounting, financial, marketing, management and administrative assistance provided by SAP corporate staff. Until SAP's net collections exceed the Product Costs and Operating Costs, on a cumulative basis, SAP shall not receive payment of the Management Fee.

Pursuant to the Management Agreement, Tomato Soleil has assigned to SAP all right, title, and interest in and to all intellectual property, branding rights, good will, customer lists, leasehold rights, and any and all other interests and rights associated with the operation of the Business and the Premises. Additionally, SAP has the ultimate authority, control and direction of the officers of Tomato Soleil and all other assets, affairs and business of Tomato Soleil, including all financial and operational matters. SAP shall provide Tomato Soleil with overall supervision and administration of the Business, including with respect to the Premises, general business and office administration services, and cultivation and harvesting activities. In exchange, Tomato Soleil and Yushin Wen will maintain their permits to cultivate, manufacture, harvest, sell marijuana and engage in commercial cannabis related activities from the property, and any

other business licenses required to operate the Business. The Management Agreement also provides SAP the absolute right to manage any new permit, venture or business opportunity (each of which being an “**Opportunity**”) presented to Tomate Soleil or proposed by Tomate Soleil’s Board of Directors.

The Management Agreement will continue indefinitely, subject to the occurrence of certain events, which include, among other things, the enactment of federal, state, or local laws or regulations which prohibit the relationship of the parties as structured under the Management Agreement. Should such circumstances arise, the parties have agreed to employ diligent good faith efforts to modify the Management Agreement to the minimum extent necessary to comply with such newly enacted laws or regulations.

On January 1, 2018, each of SAP, Tomate Soleil, Yushin Wen, and Dr. Philip Wen entered into the Assignment of Rights pursuant to which the holders of all licenses, permits, and entitlements affecting the operation of all cannabis businesses upon the Premises have assigned all such licenses, permits, and entitlements to the sole and exclusive benefit of SAP.

To the best of SAP’s knowledge, and as supported by the Department of Public Health, Manufactured Cannabis Safety Branch’s (“**MCSB**”) grant of temporary manufacturing licenses for medical and adult use cannabis and by Cathedral City’s grant of medical cannabis business local licences, SAP’s proposed site and storage security measures are in place, are functional and comply with the requirements of all State of California regulatory authorities. These temporary licences will be renewed by Yushin Wen and Tomate Soleil, pursuant to the Management Agreement, prior to their expiry.

To the best of SAP’s knowledge, all zoning requirements as set out by the municipality of Cathedral City, California have been achieved and approved by the city inspectors and SAP abides by all city zoning ordinances with respect to operating a recreational cannabis facility on the currently leased property. To the best of SAP’s knowledge, there are no outstanding work orders, non-compliance orders, deficiency notices or other such notices relative to the Premises.

Regulation of Cannabis in the United States Federally

The United States federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. A Schedule I controlled substance is defined as a substance that has no currently accepted medical use in the United States, a lack of safety for use under medical supervision and a high potential for abuse. The Department of Justice defines Schedule 1 controlled substances as “the most dangerous drugs of all the drug schedules with potentially severe psychological or physical dependence.” **The United States Federal Drug Administration has not approved the sale of marijuana for any medical or recreational application.**

Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical marijuana under the Access to Cannabis for Medical Purposes Regulations, marijuana is largely regulated at the state level in the United States. **State laws regulating cannabis are in direct conflict with the federal Controlled Substances Act, which makes cannabis use and possession federally illegal. Although certain states and territories of the U.S. authorize medical or recreational cannabis production and**

distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under any and all circumstances under the Controlled Substances Act.

The risk of federal enforcement and other risks associated with the Corporation's business are described in Item 17 – Risk Factors

Regulation of the California Cannabis Market (at State and Local Levels)

California has authorized recreational sales of cannabis beginning as of January 1st, 2018. Though medicinal cannabis has been sanctioned in California for over more than twenty years, the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("**MAUCRSA**") signed into law on June 27, 2017 introduced a set of governing entities and guidelines to regulate both recreational and medical cannabis in the state.

Under the MAUCRSA, three main agencies are charged with overseeing cannabis activities in the state: The BCC within the Department of Consumer Affairs, CalCannabis Cultivation Licensing within the Department of Food and Agriculture, and the MCSB within the Department of Public Health. Each of these entities oversees the licensure of various cannabis businesses. The BCC is the overall governing agency, and it issues licenses to distributors, dispensaries, microbusinesses, and testing laboratories. CalCannabis Cultivation Licensing will issue licenses to cultivators and will also be responsible for implementing the Track-and-Trace System for plants from seed-to-sale. The MCSB will issue licenses to manufacturers of cannabis.

License types are designated into two classes: Type M (medical) or Type A (adult use). There are 20 types of licenses, and a single entity may possess both Type M and Type A licenses. The MAUCRSA permits vertical integration by licensees to hold licenses in more than two separate licensing categories. Licensees must conduct their commercial cannabis activity within a single premises, which must be contiguous. Although multiple premises are allowed on a given parcel, each premises must be sufficiently separate from any other premises, i.e., having separate entrances and exits and no shared common areas. Importantly, licensees may not sublet any portion of their licensed premises, and therefore, a licensee cannot lease a multi-unit building and sublease one of the units to an affiliated licensee.

Only businesses engaged in "commercial cannabis activity" are required to have a license – ancillary services, technology, and know-how are not included unless their interests in the licensee amount to "ownership" or a "financial interest."

Under MAUCRSA, an "owner" no longer distinguishes between public and private companies. An owner is: (1) anyone with an aggregate ownership interest of 20% or more in the applicant, unless the interest is solely a security, lien, or encumbrance, (2) the chief executive officer of a nonprofit or other entity, (3) a member of the board of directors for a nonprofit, or (4) an individual participating in the direction, control, or management of the applicant. Each owner of the entity applying for a cannabis license is required to submit fingerprint images and background checks. Such fingerprinting requirement extends to shareholders holding 5% or more of the equity of the applicant's public company owner.

Prior to receiving a license under the MAUCRSA, each applicant must receive local approval, in the form of a local license or permit, by the jurisdiction in which they operate. According to the

MAUCRSA, local governments (i.e., counties and municipalities) have the right to regulate cannabis businesses or even ban them completely from the local jurisdictions. The cities of Palm Springs and Cathedral City have implemented ordinances that allow for commercial cannabis businesses.

Once a cannabis business has received local approval, they are eligible to apply for a State temporary license. A cannabis business cannot operate in the State until they have received their State temporary license. However, any cannabis business operating prior to January 1, 2018 may continue to operate without a State license provided that it applies for the appropriate temporary or permanent license(s) from the state by February 14, 2018. If the state denies the application for a temporary or permanent license(s) for any reason, the cannabis business must cease operations until such time as it obtains the appropriate temporary or permanent state license(s).

Every retail cannabis business operating in those cities must pay tax on gross receipts (i.e., all revenues in whatever form and before any deductions whatsoever). In Cathedral City, such tax is 10% and, in Palm Springs, the tax is 15%. Both jurisdictions provide that the cannabis tax is not a sales or use tax and, therefore, cannot be specifically assessed or charged to any purchaser. In both cities, such tax is payable monthly, on the last day of each month for the receipts generated in the prior month. A cannabis tax return is required whether or not taxes are owed during the month. Failure to submit timely tax returns and payments result in a penalty equal to 25% of the amount of the tax in addition to the amount of the tax, plus interest on the unpaid tax calculated from the original due date.

Operators of cannabis licenses must navigate these evolving regulations carefully, and consistently maintain compliance with the State and local regulations. The Corporation has engaged expert counsel to ensure that all of its undertakings are in compliance with local and state laws and that its investment vehicles provide maximum protection to its shareholders.

There are significant risks associated with the Corporation's business as described in *Item 17 – Risk Factors*.

Recent Financings

December 2017 Private Placement – BC Ltd.

On December 22, 2017, BC Ltd. completed a non-brokered private placement whereby it issued 100 shares from treasury at a price of \$38,000 per share for gross aggregate proceeds of \$3,800,000.

August 2017 Private Placement

On August 3, 2017, the Corporation completed a non-brokered private placement (the “**August 2017 Financing**”) whereby it issued 8,798,944 units at a price of \$0.25 per unit for gross aggregate proceeds of \$2,199,736. Each unit was comprised of one Common Share and one Warrant. Each Warrant entitles the holder thereof to acquire one Common Share at a price of \$1.00 for a period of two years from the date of issue.

All participants of the August 2017 Financing signed a voluntary pooling agreement that subjects the Common Shares issued under the August 2017 Financing, and any Common Shares acquired on exercise of the Warrants issued under the August 2017 Financing, to an

eight-month staged release whereby 50% of such Common Shares are released from the terms of the pooling agreement every 4 months.

May 2017 Private Placement

On May 26, 2017, the Corporation completed a private placement (the “**May 2017 Financing**”) whereby it issued 11,004,967 units for gross proceeds of \$990,447. Each unit was comprised of one Common Share and one Warrant. Each Warrant entitles the holder thereof to acquire one Common Share at a price of at \$0.25 for a one-year period.

All participants of the May 2017 Financing signed a voluntary pooling agreement that subjects the Common Shares issued under the May 2017 Financing, and any Common Shares acquired on exercise of the Warrants issued under the May 2017 Financing, to a 16-month staged release whereby 25% of such Common Shares are released from the terms of the pooling agreement every 4 months.

Non-Binding MOU with Natural Ventures

On January 12, 2018, the Corporation signed the MOU, which sets forth the general terms and conditions of a potential agreement whereby the Corporation would purchase a majority of the issued and outstanding capital units of Natural Ventures. Upon consummation of the transaction described in the MOU, the Corporation will own sixty-two point five percent (62.5%) of all of the issued and outstanding units (the “**Units**”) of Natural Ventures.

Natural Ventures is a Puerto Rico limited liability company that was formed on October 13, 2015 and is the holder of various licenses that allow it to legally operate cannabis businesses in the U.S. Territory of Puerto Rico. It is licensed to operate 100,000 sq. ft. of cannabis cultivation and 35,000 sq. ft. of cannabis products manufacturing, including the use of solvent extraction and the manufacture of edibles.

At present, Natural Ventures is one of Puerto Rico's largest licensed cultivation and manufacturing medical cannabis companies with an indoor growing facility. Natural Ventures successfully harvested its first crop and began selling cannabis products to licensed medical dispensaries in February of 2017. Puerto Rico legalized medical cannabis for qualifying health conditions in 2015 and permits the use of medical cannabis derivatives only (e.g. capsules, extractions, lotions, patches, edibles, suppositories, flower and oils).

As consideration for the Units, the Corporation will make a cash payment in the amount of US\$2,250,000, which will be payable at closing upon the completion and execution of a definitive agreement to acquire the Units. The MOU further contemplates that such definitive agreement will provide that the Corporation agrees to make a convertible loan to Natural Ventures in the aggregate amount of US\$750,000. The Corporation has made a US\$300,000 refundable loan payment to Natural Ventures and continues to perform due diligence on this asset while the parties work towards a definitive agreement. The remaining US\$450,000 will be made available on an as-needed basis after the definitive agreement has been reached. The US\$750,000 loan is to be used to purchase raw material, manage payables, and provide four (4) months of working capital following the effective date of the MOU. If a definitive agreement is not reached, Natural Ventures will have up to twelve (12) months from the date of the MOU to repay the US\$300,000 loan plus interest earned at 5% per year, calculated annually.

The Proposed Transaction

On December 17, 2017, the Corporation entered into the Letter Agreement with B.C. Ltd., pursuant to which the Corporation agreed to acquire all of the issued and outstanding share capital of B.C. Ltd. in exchange for issuing shares of its common stock equal to US\$20,000,000 at a deemed price per share of US\$0.265. If the Proposed Transaction is completed, B.C. Ltd. will become a wholly-owned subsidiary of the Corporation and the acquisition will constitute a “change of business”, as such phrase is defined in the TSXV Policy 5.2, for the Corporation. Concurrently with the completion of the Proposed Transaction, the Corporation will change its name to “Chemesis International Inc.” In addition, the Corporation has applied to voluntarily delist its Common Shares from the TSXV and to list the Common Shares on the CSE. Assuming completion of the Proposed Transaction and CSE Approval, the Common Shares will thereafter be listed for trading on the CSE.

The valuation ascribed to B.C. Ltd. in the Proposed Transaction was determined by arm’s length negotiation between the Corporation and B.C. Ltd. On January 16, 2018, a formal third party valuation of Bonhomie’s investment in SAP was completed by Houlihan Capital Advisors, LLC (“**Houlihan**”). The estimated fair market of Bonhomie’s interest in SAP was estimated to be approximately US\$81 million.

The Corporation intends to obtain shareholder approval for the Proposed Transaction, by obtaining the written consent of a minimum of 51% of the shareholders prior to the completion of the Proposed Transaction.

Upon completion of the Proposed Transaction, the directors of the Resulting Issuer are expected to be Aman Parmar, David McMillan, Edgar Montero and Brian Thurston and the officers of the Resulting Issuer are expected to be Aman Parmar (President), Edgar Montero (Chief Executive Officer), Mathew Lee (Chief Financial Officer), and Patrick Ogle (General Counsel and Corporate Secretary).

The Corporation’s authorized share capital consists of an unlimited number of Common Shares without par value. Prior to the completion of the Proposed Transaction, the outstanding capital of the Corporation consists of:

- a) 32,080,152 Common Shares;
- b) 8,798,944 Warrants; and
- c) 1,600,000 Options.

Upon completion of the Proposed Transaction (but without giving effect to the Stock Consolidation), the outstanding capital of the Resulting Issuer will consist of:

- a) 125,695,252 Common Shares;
- b) 8,798,944 Warrants; and
- c) 1,600,000 Options.

Upon completion of the Stock Consolidation, the outstanding capital of the Resulting Issuer will consist of:

- a) 62,847,626 Common Shares;
- b) 4,399,472 Warrants; and
- c) 800,000 Options.

Upon completion of the Proposed Transaction, B.C. Ltd. will become a wholly-owned subsidiary of the Resulting Issuer.

3.2 Significant Acquisitions and Dispositions

See *Item 3.1 – General Development of the Business – The Proposed Transaction*

3.3 Trends, Commitments, Events or Uncertainties

Since January 1, 2018, recreational cannabis has been permitted by the State of California. The U.S. cannabis industry in 2018 will likely be affected by a few key themes, most notably the rising threat of greater federal enforcement of the nation's cannabis laws in the states where it has been legalized by state-level government. The threat of increased U.S. federal enforcement against cannabis-related companies adds risk to state-legal operators, although many large consumer companies are still optimistic on the long-term potential of the industry. The threat of increased U.S. enforcement against state-legal cannabis operations is in apparent contrast to an increasingly more relaxed public sentiment toward cannabis use. The resulting risk and uncertainty could potentially enable new entrants into the cannabis industry. A potential conflict over federal cannabis-law policy could spur legal battles amongst the federal government, California, Massachusetts, and other state governments, as well as recreational cannabis-related businesses in those states.

As of the January 16, 2018, the Supreme Court has ruled Congress has power to regulate cannabis. There are significant risks associated with the Corporation's business as described in *Item 17 – Risk Factors*.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1(1) Narrative Description of the Corporation's Business

Business of the Corporation

General Business of the Corporation

The Corporation has minimal business operations and its assets include one material exploration property, the Bullard Pass Property located in Arizona, USA, the details of which are set out below. The Corporation has not yet determined whether its property interests contain reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of the Corporation's interest in the underlying mineral claims, the ability of the Corporation to obtain necessary financing to complete the development of the resource property and upon future profitable production or proceeds from

the disposition thereof. The Corporation has no assets other than cash, prepaid expenses and deposits and other receivables and currently has no written or oral agreements in principle for the acquisition of an asset or business other than the Share Purchase Agreement. Until completion of the Proposed Transaction, the Corporation will not carry on business other than the due diligence required to pursue the closing of this transaction.

General Business of the Resulting Issuer

Currently, SAP generates revenue by providing full service cultivation, manufacturing, harvesting, marketing and sales management services in relation to medical marijuana products (inclusive of cannabidiol, a non-psychoactive chemical compound found in cannabis), pursuant to the Management Agreement, in the United States.

SAP was the first CO² cannabis oil company in California. SAP's Gramqul (as described in greater detail below under the heading "Principal Products or Services") offers consumers a new, innovative delivery method for the consumption of oil that enables the consumer to control dosage and store product more efficiently. As a result, SAP has won numerous awards and is considered a brand of choice for consumers. The table below sets out the awards won by SAP over the last six years.

Award	Ranking	Event
Best CO ²	Gold	Santa Cruz Mountain Cup
		San Francisco Patience Cup
		Nor Cal Terpene Classic
		San Jose Hemp Con
		San Francisco Hemp Con
		L.A. Hemp Con Kush Cup USA
		Las Vegas Sin City Cup
		San Jose Summer HempCon Dab Cup
		L.A. HempCon Cup Finals
		San Diego Professionals Cup
Best Topical	Gold	Las Vegas Sin City Cup
		Nor Cal Terpene Classis
		San Francisco HempCon Cup
		San Jose Summer HempCon Dab Cup
		San Jose Fall HempCon Cup
		L.A. HempCon Cup Finals
Best Product	Gold	San Francisco Hemp Con
Best Concentrate	Gold	Las Vegas Sin City Cup
		Nor Cal Terpene Classic
Best Personal Vaporizer	Silver	San Francisco HempCon Cup
Best Cartridge	Gold	L.A. HempCon Cup

Highest Terpene	Gold	San Diego Professionals Cup L.A. HempCon Cup Finals San Francisco HempCon Cup
Connoisseurs Choice Concentrate	Gold	L.A. HempCon Cup
Best Non- Solvent	Gold	L.A. HempCon Cup

SAP has established itself in multiple markets, having adopted a personable approach, and has connected with consumers through interactive marketing campaigns such as industry events that offer management an opportunity to share product knowledge with consumers and highlight the value the Gramqul innovative technology affords. In person education sessions with the public have proven effective at raising awareness of the benefits, which include a clean, consistent, high quality method of CO² oil consumption, that SAP's Gramqul offers. As pioneers in the industry, management has extended the footprint of the brand as well as its influence, making alliances that provide a strategic advantage in the California market.

SAP's target market includes licensed dispensaries and, once appropriately licensed at the State and local levels, individual consumers throughout California.

SAP is a founding member of the National Cannabis Industry Association (“**NCIA**”), where it promoted changes to regulations that ultimately evolved into the current legal framework. During this timeframe, SAP received endorsements from the following publications:

- Ed Rosenthal Book release
- Culture Magazine
- Cannabis Now Magazine
- High Times Magazine
- Skunk Magazine
- Vegas Cannabis Magazine
- Dope Magazine
- SCMC

SAP has undertaken the construction of a new building on the Premises. Upon completion, it will have capacity to process 100 pounds of crude oil per day and 25 pounds of high-grade quality oil for use in its formulations. SAP is positioned to be a first mover within the new regulatory environment which is expected to provide the opportunity to capture market share and to introduce products to the recreational market ahead of other early stage companies. Subject to financing, regulations, and the willingness of dispensaries to comply with regulations, SAP plans to expand its operations to cover the increasing demand for its products.

As a comparison, Colorado legalized adult use cannabis in 2013 and continues to experience explosive growth with adult-use sales fueling much of this growth. In 2014, cannabis sales of \$373,800,000 were reported in Colorado, with over \$1.2B being reported in 2015. New Frontier

Data, a company that provides data on the cannabis industry, and The ArcView Group, a consortium of investors whose sole focus is cannabis investing, reported a 26% increase of legal US cannabis sales over 2015, with \$7.1B in legal cannabis sales for 2016. It is now estimated that US retail sales of cannabis products should reach over \$20 billion in 2020.

SAP leases corporate office space in Palm Springs, California. SAP currently has 10 employees. The space also serves as a showroom and fulfillment center for packaging, wholesale and retail merchandise. Employees have flexible office hours and the ability to work remotely. SAP places importance on offering an egalitarian work environment and profit sharing opportunities. SAP compensates its employees with competitive base salaries and rewards employees for achieving operational and financial goals. This compensation model effectively attracts and retains talented employee.

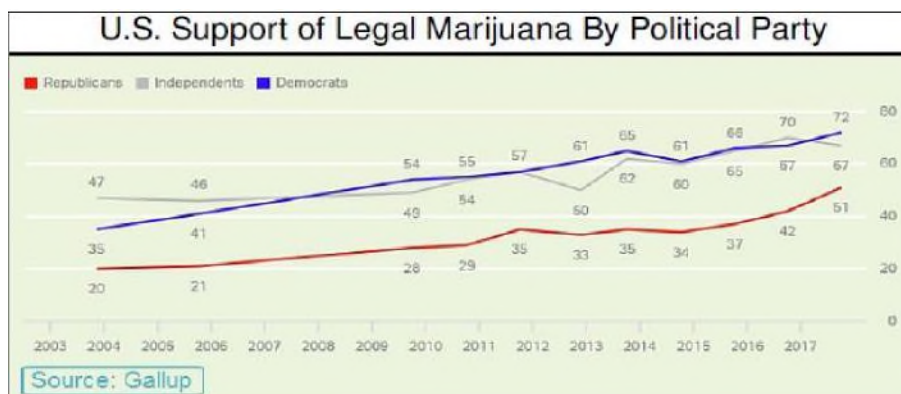
Industry Analysis

SAP engaged Houlihan to complete a company valuation report. The following industry overview was included in Houlihan's January 12, 2018 report:

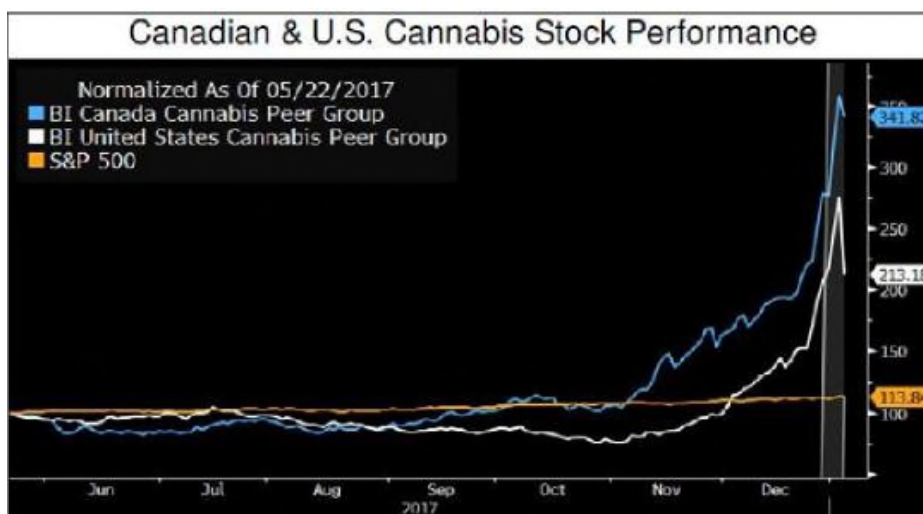
Overview

The U.S. cannabis industry in 2018 will likely be affected by a few key themes, most notably the rising threat of greater federal enforcement of the nation's cannabis laws in the states where it has been legalized. The threat of increased U.S. federal enforcement against cannabis-related companies adds risk to state-legal operators, although large consumer companies are still optimistic on the long-term potential. The threat of increased U.S. enforcement against state-legal cannabis operations is in apparent contrast to an increasingly more relaxed public sentiment toward its use.

A potential conflict over federal cannabis-law policy could spur legal battles amongst the federal government, California, and Massachusetts, as well as recreational cannabis-related businesses in those states. However, states and businesses would likely lose any legal challenge to the U.S. Justice Department's change in cannabis law policy, as states can't invalidate federal law unless Congress has exceeded its authority. As of the date hereof, the US Supreme Court has ruled Congress has power to regulate cannabis. Further, while the federal government can't force states to shut down recreational pot businesses, federal prosecutors have the power and mandate to do it themselves, which might dampen legal cannabis-related revenue opportunities over the near-term. On a more positive note, general public support for legalizing cannabis use in the U.S. continues to rise, with 64% now saying its use should be made legal, the highest level of public support in almost half a century of measurement, according to a Gallup poll. Perhaps most surprising has been the sudden boost in public support among Republicans at a 51% consensus, up roughly nine percentage points from the prior year, while 72% of Democrats supported cannabis legalization in the survey.



Share prices of U.S. and Canadian companies directly exposed to the nation’s cannabis industry declined sharply on January 4, 2018, on reports that U.S. federal enforcement of existing laws will increase. The Bloomberg Intelligence (“BI”) U.S. cannabis peer group consists of 29 U.S.-based companies directly exposed to cannabis markets while the BI Canada cannabis peer group consists of 24 Canada-based companies. Valuations of U.S. and Canada-based companies involved with cannabis are elevated based on traditional valuation metrics, but range widely. For example, many early-stage cannabis firms generate minimal or no revenue, while many U.S.-based cannabis companies with direct cannabis exposure, such as cannabis dispensaries, aren’t allowed to deduct operating expenses due to Internal Revenue Code 280E, which disallows federally illegally enterprises from doing so, ultimately limiting operator’s profitability.



Mergers and acquisition (“M&A”) activity for the U.S. cannabis industry has accelerated over the last year with that trend expected to continue, as the sector gains legitimacy and becomes more mainstream. M&A has largely been driven by gaining a larger footprint in the segment in order to buy market share and broaden product lines. Deal activity in Canada has risen over the last couple of years, outpacing that of the U.S. Further, the Canadian government announced its plans to legalize the recreational use of cannabis by July 2018, which should support continued M&A activity. Cash has been historically the preferred payment method for M&A transactions in the U.S. cannabis industry, although publicly traded companies are increasingly offering stock in order to support larger deals as valuations become loftier.



Business Objectives of the Resulting Issuer

Following completion of the Proposed Transaction, the principal business intended to be carried on by the Resulting Issuer is to create an international network of cannabis enterprises with a specific focus in the next 12 months on the California cannabis retail market. In connection with these plans, the Corporation has also entered into the MOU with Natural Ventures. With the participation in this market, the Resulting Issuer's objective is to create revenues sufficient to finance expansion internationally in ancillary cannabis markets.

SAP's objective is to deliver the highest quality CO² oil for cannabis consumers, to educate consumers and to continue to grow a following that carries the brand throughout California. SAP generates revenue through the sale of cannabis oil via its Gramqu delivery method.

SAP will cultivate and produce medical marijuana products such as oil extracts and edibles. SAP's business plan revolves around capitalizing on medical-use cannabis market. The regulated medical-use cannabis industry is a rapidly growing industry that presents a unique opportunity under current market conditions.

During the first quarter of 2018, SAP commenced operations at its facility in Palm Springs, California. From January 2018 until the date hereof, SAP has accomplished the following:

- (a) obtained necessary permits and licensing;
- (b) hired administrative, sales and production staff;
- (c) purchased product for inventory;
- (d) created formulas for future products;
- (e) purchased equipment and materials for production and packaging;
- (f) conducted market research; and
- (g) completed initial sales of products to several dispensaries.

In the 12 months following completion of the Proposed Transaction, the Resulting Issuer expects to:

- (a) continue to grow SAP's operations in California and expand sales to additional dispensaries;
- (b) further expand operations in California by sourcing potential acquisitions within neighbouring locations in Cathedral City and Desert Hot Springs; and
- (c) expand operations to Puerto Rico through the planned acquisition of Natural Ventures.

The Resulting Issuer is budgeting \$3,000,000 for expenses related to capital expenditures, regulatory fees, working capital and professional fees.

SAP expects its success will be primarily driven by the factors outlined below.

- (a) Maintaining relationships with business owners throughout the state of California in order to increase revenue channels.
- (b) Producing a high-quality, innovative product. As part of SAP's commitment to quality, it has introduced standard operating procedures that require third-parties to test every batch of product. Currently, no such regulatory standards are in place.
- (c) Marketing the product as a brand of choice within the California market. Management will continue to experiment with premium products to be included in award shows and maintain a continuous presence at industry events.
- (d) Sourcing affordable raw materials in order to remain competitive with other companies. SAP intends to maintain its costs at USD\$75/lb. In order to achieve this, SAP will maintain licensing agreements for raw materials with the following strategic alliances:
 - i. Clearwater Collective Inc.;
 - ii. KRC, LLC;
 - iii. Fire Cut Inc.; and
 - iv. Desert Zen Fulfillment.

Significant Events or Milestones

The principal milestones that must occur during the next 12-month period for the business objectives described above to be accomplished are as follows:

- (a) continuously increase the diversity and quality of product offerings across different market segments;
- (b) market and promote the Gramqul; and
- (c) finalize the acquisition of the majority interest in Natural Ventures.

Total Funds Available

The pro forma working capital position of the Corporation as at December 31, 2017, giving effect to the Proposed Transaction as if it had been completed on that date, was approximately \$5,916,160.

As at March 31, 2018 (the end of the Corporation's most recent interim period for which financial statements have been published), the Corporation had working capital of \$1,992,485. The Corporation has historically relied on financings to satisfy its capital requirements and will have no other amounts or sources of funds available to it to finance its activities moving forward, unless it pursues additional financings. As at February 28, 2018 the working capital position of B.C. Ltd. was approximately \$2,857,122.

The consolidated pro forma balance sheet of the Corporation, which gives effect to the Proposed Transaction as if it had been completed on December 31, 2017, is attached hereto as Schedule E.

Ability to Access Public and Private Capital

The Corporation has historically had access to equity financing from the public and prospectus exempt (private placement) markets in Canada. While the Corporation is not able to obtain bank financing in the U.S. or financing from other U.S. federally regulated entities, it currently expects to have: (i) access to equity financing through the public markets in Canada. The Corporation's executive team and board also have extensive relationships with sources of private capital (such as funds and high net worth individuals), that could be investigated at a higher cost of capital. Further, the Corporation is actively pursuing an asset rationalization strategy to divest itself of portfolio assets that do not relate to its core business. Proceeds from the sale of such assets would be used to finance the continued growth of the Corporation's business. If such equity financing was no longer available in the public markets in Canada due to changes in applicable law, then the Corporation expects that it would have access to raise equity and/or debt financing privately. There is no assurance that the Corporation will be able to divest any assets, or complete a public or private equity financing.

Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Corporation's projects. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There

can be no assurance that any such financing will be available to the Corporation when needed or on terms which are acceptable. The Corporation's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. See "Risk Factors – Additional Financing".

Purpose of Funds

Upon completion of the Proposed Transaction, the Resulting Issuer expects to have \$5,190,947 in funds available to it to spend for the principal purpose of supporting its efforts to begin to produce and sell recreational cannabis and for general corporate purposes. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives. The Resulting Issuer may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives and expects to either issue additional securities or incur debt to do so. There can be no assurance that additional funding required by the Resulting Issuer will be available, if required. It is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer's objectives for the forthcoming 12 month period.

Forecast 12 Month Budget

Expected Funds Available to the Resulting Issuer	\$5,916,160
General and Administrative Expenses	\$1,400,000
Future Capital Expenditures	\$3,000,000
Excess Funds Available to the Resulting Issuer for General Working Capital	\$1,516,160

4.1(2) Principal Products or Services

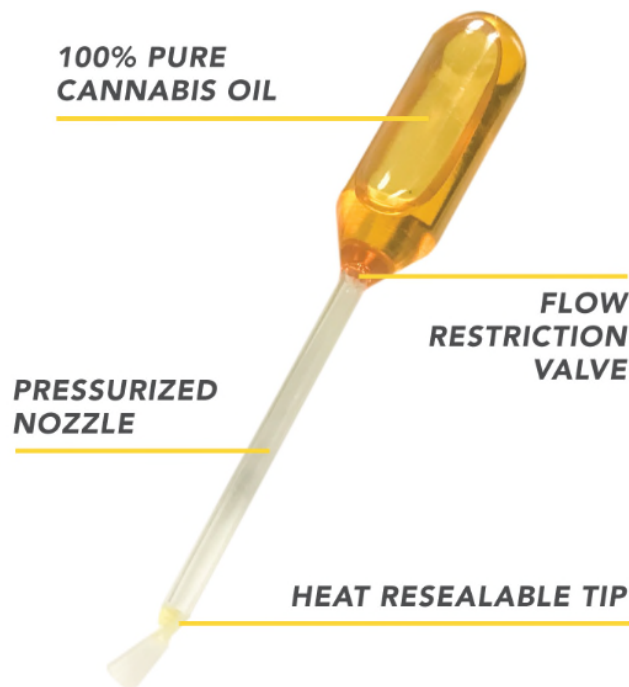
The Resulting Issuer anticipates developing a fast growing, lifestyle brand built around high-quality cannabis strains.

The products listed below are products fully developed and ready to be manufactured upon commencement of operations:

- Gramqul;
- vaping cartridges;
- edibles (infused chocolates, infused gummy bears, infused hard candy);
- tinctures;
- capsules;
- sublingual oil;

- CO² oil;
- topical; and
- patches.

The Gramqul is an innovative packaging solution for cannabis oil. SAP developed the Gramqul packaging (pictured below) that utilizes a pressurized nozzle, flow restriction valve and re-sealable tip to allow consumers a variety of options for consuming cannabis oil. Gramqul allows users to dab cannabis oil like any other cannabis extract. Each dab can be dosed precisely with the pressurized nozzle. The Gramqul can also be used to add cannabis oil to food and makes preparing edibles much easier, allowing a convenient method for adding oil a few drops at a time. The Gramqul can also be used to refill vape cartridges quickly and easily.



The products that are currently in the research and development stage include the following:

- sublingual THC and CBD strips;
- medications for specific condition with specific ratios of THC-CBD and herbal extracts;
- emergency CBD shots;
- nanotechnology;
- water infused with cannabis; and
- lip balms.

The full development of these products is subject to financing. The Corporation estimates that costs associated with their development will be approximately \$1,500,000 including costs associated with obtaining the necessary equipment for production. Research and development will be conducted by the Resulting Issuer.

4.1(3) Production and Sales

SAP expects to engage in various outreach strategies in order to establish a client base. Until such time that SAP obtains the necessary State and local licenses, SAP will only be able to manufacture and cultivate cannabis and will not be able to sell cannabis directly to consumers.

The expertise of management, as well as their experience in the California market, assures that all operations are handled in the most efficient, diligent manner. As a pioneer in the industry, SAP has achieved a level of refinement in the manufacturing process that requires fewer employees to make the product, ensuring highly skilled employees are compensated accordingly. SAP has acquired innovative equipment that requires less labour, which allows it to extract, process and distill products using only one or two highly skilled operators per process. The operators have also been trained to overlap between such processes to promote efficiency. SAP is well-positioned to ramp-up production of its manufacturing operations as necessary to meet growing demand for its products in California as more dispensaries obtain legal status.

Sales and administrative personnel have been kept to a minimum during SAP's construction process. SAP has maintained relationships with clients, vendors and suppliers all while keeping costs to a minimum.

Pursuant to the Management Agreement, SAP will manage the sales of the products, including setting the prices, billing and collecting receivables.

Management Agreement

As outlined in further detail above under the heading "SAP Global Overview," SAP is a party to the Management Agreement, pursuant to which it is entitled to manage, consult and supervise all operations of a medical marijuana (inclusive of cannabidiol) cultivation and manufacturing facility on the Premises, along with all marketing and sales of medical marijuana products (inclusive of cannabidiol) arising from said cultivation and manufacturing as well as all financial and operational matters.

SAP is entitled to receive the Management Fee from Tomate Soleil equal to the gross revenues from the Business, less Product Costs and Operating Costs. Further, SAP has all right, title, and interest in and to all intellectual property, branding rights, good will, customer lists, leasehold rights, and any and all other interests and rights associated with the operation of the Business and the Premises. Additionally, SAP has the ultimate authority, control and direction of the officers of Tomate Soleil and all other assets, affairs and business of Tomate Soleil, including all financial and operational matters. SAP shall provide Tomate Soleil with overall supervision and administration of the Business, including with respect to the Premises, general business and office administration services, and cultivation and harvesting activities. In exchange, Tomate Soleil and Yushin Wen will maintain their permits to cultivate, manufacture, harvest, sell marijuana and engage in commercial cannabis related activities from the Premises, and any other business licenses required to operate the Business.

The Management Agreement also provides SAP the absolute right to manage any Opportunity presented to Tomate Soleil or proposed by Tomate Soleil's Board of Directors.

4.1(4) Competitive Conditions and Position

SAP is in direct competition with other cannabis oil products in the industry. They are also competing with a handful of celebrity brands like Chong's Choice, Leafs by Snoop, Willie's Reserve, Marley Naturals and Whoopie & Maya. According to Marijuana Business Daily, the data on comparisons is limited, due primarily to the relatively low market penetration celebrity-branded products have achieved thus far.

Competitive Advantage: SAP believes it will have a material competitive advantage over other licensed brands because of the state-wide knowledge and awareness of its innovative, user-friendly Gramqul product and ability to maintain low raw material costs. At the core of SAP's competitive advantage is its functional expertise and knowledge in the key areas of cultivation, extraction and post-processing.

See *Item 17 – Risk Factors – Competition*.

4.1(5) Lending and Investment Policies and Restrictions

This section is not applicable to the Corporation.

4.1(6) Bankruptcy and Receivership

Neither the Corporation, nor any of the Corporation's subsidiaries, B.C. Ltd., Bonhomie, SAP nor Natural Ventures has been the subject of any bankruptcy or any receivership or similar proceedings or any voluntary bankruptcy, receivership or similar proceedings, within any of the three most recently completed financial years (as applicable) or the current financial year.

4.1(7) Material Restructuring

See *Item 3.1 – General Development of the Business – The Proposed Transaction*.

4.1(8) Fundamental Social and Environmental Policies

The Corporation has not implemented social or environmental policies that are fundamental to the Corporation's operations.

4.2 Asset Backed Securities

The Corporation does not have any asset backed securities.

4.3 Companies with Mineral Projects

Aside from the Bullard Pass Property, located in the vicinity of the Harcuvar and Harquahala Arizona, USA, the Corporation does not have any mineral projects. Shortly after the completion of the Proposed Transaction, the Corporation expects to sell, transfer, or otherwise dispose of its mineral interests, including the Bullard Pass Property.

4.4 Companies with Oil and Gas Operations

The Corporation does not have any oil and gas operations.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Consolidated Financial Information – Annual Information

The Corporation's Annual Information

The following table sets forth selected financial information for the Corporation for the years ended June 30, 2017, 2016 and 2015. Such information is derived from the financial statements of the Corporation and should be read in conjunction with such financial statements.

See Schedule "A" – *Financial Statements of Canadian Mining Corp.*

	For the Years Ended June 30		
Operating Data:	2017	2016	2015
Total revenues	Nil	Nil	Nil
Total expenses	546,915	Nil	Nil
Net loss for the year	(751,923)	Nil	Nil
Basic and diluted loss per share	(0.49)	Nil	Nil
Dividends	Nil	Nil	Nil
Balance Sheet Data:			
Total assets	1,033,225	11,533	6,886
Total liabilities	354,367	11,433	6,786

B.C. Ltd.'s Annual Information

The following table sets forth selected financial information for B.C. Ltd. for the year ended January 15, 2018. Such information is derived from the financial statements of B.C. Ltd. and should be read in conjunction with such financial statements.

See Schedule "B" – *Financial Statements of 1145411 B.C. Ltd.*

	For the year ended January 15
Operating Data:	2018 ⁽¹⁾
Total revenues	Nil
Total expenses	39,201
Net loss for the year	39,201
Basic and diluted loss per share	506
Dividends	Nil
Balance Sheet Data:	
Total assets	4,260,766
Total liabilities	499,966

Notes:

1) Incorporated December 8, 2017.

5.2 Consolidated Financial Information – Quarterly Information

The Corporation's Quarterly Information

The results for each of the eight most recently completed quarters of the Corporation ending at the end of the most recently completed interim period, being March 31, 2018, are summarized below:

Quarter Ended	Revenue	Income (Loss)	Income (Loss) per Share
March 31, 2018	Nil	(284,737)	(0.01)
December 31, 2017	Nil	(139,857)	(0.01)
September 30, 2017	Nil	(1,227,130)	(0.05)
June 30, 2017	Nil	(671,352)	(0.44)
March 31, 2017	Nil	(73,256)	(732.56)
December 31, 2016	Nil	(7,315)	(73.15)
September 30, 2016	Nil	Nil	Nil
June 30, 2016	Nil	Nil	Nil

B.C. Ltd.'s Quarterly Information

The results for each of the eight most recently completed quarters of B.C. Ltd. ending at the end of the most recently completed interim period, being March 31, 2018, are summarized below:

Quarter Ended	Revenue	Income (Loss)	Income (Loss) per Share
March 31, 2018	Nil	Nil	Nil
December 31, 2017	Nil	Nil	Nil
September 30, 2017	Nil	Nil	Nil
June 30, 2017	Nil	Nil	Nil
March 31, 2017	Nil	Nil	Nil
December 31, 2016	Nil	Nil	Nil
September 30, 2016	Nil	Nil	Nil
June 30, 2016	Nil	Nil	Nil

5.3 Dividends

The future payment of dividends will be dependent upon the financial requirements of the Corporation to fund further growth, the financial condition of the Corporation and other factors which the Corporation's Board of Directors may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future if at all.

5.4 Foreign GAAP

This item does not apply to the Corporation.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

The Corporation's MD&A for the three months ended March 31, 2018, December 31, 2017, September 30, 2017 and year ended June 30, 2017 are attached to this Listing Statement as Schedule "C" – *MD&A of Canadian Mining Corp.* B.C. Ltd.'s MD&A for the year ended January 15, 2018 are attached to this Listing Statement as Schedule "D" – *MD&A of B.C. Ltd.*

7. MARKET FOR SECURITIES

The Common Shares are currently listed for trading on the TSXV under the symbol "CNG". Upon completion of the Proposed Transaction, it is expected that the Common Shares will be listed for trading on the CSE under the symbol "CSI".

The B.C. Ltd. Shares are not listed for trading on any stock exchange.

8. CONSOLIDATED CAPITALIZATION

Prior to the completion of the Proposed Transaction, the outstanding capital of the Corporation consists of:

- (a) 32,080,152 Common Shares;
- (b) 8,798,944 Warrants; and
- (c) 1,600,000 Options.

Prior to completion of the Proposed Transaction, the outstanding capital of B.C. Ltd. consists of:

- (a) 100 common shares.

Immediately following the Proposed Transaction (but without giving effect to the Stock Consolidation), the outstanding capital of the Resulting Issuer will consist of:

- (a) 125,695,252 Common Shares;
- (b) 8,798,944 Warrants; and
- (c) 1,600,000 Options.

Immediately following the Proposed Transaction, the Resulting Issuer intends to complete the Stock Consolidation. Upon completion of the Stock Consolidation, the outstanding capital of the Resulting Issuer will consist of:

- (a) 62,847,626 Common Shares;
- (b) 4,399,472 Warrants; and
- (c) 800,000 Options.

9. OPTIONS TO PURCHASE SECURITIES

The Corporation currently has in place a 10% rolling stock option plan. The plan has not yet been approved by the shareholders of the Corporation, but approval will be sought at the Corporation's next annual general meeting. Under the option plan, the Corporation's Board of Directors may, from time to time, grant stock options to purchase Common Shares to certain directors, officers, employees and consultants of the Corporation and of its subsidiaries and affiliates. The maximum number of Common Shares issuable under the option plan and all other security-based compensation arrangements of the Corporation is ten (10%) percent of the issued and outstanding number of Common Shares from time to time. Pursuant to the terms of the option plan, the maximum length of any stock option shall be 10 years from the date the stock option is granted.

On June 9, 2017, the Corporation granted 1,200,000 incentive stock options to certain directors, officers and contractors of the Corporation, of which 1,000,000 incentive stock options remain outstanding. Each option entitles the holder thereof to acquire a Common Share at a price of \$0.25 per share until June 9, 2022.

On August 18, 2017, the Corporation granted 1,600,000 incentive stock options to certain directors, officers and contractors of the Corporation, of which 600,000 incentive stock options remain outstanding. Each option entitles the holder thereof to acquire a Common Share at a price of \$0.55 per share until August 18, 2022. The options granted have not yet been approved by the shareholders of the Corporation, but approval will be sought at the Corporation's next annual general meeting.

As of the date hereof, the following options to purchase common shares of the Corporation are held by:

Category of Optionee	# of Options	Date of Grant	Number of Common Shares	Market Value of Shares on Date of Grant	Market Value of Shares as of July 9 2018.	Exercise Price	Expiry Date
Executive Officers	2	June 9, 2017	200,000	\$0.38	\$0.33	\$0.25	June 9, 2022
Directors who are not also Executive Officers	2	June 9, 2017	200,000	\$0.38	\$0.33	\$0.25	June 9, 2022
Consultants	2	June 9, 2017	600,000	\$0.38	\$0.33	\$0.25	June 9, 2022
	7	August 18, 2017	600,000	\$0.68	\$0.33	\$0.55	August 22, 2022
Total	13		1,600,000				

There are no other outstanding stock options outstanding as of the date of this Listing Statement.

10. DESCRIPTION OF THE SECURITIES

10.1 Description of the Corporation's Securities

The Corporation

The Corporation is authorized to issue an unlimited number of Common Shares without par value. As at the date of this Listing Statement, and prior to the Proposed Transaction, there are 32,080,152 Common Shares issued and outstanding as fully paid and non-assessable shares. A further 10,398,944 Common Shares have been reserved and allotted for issuance upon the due and proper exercise of the Corporation's outstanding incentive stock options and the Warrants.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

B.C. Ltd.

B.C. Ltd. is authorized to issue an unlimited number of common shares. As at the date of this Listing Statement, there are 100 common shares issued and outstanding as fully paid and non-assessable shares.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

Bonhomie Labs Inc.

Bonhomie is authorized to issue 10,000 Common Shares with without par value, its sole class and series of capital stock. As at the date of this Listing Statement, there are 10,000 Common Shares issued and outstanding as fully paid and non-assessable shares.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

SAP

SAP is authorized to issue 10,000,000 Common Shares with USD \$0.00001 par value, its sole class and series of capital stock. As at the date of this Listing Statement, there are 10,000,000 Common Shares issued and outstanding as fully paid and non-assessable shares.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

10.2 – 10.6 Miscellaneous Securities Provisions

None of the matters set out in sections 10.2 to 10.6 of CSE Form 2A are applicable to the share structure of the Corporation or B.C. Ltd.

10.7 Prior Sales of Common Shares

The Corporation

The Common Shares of the Corporation are listed on the TSXV under the ticker symbol “CNG”. The following tables set forth the issuances of Common Shares of the Corporation within the last twelve (12) months before the date of this Listing Statement.

Date Issued	Number of Common Shares⁽⁶⁾	Issue Price per Share (\$)	Aggregate Issue Price (\$)	Nature of Consideration
April 28, 2017 ⁽³⁾	5,653,676	0.00	Nil	Spin-out shares
May 26, 2017 ⁽⁴⁾	11,004,967	0.09	990,447	Cash
June 19, 2017 ⁽¹⁾	230,000	0.09	20,700	Cash
June 23, 2017 ⁽¹⁾	40,000	0.09	3,600	Cash
August 4, 2017 ⁽⁵⁾	8,798,944	0.25	2,199,736	Cash
August 10, 2017 ⁽¹⁾	127,900	0.09	11,511	Cash
August 14, 2017 ⁽²⁾	200,000	0.25	50,000	Cash

Notes:

- (1) These shares were issued as a result of the exercise of share purchase warrants.
- (2) These shares were issued as a result of the exercise of incentive stock options.
- (3) These shares were issued as part of the Arrangement.
- (4) These shares formed part of the May 2017 financing.
- (5) These shares formed part of the August 2017 financing.
- (6) Number of Common Shares outstanding on a pre-Stock Consolidation basis.

The following table sets forth the issuances of B.C. Ltd. within the last twelve (12) months before the date of this Listing Statement.

Date Issued	Number of Common Shares⁽¹⁾	Issue Price per Share (\$)	Aggregate Issue Price (\$)	Nature of Consideration
December 22, 2017	100	\$38,000	\$3,800,000	Cash

Note:

- (1) Number of Common Shares outstanding on a pre-Stock Consolidation basis.

10.8 Stock Exchange Price

The following table sets out the price ranges and volume traded or quoted on the TSX Venture Exchange for the Common Shares for the 12-month period prior to the date of this Listing Application.

Period	High (\$)	Low (\$)	Volume
June 2018	0.33	0.33	n/a
May 2018	0.33	0.33	n/a
April 2018	0.33	0.33	n/a
March 2018	0.33	0.33	n/a
February 2018	0.33	0.33	n/a
January 2018	0.33	0.33	n/a
December 2017	0.355	0.255	1,857,820
November 2017	0.35	0.245	1,109,743
October 2017	0.49	0.28	814,140
September 2017	0.74	0.47	1,240,604
August 2017	0.79	0.51	2,350,126
July 2017	0.57	0.315	1,564,410

11. ESCROWED SECURITIES

As required under the policies of the CSE, Related Persons of the Resulting Issuer not previously party to an escrow agreement will enter into an escrow agreement as if the Resulting Issuer was subject to the requirements of NP 46-201. The form of the escrow agreement must be as provided in NP 46-201. Escrowed Securities will be released on scheduled periods specified in NP 46-201 for emerging issuers, that is, 10% will be released upon listing followed by six subsequent releases of 15% each every six months thereafter.

The table below includes the details of the securities expected to be subject to escrow upon completion of the listing of the common shares of the Resulting Issuer on the CSE:

Designation of class held in escrow ⁽¹⁾	Number of securities held in escrow ⁽⁵⁾	Percentage of class
Common Shares	881,072 ⁽²⁾	3.38
Common Shares	14,042,264 ⁽³⁾	11.17
Common Shares	31,829,134 ⁽⁴⁾	26.60

Notes:

- (1) AST Trust Company (Canada) is the depository for these shares.
- (2) Will be released on June 5, 2018, Dec 5, 2018, June 5, 2019, Dec 5, 2019 and the final release date is June 5, 2020.
- (3) Shares held by 1428 Investments Inc., a company controlled by a principal of the Resulting Issuer and will be released as outlined below.
- (4) Shares of the Resulting Issuer voluntarily escrowed and will be released as outlined below.
- (5) Number of Common Shares on a pre-Stock Consolidation basis.

The Resulting Issuer is expected to be an “emerging issuer” for the purposes of 46-201 and accordingly, a principal’s escrowed securities in an emerging issuer will be released as follows:

1. on the date the Resulting Issuer’s securities are listed on the CSE 1/10 of the escrow securities;
2. 6 months after the listing date 1/6 of the remaining escrow securities;
3. 12 months after the listing date 1/5 of the remaining escrow securities;
4. 18 months after the listing date 1/4 of the remaining escrow securities;
5. 24 months after the listing date 1/3 of the remaining escrow securities;

6. 30 months after the listing date 1/2 of the remaining escrow securities; and
7. 36 months after the listing date the remaining escrow securities.

12. PRINCIPAL SHAREHOLDERS

12.1 and 12.2 Principal Shareholders

To the knowledge of the directors and officers of each of the Corporation and B.C. Ltd., following the Proposed Transaction, the following Persons will beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Resulting Issuer:

Name and Municipality of Residence of Shareholder	Type of Ownership	Number and Percentage of Common Shares Owned prior to the Proposed Transaction ⁽¹⁾	Number and Percentage of Common Shares Owned after giving effect to the Proposed Transaction ⁽¹⁾
Aman Parmar Coquitlam, British Columbia	Beneficial	24,600; 0.09%	14,042,264; 11.17%

Note:

(1) Number of Common Shares on a pre-Stock Consolidation basis.

12.3 Voting Trusts

To the knowledge of the Corporation, no voting trust exists within the Corporation such that more than 10% of any class of voting securities of the Corporation are held, or are to be held, subject to any voting trust or other similar agreement.

12.4 Associates and Affiliates

To the knowledge of the Corporation none of the principal shareholders is an Associate or Affiliate of any other principal shareholder.

13. DIRECTORS AND OFFICERS

13.1 – 13.5 Directors and Officers

The Articles of the Corporation provide that the number of directors should not be fewer than three (3) directors. Each director shall hold office until the close of the next annual general meeting of the Corporation, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated. The Corporation's Board currently consists of three (3) directors, of whom two (2) can be defined as an "unrelated director" or a director who is independent of management and is free from any interests and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholders, and do not have interests in or relationships with the Corporation.

The following table lists the names, municipalities of residence of the proposed directors and officers of the Resulting Issuer, their positions and offices to be held with the Resulting Issuer, and their principal occupations during the past five (5) years and the number of securities of the Corporation that are beneficially owned, directly or indirectly, or over which control or direction will be exercised by each.

Name, Municipality of Residence and Position Held	Principal Occupation for Past Five Years	Director of the Corporation Since	Number and Percentage of Common Shares Beneficially Owned or Controlled Prior to the Proposed Transaction	Number and Percentage of Common Shares Beneficially Owned or Controlled After the Proposed Transaction
Aman Parmar Coquitlam, BC President and Director	Businessman	N/A	24,600; 0.09%	14,042,264; 11.17%
Edgar Montero Puerto Rico, CEO and Director	Businessman	N/A	Nil	Nil
Mathew Lee Vancouver, BC CFO	Accountant	N/A	Nil	Nil
Patrick Ogle Reno, NV General Counsel and Corporate Secretary	Attorney	N/A	Nil	Nil
Dave McMillan Vancouver, BC Director	Businessman	N/A	100,000; 0.38%	100,000; 0.08%
Brian Thurston Port Moody, BC Director	Businessman	N/A	200,000; 0.77%	200,000; 0.16%

All of the directors of the Resulting Issuer will be appointed to hold office until the next annual general meeting of shareholders or until their successors are duly elected or appointed, unless their office is earlier vacated.

Upon completion of the Proposed Transaction, Resulting Issuer Shares beneficially owned, directly or indirectly, by all promoters, directors, officers and Insiders, as a group, will be 14,342,064 Resulting Issuer common shares or approximately 11.41% (non-diluted), on a pre-Stock Consolidation basis.

Board Committees

The Corporation currently has an audit committee. A brief description of the audit committee is set out below.

Audit Committee

The audit committee assists the Corporation's Board of Directors in fulfilling its responsibilities for oversight of financial and accounting matters. The audit committee reviews the financial reports and other financial information provided by the Corporation to regulatory authorities and its shareholder and reviews the Corporation's system of internal controls regarding finance and accounting including auditing, accounting and financial reporting processes.

Following the completion of the Proposed Transaction, the directors of the Resulting Issuer intend to establish such committees of the board as determined to be appropriate in addition to the audit committee. The proposed members of the audit committee after completion of the Proposed Transaction will include the following three directors. Also indicated is whether they are "independent" and "financially literate" within the meaning of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**").

Name of Member	Independent⁽¹⁾	Financially Literate⁽²⁾
Dave McMillan	Yes	Yes
Brian Thurston	Yes	Yes
Aman Parmar	No	Yes

Notes:

- (1) A member of the audit committee is independent if he or she has no direct or indirect 'material relationship' with the Corporation. A material relationship is a relationship which could, in the view of the Corporation's Board of Directors, reasonably interfere with the exercise of a member's independent judgment. An executive officer of the Corporation, such as the President or Secretary, is deemed to have a material relationship with the Corporation.
- (2) A member of the audit committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

13.6 – 13.9 Corporate Cease Trade Orders or Bankruptcies; Penalties or Sanctions; Personal Bankruptcies

No proposed director of the Resulting Issuer:

- (a) is, at the date of this Listing Statement, or has been, within 10 years before the date of this Listing Statement, a director, chief executive officer or chief financial officer of any company, including any personal holding company of such director,

chief executive officer or chief financial officer that, while that person was acting in that capacity:

- (i) was the subject of a cease trade or similar order, or an order that denied the other relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
 - (ii) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days issued after the that person issued after the director, chief executive officer or chief financial officer ceased to be a director or executive officer and which resulted from an event that occurred while the person was acting in such capacity;
- (b) is, at the date of this Listing Statement, or has been, within 10 years before the date of this Listing Statement, a director or executive officer of any company (including the Corporation and any personal holding company of such director or executive officer) 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
- (c) nor any personal holding company has, within 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person or their personal holding company.

No proposed director of the Resulting Issuer 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 securityholder in deciding whether to vote for a proposed director.

13.10. Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Corporation also holding positions as directors or officers of other companies. Some of the individuals that are directors and officers of the Corporation have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Corporation will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies provided under BCBCA.

13.11. Management

Brief descriptions of the biographies for all of the officers and directors of the Resulting Issuer are set out below:

Aman Parmar – [Age: 30] President and Director: Mr. Parmar’s corporate experience includes 12 years working with both public and private companies in the Health Care, Resource, Manufacturing and Real Estate sectors. Mr. Parmar has extensive experience in the capital markets and has been involved in corporate restructurings and financings for both public and private companies. He obtained a Chartered Accountant designation in 2012 and holds a Bachelor of Technology in Accounting from the British Columbia Institute of Technology. He will devote approximately 50% of his time to the affairs of the Resulting Issuer.

Edgar Montero – [Age: 35] Chief Executive Officer and Director: Mr. Montero is a driven executive and entrepreneur who focuses on company growth, international expansion, and leadership by example. Mr. Montero has 16 years of experience in business development in several countries throughout the world. Having started his career in the Direct Sales Industry, he created several sales training programs that have been used for years in Poland, Spain, Puerto Rico, Mexico, and USA, among others. Most recently he entered the cannabis industry as Vice President of International Expansion for the first publicly traded company to market cannabis products in USA, Asia, Mexico, and Puerto Rico. As the current CEO of Natural Ventures he is heavily immersed in the initiation of the medical cannabis industry in Puerto Rico where he helped establish one of the largest cannabis operations in the Caribbean, with the goal to create a hub for NORTH AMERICA-LATAM-EUROPE trades in the region. He will devote approximately 100% of his time to the affairs of the Resulting Issuer.

Mathew Lee – [Age: 33] Chief Financial Officer: Mr. Lee has extensive knowledge of both public and private company operations, holding various senior financial positions and participating in audit committees. He has worked for various industries including the financial services, mineral resources, and real estate industries. Recently, Mr. Lee been focused on the cannabis sector. Mr. Lee holds a Chartered Accountant designation with a Bachelor of Commerce Degree from the University of British Columbia. He will devote approximately 50% of his time to the affairs of the Resulting Issuer.

Patrick Ogle – [Age: 39] General Counsel and Corporate Secretary: Mr. Ogle has over 14 years of experience as a corporate, securities, and financial services attorney, representing companies from start-up to public listing and up-listing as well as private and registered investment funds and advisers. He has represented clients in various industries, including cannabis, beverage, mining, financial, and entertainment. Mr. Ogle holds a Bachelor of Science in Accounting with a minor in economics from Bucknell University, a Juris Doctorate from the University of Arkansas, and a Master of Laws in Securities and Financial Regulation from Georgetown University. He will devote approximately 50% of his time to the affairs of the Resulting Issuer.

Dave McMillan – [Age: 69] Director: Mr. McMillan joins the board and brings over 45 years of experience in resource industries. His career has spanned manufacturing, marketing, sales and finance, including 17 years as an investment advisor, VP, Senior VP, Director and member of the Executive Committee of a large privately held Canadian brokerage firm. Mr. McMillan currently holds executive positions and sits on the boards of several public and private companies. He will devote approximately 25% of his time to the affairs of the Resulting Issuer.

Brian Thurston, P.Ge – [Age: 49] Director: Mr. Thurston is a professional geologist and holds an Honours Bachelor of Science degree in Geology from the University of Western Ontario. Mr. Thurston has over 25 years’ experience working as a geologist around the globe including North, Central and South America, Africa and India. He has experience working on projects

from grass roots to feasibility level. Mr. Thurston was instrumental in the initial exploration, land acquisition and development of Aurelian Resources Ecuador grass roots exploration and held the position of Country Manager in Ecuador from 2004 to 2006. Kinross in 2008 acquired Aurelian Resources in a \$1.2B friendly deal.

Mr. Thurston transitioned from geologist to corporate positions in 2004 and has founded several public companies and held positions of director and officer, as well as served on multiple committees including audit, disclosure, and corporate governance. He was President and CEO of Lion Energy Corp. from 2007 to 2011 raising over \$30M before a friendly takeover was successfully completed by Lundin's Africa Oil Corp. Mr. Thurston was President and CEO of Canadian Mining Corp. from its creation in 2017 to 2018 until its merger with Chemesis International Inc. and continues as President, CEO and Director of Upper Canyon Minerals Corp., a position he has held since 2012. He will devote approximately 25% of his time to the affairs of the Resulting Issuer.

None of the members of management have entered into a non-competition or non-disclosure agreement with the Resulting Issuer.

14. CAPITALIZATION

14.1 Issued Capital

To the best knowledge of the Corporation, the following table sets out the number of the Common Shares available in the Resulting Issuer's Public Float and Freely-Tradeable Float on a diluted and non-diluted basis, assuming completion of the Proposed Transaction:

	Number of Securities (non-diluted) ⁽¹⁾	Number of Securities (fully-diluted) ⁽¹⁾	% of Issued (non-diluted)	% of Issued (fully diluted)
<u>Public Float</u>				
Total outstanding (A)	62,847,626	68,047,098	100%	100%
Held by Related Persons or employees of the Corporation or Related Person of the Corporation, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Corporation (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Corporation upon exercise or conversion of other securities held) (B)	8,926,529	8,976,529	14.20%	13.19%
Total Public Float (A-B)	53,921,097	59,070,569	85.80%	86.81%

	Number of Securities (non-diluted) ⁽¹⁾	Number of Securities (fully-diluted) ⁽¹⁾	% of Issued (non-diluted)	% of Issued (fully diluted)
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	23,376,235	23,426,235	37.20%	34.43%
Total Tradeable Float (A-C)	30,544,862	35,644,334	48.60%	52.38%

Note:

(1) Calculated on a post-Stock Consolidation basis.

Public Securityholders (Registered)

Class of Security

Size of Holding	Number of holders	% of Analyzed Accounts	Total number of securities ⁽¹⁾
1 - 99 securities	40	18.26	497
100 – 499 securities	12	5.48	1,217
500 – 999 securities	3	1.37	933
1,000 – 1,999 securities	4	1.83	2,749
2,000 – 2,999 securities	2	0.91	2,333
3,000 – 3,999 securities	3	1.37	5,025
4,000 – 4,999 securities	1	0.46	2,083
5,000 or more securities	154	70.32	62,044,421
Total	219	100.00	62,059,258

Note:

(1) Calculated on a post-Stock Consolidation basis.

Public Securityholders (Beneficial)

Class of Security

Size of Holding	Number of holders	Total number of securities⁽¹⁾
1 – 99 securities	444	7,744
100 – 499 securities	493	55,906
500 – 999 securities	171	58,767
1,000 – 1,999 securities	146	98,396
2,000 – 2,999 securities	57	65,084
3,000 – 3,999 securities	24	39,980
4,000 – 4,999 securities	22	47,464
5,000 or more securities	241	6,885,793
Unable to confirm		

Note:

(1) Calculated on a post-Stock Consolidation basis.

Non-Public Securityholders (Registered)

Class of Security

Size of Holding	Number of holders	% of Analyzed Accounts	Total number of securities⁽¹⁾
1 - 99 securities	0	0	0
100 – 499 securities	0	0	0
500 – 999 securities	0	0	0
1,000 – 1,999 securities	0	0	0
2,000 – 2,999 securities	0	0	0
3,000 – 3,999 securities	0	0	0
4,000 – 4,999 securities	0	0	0
5,000 or more securities	4	100	7,171,032
Total	4	100	7,171,032

Note:

(1) Calculated on a post-Stock Consolidation basis.

14.2 Convertible/Exchange Securities

The Corporation

Description of Security (include conversion/exercise terms, including conversion/exercise price) ⁽¹⁾	Number of convertible/exchangeable securities	Number of listed securities issuable upon conversion/exchange
Common Share Purchase Warrants N/A	8,798,944	8,798,944
Incentive Stock Options \$0.25 – June 9, 2022	1,000,000	1,000,000
Incentive Stock Options \$0.55 – August 18, 2022	1,600,000	1,600,000
Cancelled Incentive Stock Options At \$0.55 – issued August 18, 2022 on November 29, 2017	(1,000,000)	(1,000,000)

Note:

(1) Prior to the completion of the Proposed Transaction.

B.C. Ltd.

Description of Security (include conversion/exercise terms, including conversion/exercise price) ⁽¹⁾	Number of convertible/exchangeable securities	Number of listed securities issuable upon conversion/exchange
Nil	Nil	Nil

Note:

(1) Prior to the completion of the Proposed Transaction.

14.3 Other Listed Securities

Neither the Corporation nor B.C. Ltd. has any other listed securities reserved for issuance that are not included in section 14.1 or 14.2.

15. EXECUTIVE COMPENSATION

The following table sets forth the anticipated compensation to be paid or awarded to the directors and the following executive officers of the Resulting Issuer: (i) the Chief Executive Officer; (ii) the Chief Financial Officer; (iii) the three most highly compensated individuals whose total compensation was more than \$150,000; and (iv) Directors:

Table of Compensation Excluding Compensation Securities							
Name & position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of Perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Aman Parmar ⁽¹⁾ President and Director	2018	\$120,000	Nil	Nil	Nil	Nil	\$120,000
Edgar Montero ⁽¹⁾ CEO and Director	2018	\$120,000	Nil	Nil	Nil	Nil	\$120,000
Mathew Lee CFO	2018	\$90,000	Nil	Nil	Nil	Nil	\$90,000
Patrick Ogle General Counsel and Corporate Secretary	2018	\$90,000	Nil	Nil	Nil	Nil	\$90,000
Dave McMillan Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
Brian Thurston Director	2018	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Of the Total Compensation expected to be received by Mr. Parmar and Mr. Montero, \$0 is expected to be received in their capacity as Directors.

Oversight and Description of Director and Named Executive Officer Compensation

The Board of the Resulting Issuer will review the compensation of its executives following completion of the Proposed Transaction and make such changes as it deems appropriate. The Resulting Issuer does not intend to have any agreements with its management or performance agreements with any employees.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Upon completion of the Proposed Transaction, none of the directors or officers of the Resulting Issuer, nor any of their Associates, will be indebted to the Resulting Issuer, and neither will any indebtedness of any of these individuals or Associates to another entity be the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Resulting Issuer.

17. RISK FACTORS

Specific Risks Related To The Cannabis Industry

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

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

Volatile Market Price for the Common Shares of the Resulting Issuer

The market price for the common shares of the Resulting Issuer may be volatile and subject to wide fluctuations in response to numerous factors, many of which will be beyond the Resulting Issuer's control, including, but not limited to the following:

- actual or anticipated fluctuations in the Resulting Issuer's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Resulting Issuer will operate;
- addition or departure of the Resulting Issuer's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Shares of the Resulting Issuer;
- sales or perceived sales of additional common shares of the Resulting Issuer;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Resulting Issuer's industry generally and its business and operations both domestically and abroad;
- announcements of developments and other material events by the Resulting Issuer or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Resulting Issuer or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Resulting Issuer or from a lack of market comparable companies; and

- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Resulting Issuer's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the common shares of the Resulting Issuer may decline even if the Resulting Issuer's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Resulting Issuer's operations could be adversely impacted, and the trading price of the common shares of the Resulting Issuer may be materially adversely affected.

Additional Financing

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

The Resulting Issuer's business activities will rely on newly established and/or developing laws and regulations in California. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Resulting Issuer's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by the U.S. Food and Drug Administration, Securities and Exchange Commission, the Department of Justice, the Financial Industry Regulatory Advisory or other federal, California or other applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the industry may adversely affect the business and operations of the Resulting Issuer, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital.

The Corporation had negative operating cash flow for the fiscal years ending March 31, 2015, March 31, 2016, and March 31, 2017. If the Resulting Issuer continues to have negative cash flow into the future, additional financing proceeds may need to be allocated to funding this negative cash flow in addition to the Resulting Issuer's operational expenses. The Resulting Issuer may require additional financing to fund its operations to the point where it is generating positive cash flows. Continued negative cash flow may restrict the Resulting Issuer's ability to pursue its business objectives.

Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Corporation's projects. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that any such financing will be available to the Corporation when needed or on terms which are acceptable. The Corporation's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

Co-ownership Arrangement

Bonhomie currently owns 51% of the share capital of SAP, with one other party holding the remaining 49%. This arrangement is subject to the risks normally associated with the conduct of co-ownership structures. The existence or occurrence of one or more of the following circumstances and events could have a material adverse impact on the Resulting Issuer's business prospects, results of operations and financial condition, including the viability of its interest in SAP, the company that owns or is the assignee of various cannabis licenses in the State of California: (i) disagreements between parties on how to conduct business operations; (ii) inability of the parties to meet their obligations to third parties; and (iii) disputes or litigation between the parties regarding budgets, business activities, business and contractual requirements and other matters.

Regulation of Marijuana in the United States

Unlike in Canada which has proposed to have federal legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis under the Access to Cannabis for Medical Purposes Regulations (Canada), investors are cautioned that in the United States, cannabis is largely regulated at the State level. To the Corporation's knowledge, there are to date a total of 29 States, plus the District of Columbia, that have legalized cannabis in some form. The State of California is among those States.

Notwithstanding the permissive regulatory environment of cannabis at the State level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act (the "CSA") in the United States and as such, remains illegal under federal law in the United States.

As a result of the conflicting views between State legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in August 2013 when then Deputy Attorney General, James Cole, authored a memorandum (the "**Cole Memorandum**") addressed to all United States district attorney acknowledging that,

notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several US States had enacted laws relating to cannabis for medical purposes.

The Cole Memorandum outlined the priorities for the Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the Department of Justice never provided specific guidelines for what regulatory and enforcement systems it deemed sufficient under the Cole Memorandum standard. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the Department of Justice should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority.

In March 2017, the newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit. However, on January 4, 2018, Mr. Sessions issued a new memorandum that rescinded and superseded the Cole Memorandum effective immediately (the "**Sessions Memorandum**"). The Sessions Memorandum stated, in part, that current law reflects "Congress' determination that cannabis is a dangerous drug and cannabis activity is a serious crime", and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress and to follow well-established principles when pursuing prosecutions related to marijuana activities. The inconsistency between federal and state laws and regulations is a major risk factor.

Federal law pre-empts state law in these circumstances, so that the federal government can assert criminal violations of federal law despite state law. The level of prosecutions of state-legal cannabis operations is entirely unknown, nonetheless the stated position of the current administration is hostile to legal cannabis, and furthermore may be changed at any time by the Department of Justice, to become even more aggressive. The Sessions Memorandum lays the groundwork for United States Attorneys to take their cues on enforcement priority directly from Attorney General Jeff Sessions by referencing federal law enforcement priorities set by the Attorney General Jeff Sessions. If the Department of Justice policy under Attorney General Jeff Sessions was to aggressively pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Resulting Issuer could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries, (ii) the arrest of its employees, officers, managers and investors, and charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis.

Notably, current federal law (in the form of budget bills) prevents the Department of Justice from expending funds to intervene with states' rights to legalize cannabis for medical purposes. The Ninth Circuit Court of Appeals, which governs California federal courts, has ruled that this federal law means that the Department of Justice cannot spend any federal funds to shut down state-law compliant medical cannabis operators. In the event Congress fails to renew this federal law in its next budget bill, the foregoing protection for medical cannabis operators will be void.

Now that the Cole Memorandum has been repealed by Attorney General Jeff Session, the Department of Justice under the current administration or an aggressive federal prosecutor could allege that the Resulting Issuer and its Board and, potentially its shareholders, "aided and abetted" violations of federal law by providing finances and services to its portfolio cannabis companies. Under these circumstances, it is possible that the federal prosecutor would seek to seize the assets of the Resulting Issuer, and to recover the "illicit profits" previously distributed to shareholders resulting from any of the foregoing financing or services. In these circumstances, the Resulting Issuer's operations would cease, shareholders may lose their entire investment and directors, officers and/or shareholders may be left to defend any criminal charges against them at their own expense and, if convicted, be sent to federal prison.

On January 12, 2018, the Canadian Securities Administrators issued a statement that they are considering whether the disclosure-based approach for issuers with U.S. marijuana-related activities remains appropriate in light of the rescission of the Cole Memorandum.

Notwithstanding the foregoing, in March 2018, as part of the Congressional omnibus spending bill, Congress renewed, through the end of September 2018, the Rohrabacher Blumenauer Amendment ("**RBA**") which prohibits the Department of Justice from expending any funds for the prosecution of medical cannabis businesses operating in compliance with state and local laws. Should the RBA not be renewed upon expiration in subsequent spending bills there can be no assurance that the federal government will not seek to prosecute cases involving medical cannabis businesses that are otherwise compliant with state law. Such potential proceedings could involve significant restrictions being imposed upon the Corporation or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Corporation's business, revenues, operating results and financial condition as well as the Corporation's reputation, even if such proceedings were concluded successfully in favour of the Corporation.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Corporation, including its reputation and ability to conduct business, its holding (directly or indirectly) of cannabis licenses in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Corporation to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

Proceeds of Crime Statutes

The Resulting Issuer will be subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, the Criminal Code (Canada)

and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada.

In the event that any of the Resulting Issuer's license agreements, or any proceeds thereof, in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could be materially adverse to the Resulting Issuer and, among other things, could restrict or otherwise jeopardize the ability of the Resulting Issuer to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

Regulatory Scrutiny of the Resulting Issuer's Interests in the United States

For the reasons set forth above, the Resulting Issuer's interests in the United States cannabis market, and future licensing arrangements, may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. As a result, the Resulting Issuer may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Resulting Issuer's ability to carry on its business in the United States.

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the United States or elsewhere. A negative shift in the public's perception of cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. It has been reported by certain publications in Canada that The Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("**CDS**"), refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settlement hub settling trades in the Canadian equity, fixed income and money markets. CDS or its parent company has not issued any public statement in regard to these reports. However, if CDS were to proceed in the manner suggested by these publications, and apply such a policy to the Resulting Issuer, it would have a material adverse effect on the ability of holders of Common Shares to make trades. In particular, the Common Shares would become highly illiquid as investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange.

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the United States or elsewhere. A negative shift in the public's perception of medical or recreational cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical and/or recreational cannabis, thereby limiting the number of new state jurisdictions into which the Resulting Issuer could expand. In addition, third party service providers could suspend or withdraw services. Any inability to fully implement the Resulting Issuer's expansion strategy may have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

Our business is dependent on laws pertaining to the marijuana industry.

Continued development of the marijuana industry is dependent upon continued legislative authorization of the use and cultivation of marijuana at the State level. Any number of factors could slow or halt progress in this area. Further, progress, while encouraging, is not assured. While there may be ample public support for legislative action, numerous factors impact the legislative process. Any one of these factors could slow or halt use of marijuana, which would negatively impact our proposed business.

Currently, twenty-nine states and the District of Columbia allow its citizens to use medical marijuana. Additionally, nine states have legalized cannabis for adult use, including the State of California. The state laws are in conflict with the federal CSA, which makes marijuana use and possession illegal on the federal level. The Obama administration, pursuant to the Cole Memorandum, previously effectively stated that it is not an efficient use of resources to direct law federal law enforcement agencies to prosecute those lawfully abiding by state-designated laws allowing the use and distribution of medical marijuana. However, the Sessions Memorandum under the Trump administration has reversed this position which creates a risk of prosecution by a number of federal agencies. Additionally, there can be no assurance as to the position any new administration may take on cannabis and could decide to enforce the federal laws strongly. Any enforcement of current federal laws could cause significant financial damage to the Resulting Issuer and its shareholders.

Marijuana remains illegal under Federal law

Marijuana is a Schedule 1 controlled substance and is illegal under federal U.S. law. Even in those states in which the use of marijuana has been legalized, its use remains a violation of federal law. Since federal law criminalizing the use of marijuana pre-empts state laws that legalize its use, strict enforcement of federal law regarding marijuana would harm the Resulting Issuer's business, prospects, results of operation, and financial condition.

Unfavorable Tax Treatment of Cannabis Businesses

Under Section 280E of the U.S. Internal Revenue Code ("**Section 280E**"), "no deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted." This provision has been applied by the IRS to cannabis operations, prohibiting them from deducting expenses directly associated with the sale of cannabis. Section 280E therefore has a significant impact on the retail side of cannabis, but a lesser impact on cultivation and manufacturing operations. A result of Section 280E is that an otherwise profitable business may, in fact, operate at a loss, after taking into account its income tax expenses.

State Regulatory Uncertainty

The rulemaking process for cannabis operators at the state level in any state will be ongoing and result in frequent changes. As a result, a compliance program is essential to manage regulatory risk. The Resulting Issuer's legal team will provide guidance in regards to any rulemaking processes and resulting regulatory changes. All operating policies and procedures implemented in the operation will be compliance-based and derived from the state regulatory structure governing ancillary cannabis businesses and their relationships to state-licensed or permitted cannabis operators, if any. Notwithstanding the Resulting Issuer's efforts, regulatory compliance and the process of obtaining regulatory approvals can be costly and time-consuming. No assurance can be given that the Resulting Issuer will receive the requisite licenses, permits or cards to operate its businesses.

In addition, local laws and ordinances could restrict the Resulting Issuer's business activity. Although legal under California state law, local governments have the ability to limit, restrict, and ban cannabis businesses from operating within their jurisdiction. Land use, zoning, local ordinances, and similar laws could be adopted or changed, and have a material adverse effect on the Resulting Issuer's business.

Restricted Access to Banking

In February 2014, the Financial Crimes Enforcement Network ("**FinCEN**") bureau of the U.S. Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the Department of Justice, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the United States do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Resulting Issuer may have limited or no access to banking or other financial services in the United States. In addition, federal money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state it resides in permits cannabis sales. The inability or limitation in the Resulting Issuer's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Resulting Issuer to operate and conduct its business as planned or to operate efficiently.

Limited Trademark Protection

The Resulting Issuer will not be able to register any United States federal trademarks for its cannabis products. Because producing, manufacturing, processing, possessing, distributing, selling, and using cannabis is a crime under the CSA, the United States Patent and Trademark Office will not permit the registration of any trademark that identifies cannabis products. As a result, the Resulting Issuer likely will be unable to protect its cannabis product trademarks beyond the geographic areas in which it conducts business. The use of its trademarks outside the State of California by one or more other persons could have a material adverse effect on the value of such trademarks.

Potential FDA Regulation

Should the federal government legalize cannabis, it is possible that the U.S. Food and Drug Administration (the “**FDA**”), would seek to regulate it under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations including certified good manufacturing practices, related to the growth, cultivation, harvesting and processing of medical cannabis. Clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where medical-use cannabis is grown register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact would be on the cannabis industry is unknown, including what costs, requirements and possible prohibitions may be enforced. If Resulting Issuer is unable to comply with the regulations or registration as prescribed by the FDA it may have an adverse effect on the Resulting Issuer’s business, operating results and financial condition.

Legality of Contracts

Because the Resulting Issuer’s contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Resulting Issuer may face difficulties in enforcing its contracts in U.S. federal and certain state courts.

Nature of Licenses

Certain licenses, the rights to which are owned by or assigned to SAP, will be relied upon by the Resulting Issuer to operate its business. These licenses, which include two licenses for the manufacturing of medical and adult-use cannabis granted by the Department of Public Health, Manufactured Cannabis Safety Branch and two medical cannabis business local licenses granted by Cathedral City are temporary and their renewal is not guaranteed. The licenses granted by the Department of Public health, Manufactured Cannabis Safety Branch are set to expire on April 30, 2018 and the licenses granted by Cathedral City are set to expire on May 18, 2018. Due to the temporary nature of the licenses, there is a risk that the Resulting Issuer will be unable to renew these licenses and to continue to rely on their terms to operate its business.

The Resulting Issuer has no operating history

The Resulting Issuer has no operating history and may not succeed. The Resulting Issuer is subject to all risks inherent in a developing business enterprise. The Resulting Issuer’s likelihood of continued success must be considered in light of the problems, expenses, difficulties, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues, complications, and delays frequently encountered in connection with the competitive and regulatory environment in which it operates. For example, the adult use marijuana industry is a relatively new industry which, as a whole may not succeed, particularly should the federal government of the United States decide to prosecute various parties under federal law. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders’ investment and the likelihood of success must be considered in light of the early stage of operations.

The Resulting Issuer’s products

As a relatively new industry, there are not many established players in the recreational cannabis industry whose business model the Resulting Issuer can follow or build on the success of.

Similarly, there is no information about comparable companies available for potential investors to review in making a decision about whether to invest in the Resulting Issuer.

Shareholders and investors should further consider, among other factors, the Resulting Issuer's prospects for success in light of the risks and uncertainties encountered by companies that, like the Resulting Issuer, are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur and they may result in material delays in the operation of The Resulting Issuer's business. The Resulting Issuer may not successfully address these risks and uncertainties or successfully implement its operating strategies. If the Resulting Issuer fails to do so, it could materially harm the Resulting Issuer's business to the point of having to cease operations and could impair the value of the Resulting Issuer Shares to the point investors may lose their entire investment.

The Resulting Issuer has committed, and expects to continue to commit, significant resources and capital to develop and market existing products and new products and services. These products are relatively untested, and the Resulting Issuer cannot assure shareholders and investors that it will achieve market acceptance for these products, or other new products and services that The Resulting Issuer may offer in the future. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the business. In addition, new products and services may pose a variety of challenges and require the Resulting Issuer to attract additional qualified employees. The failure to successfully develop and market these new products and services could seriously harm the Resulting Issuer's business, financial condition and results of operations.

Unfavourable Publicity or Consumer Perception

Proposed management of the Resulting Issuer believes the recreational cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the recreational cannabis produced. Consumer perception of the Resulting Issuer's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of recreational cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the recreational cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Resulting Issuer's proposed products and the business, results of operations, financial condition and cash flows of the Resulting Issuer. The Resulting Issuer's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Resulting Issuer, the demand for the Resulting Issuer's proposed products, and the business, results of operations, financial condition and cash flows of the Resulting Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of recreational cannabis in general, or the Resulting Issuer's proposed products specifically, or associating the consumption of recreational cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

History of Losses

The Corporation has incurred losses in recent periods. The Resulting Issuer may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Resulting Issuer expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Resulting Issuer'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 Resulting Issuer's business may, in the future, involve the growing of recreational cannabis, 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 Resulting Issuer's recreational cannabis growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Resulting Issuer and its ability to operate profitably.

Reliance on Management

Another risk associated with the production and sale of recreational cannabis is the loss of important staff members. The Resulting Issuer 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 Resulting Issuer 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 Resulting Issuer's business, operating results or financial condition.

Insurance and Uninsured Risks

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

Although the Resulting Issuer intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Resulting Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Resulting Issuer is not generally available on acceptable

terms. The Resulting Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Resulting Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

The Resulting Issuer Will Be an Entrant Engaging in a New Industry

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

Dependence on Suppliers and Skilled Labour

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

Difficulty to Forecast

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

Management of Growth

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

Internal Controls

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

Resulting Issuer's consolidated financial statements and materially adversely affect the trading price of the Resulting Issuer's shares.

Liquidity

The Resulting Issuer cannot predict at what prices the Resulting Issuer will trade and there can be no assurance that an active trading market will develop or be sustained. Final approval of the CSE has not yet been obtained. There is a significant liquidity risk associated with an investment in the Resulting Issuer.

Litigation

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

Product Liability

The Resulting Issuer 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 Resulting Issuer'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 Resulting Issuer's products alone or in combination with other medications or substances could occur. The Resulting Issuer may be subject to various product liability claims, including, among others, that the Resulting Issuer'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 Resulting Issuer could result in increased costs, could adversely affect the Resulting Issuer'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 Resulting Issuer. There can be no assurances that the Resulting Issuer will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Resulting Issuer'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 Resulting Issuer's products are recalled due to an alleged product defect or for any other reason, the Resulting Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Resulting Issuer may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Resulting Issuer 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 Resulting Issuer's significant brands were subject to recall, the image of that brand and the Resulting Issuer could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Resulting Issuer's products and could have a material adverse effect on the results of operations and financial condition of the Resulting Issuer. Additionally, product recalls may lead to increased scrutiny of the Resulting Issuer's operations by the U.S. Food and Drug Administration, the California Department of Public Health, or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Competition

The Resulting Issuer will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Resulting Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Resulting Issuer. In addition, only a small number of temporary licenses have been issued to date in the State of California by the Bureau of Cannabis Control, CDFA's CalCannabis Cultivation Licensing, and CDPH's Manufactured Cannabis Safety Branch for cultivators, manufacturers, retailers, distributors, microbusinesses, testing laboratories, and event organizers to produce and sell recreational cannabis. There are, however, several hundred applicants for licenses. The number of licenses granted could have an impact on the operations of the Resulting Issuer.

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

A decline in the price of the Resulting Issuer's common stock could affect its ability to raise further working capital and adversely impact its ability to continue operations.

A prolonged decline in the price of the Resulting Issuer's common stock could result in a reduction in the liquidity of its common stock and a reduction in its ability to raise capital. Because a significant portion of the Corporation's operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to the Resulting Issuer's liquidity and its operations. Such reductions may force the Resulting Issuer to reallocate funds from other planned uses and may have a significant negative effect on the Resulting Issuer's business plan and operations, including its ability to develop new products and continue its current operations. If the Resulting Issuer's stock price declines, it can offer no assurance that the Resulting Issuer will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Resulting Issuer is unable to raise sufficient capital in the future, the Resulting Issuer may not

be able to have the resources to continue its normal operations.

18. PROMOTERS

18.1 – 18.3 Promoter Consideration

The Resulting Issuer is not a party to any written or oral agreement or understanding to provide any promotional or investor relations services for the Resulting Issuer.

19. LEGAL PROCEEDINGS

19.1 Legal Proceedings

To the knowledge of the management of the Corporation, there are no actual or contemplated material legal proceedings to which the Corporation is a party.

19.2 Regulatory Actions

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

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described herein, within the three years preceding the date of the Listing Statement, no director, executive officer or person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of the outstanding voting securities of the Corporation, or any associate or affiliate of the foregoing has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Corporation or any of its subsidiaries, nor is any such person expected to have any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Corporation.

Aman Parmar is the CEO and holds greater than 10% of the voting shares of B.C. Ltd. Upon completion of the Proposed Transaction, Mr. Parmar will hold 11.17% of the voting shares of the Resulting Issuer.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditors

D&H Group LLP, Chartered Professional Accountants ("**D&H Group**") at its office located at 10th Floor, 1333 West Broadway Vancouver, V6H 4C1, is the auditor of the Corporation and was appointed June 4, 2018. Attached hereto as Schedule "F" is a copy of the reporting

package (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”)) filed by the Corporation with securities regulators on June 7, 2018.

The reporting package is comprised of (i) the change of auditor notice (the “**Change of Auditor Notice**”) containing the information required by NI 51-102; (ii) the letter provided by Crowe MacKay LLP, Chartered Professional Accountants (“**Crowe MacKay**”), former auditors of the Corporation, acknowledging and confirming the Change of Auditor Notice; and (iii) the letter provided by D&H Group, the current auditors of the Corporation, acknowledging and confirming the Change of Auditor Notice. The Change of Auditor Notice confirms that there have been no reservations contained in the auditor’s reports on the financial statements for the Corporation’s last two fiscal periods, that the Board approved the resignation of Crowe MacKay, and the appointment of D&H Group and that there were no reportable events (as defined in NI 51-102) in connection with Crowe MacKay’s audits of the Corporation, which occurred prior to its resignation.

The auditors of B.C. Ltd. are DeVisser Gray LLP, Chartered Professional Accountants at its office located at 401 – 905 West Pender St., Vancouver, BC V6C 1L6.

21.2 Transfer Agent and Registrar

The transfer agent and registrar of the Corporation is AST Trust Company (Canada), at its office located at Suite 1600, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1.

22. MATERIAL CONTRACTS

During the course of the two years prior to the date of the Listing Statement, the Corporation has entered into the following material contracts, other than contracts entered into in the ordinary course of business:

- (a) the Vend-In Agreement (see *Item 3.1 – General Development of the Business*)
- (b) the Arrangement Agreement (see *Item 3.1 – General Development of the Business*);
- (c) the Share Purchase Agreement (see *Item 3.1 – General Development of the Business*);
- (d) the Management Agreement (see *Item 3.1 – General Development of the Business*);
- (e) Assignment of Rights (see *Item 3.1 – General Development of the Business*); and
- (f) the Escrow Agreement (see *Item 11 – Escrowed Securities*).

22.2 Special Agreements

This section is not applicable to the Corporation.

23. INTEREST OF EXPERTS

No person or corporation whose profession or business gives authority to a statement made by the person or corporation and who is named as having prepared or certified a part of this Listing Statement or as having prepared or certified a report or valuation described or included in this Listing Statement holds any beneficial interest, direct or indirect, in any securities or property of the Corporation or of an Associate or Affiliate of the Corporation and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Corporation or of an Associate or Affiliate of the Corporation and no such person is a promoter of the Corporation or an Associate or Affiliate of the Corporation. Crowe MacKay LLP, Chartered Professional Accountants, is independent of the Corporation in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of British Columbia. DeVisser Gray LLP, Chartered Professional Accountants, is independent of B.C. Ltd in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of British Columbia.

24. OTHER MATERIAL FACTS

Other than as set out elsewhere in this Listing Statement, there are no other material facts about the Corporation or its respective securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Corporation and its respective securities.

25. FINANCIAL STATEMENTS

25.1 Financial Statements of the Corporation

Schedule A contains copies of all financial statements including the auditor's reports prepared and filed under applicable securities legislation for the preceding three years and copies of financial statements for any completed interim period of the current fiscal year.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Canadian Mining Corp., hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Canadian Mining Corp. 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 16th day of July, 2018.

"Brian Thurston"

Brian Thurston
Chief Executive Officer

"Mathew Lee"

Mathew Lee
Chief Financial Officer

"Dave McMillan"

Dave McMillan
Director

CERTIFICATE OF THE TARGET

Pursuant to a resolution duly passed by its Board of Directors, 1145411 B.C. Ltd., hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to 1145411 B.C. Ltd. 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 16th day of July, 2018.

"Aman Parmar"

Aman Parmar
Chief Executive Officer

"Mathew Lee"

Mathew Lee
Chief Financial Officer

"Harwinder Parmar"

Harwinder Parmar
Director

SCHEDULE "A"
FINANCIAL STATEMENTS OF CANADIAN MINING CORP.

(See attached)

Canadian Mining Corp.

(Formerly Canadian Zeolite Corp.)

Consolidated Financial Statements
(Expressed in Canadian Dollars)

Years Ended June 30, 2017 and 2016



Crowe MacKay LLP
Member Crowe Horwath International
Elveden House
1700, 717- 7 Avenue SW
Calgary, AB T2P 0Z3
+1.403.294.9292 Tel
+1.403.294.9262 Fax
+1.866.599.9292 Toll Free
www.crowemackay.ca

Independent Auditors' Report

To the Shareholders of Canadian Mining Corp.

We have audited the accompanying consolidated financial statements of Canadian Mining Corp. and its subsidiary, which comprise the consolidated statements of financial position as at June 30, 2017 and June 30, 2016, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 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 audits 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 Canadian Mining Corp. and its subsidiary as at June 30, 2017 and June 30, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of Canadian Mining Corp. to continue as a going concern.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Calgary, Alberta
October 31, 2017**

Canadian Mining Corp.
(formerly Canadian Zeolite Corp.)

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	June 30, 2017	June 30, 2016
Assets		
Cash	\$ 1,016,593	\$ -
Prepaid expenses	389	-
Total current assets	1,016,982	-
Non-current		
Exploration and evaluation assets (Note 6)	16,243	11,533
Total assets	\$ 1,033,225	\$ 11,533
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 246,059	\$ -
Related party advances (Note 7)	108,308	11,433
Total liabilities	\$ 354,367	\$ 11,433
Shareholders' equity		
Share capital (Note 8)	1,019,927	100
Contributed surplus	410,854	-
Deficit	(751,923)	-
Total shareholders' equity	\$ 678,858	\$ 100
Total liabilities and shareholders' equity	\$ 1,033,225	\$ 11,533

Nature of operations and going concern (Note 1)

Subsequent events (Note 13)

These consolidated financial statements were authorized for issue by the Board of Directors on October 31, 2017. They are signed on behalf of the Board of Directors by:

(Signed) "Brian Thurston", Director

(Signed) "Aman Parmar", Director

Canadian Mining Corp.
(formerly Canadian Zeolite Corp.)

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended June 30, 2017	Year ended June 30, 2016
Expenses (income)		
Administrative	\$ 20	\$ -
Professional fees	22,140	-
Consulting fees	107,600	-
Exchange and filing fees	17,305	-
Share-based payments	399,850	-
Total expenses	546,915	-
Net loss before other income (expense)	(546,915)	-
Other income (expense)		
Plan of arrangement costs (Note 5)	(206,525)	-
Gain on foreign exchange	1,517	-
Total other income (expense)	(205,008)	-
Net loss and comprehensive loss	\$ (751,923)	\$ -
Loss per share – basic and diluted	\$ (0.49)	\$ -
Weighted average number of common shares outstanding	1,527,699	100

Canadian Mining Corp.
(formerly Canadian Zeolite Corp.)

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended June 30, 2017	Year ended June 30, 2016
Cash provided by (used for):		
Operating activities		
Net loss	\$ (751,923)	\$ -
Add items not affecting cash:		
Share-based payments	399,850	-
Changes in non-cash working capital items		
Accounts payable and accrued liabilities	246,059	-
Prepaid expenses	(389)	-
Net cash used in operating activities	(106,403)	-
Financing activities		
Proceeds from the issuance of shares, net of issuance costs	1,014,688	100
Related party advances	108,308	(100)
Net cash provided by financing activities	1,122,996	-
Increase in cash	1,016,593	-
Cash, beginning of year	-	-
Cash, end of year	\$ 1,016,593	\$ -

Supplemental disclosure of non-cash flow information:

	2017	2016
Exploration and evaluation assets acquired pursuant to the plan of arrangement (Note 5)	16,243	-
Fair value assigned to warrants on private placement unit offerings	11,004	-

Canadian Mining Corp.
(formerly Canadian Zeolite Corp.)

Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

For the years ending June 30, 2017 and 2016

	Shares number	Share capital \$	Contributed surplus \$	Deficit \$	Total \$
Balance, June 30, 2015	100	100	-	-	100
Net loss and comprehensive loss for the year	-	-	-	-	-
Balance, June 30, 2016	100	100	-	-	100
Shares issued pursuant to private placement	11,004,967	990,447	-	-	990,447
Share issuance costs	-	(59)	-	-	(59)
Shares issued pursuant to plan of arrangement	5,653,676	16,243	-	-	16,243
Shares cancelled pursuant to the plan of arrangement	(100)	(100)	-	-	(100)
Fair value of warrants issued pursuant to private placement	-	(11,004)	11,004	-	-
Shares issued pursuant to warrants exercised	270,000	24,300	-	-	24,300
Fair value of stock options granted	-	-	399,850	-	399,850
Net loss and comprehensive loss for the year	-	-	-	(751,923)	(751,923)
Balance, June 30, 2017	16,928,243	1,019,927	410,854	(751,923)	(678,858)

Notes to the Consolidated Financial Statements

Years ended June 30, 2017 and 2016

1. Nature of operations and going concern

Canadian Mining Corp. (formerly Canadian Zeolite Corp.) (the "Company" or "Canadian Mining") was incorporated on April 26, 2013 and was a wholly-owned subsidiary of Canadian Zeolite Corp. (formerly Canadian Mining Company Inc.), a reporting issuer in British Columbia and Alberta. During fiscal 2017, the Company and its wholly-owned subsidiary, Canadian Mining Company of Arizona, Inc., were spun out from the parent corporation pursuant to a Plan of Arrangement as disclosed in Note 5. On June 5, 2017, the Company began trading on the TSX Venture Exchange under the symbol CNG. The Company is an exploration stage public company whose principal business activities are the acquisition, exploration and evaluation of mineral properties.

The head office and the registered and records office of the Company is located at 1212 Austin Avenue, Coquitlam, British Columbia, Canada V3K 3P5.

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

The Company is in the exploration and development stage and has not generated revenues from operations. These circumstances lend substantial doubt as to the ability of the Company to meet its ongoing obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors and on achieving profitable commercial operations.

The recoverability of the amounts reported for exploration and evaluation assets is dependent upon the quantity of economically recoverable resources, the ability of the Company to obtain financing to complete exploration and development of the properties, the timing of legislative or regulatory developments relating to environmental protection and achieving future profitable operations or receiving favorable proceeds from the disposition thereon.

The consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern and achieve profitable mining operations or obtain adequate financing and support from its shareholders and trade creditors.

If the going concern assumption was not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying values of assets and liabilities, net loss and comprehensive loss, and statements of financial position classifications used.

Notes to the Consolidated Financial Statements

Years ended June 30, 2017 and 2016

2. Basis of presentation

Statement of compliance

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

Basis of consolidation

These consolidated financial statements include the accounts of the Canadian Mining Corp. and its wholly-owned inactive subsidiary, Canadian Mining Company of Arizona, Inc. All significant inter-company transactions and balances have been eliminated upon consolidation.

Basis of measurement

The accounting policies applied in these consolidated financial statements are presented in Note 3 and are based on IFRS issued and outstanding as of June 30, 2017. These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Significant accounting estimates and judgments

The preparation of financial statements in compliance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. Significant accounting policies

Financial instruments

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to-maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax. Financial assets "held-to-maturity", "loans and receivables", and "other financial liabilities" are subsequently measured at amortized cost using the effective interest method.

Notes to the Consolidated Financial Statements

Years ended June 30, 2017 and 2016

3. Significant accounting policies (continued)

Financial instruments (continued)

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- (i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- (ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- (iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The Company has classified its cash as fair value through profit or loss using Level 1 inputs.

The Company has classified its accounts payable and accrued liabilities and related party advances as other financial liabilities, which are measured at amortized cost.

The Company's financial instruments at June 30, 2017 are as follows:

	Loans and receivables	Available for sale	Fair value through profit or loss	Other financial liabilities
Financial assets				
Cash	\$ -	\$ -	\$ 1,016,593	\$ -
Financial liabilities				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 246,059
Related party advances	\$ -	\$ -	\$ -	\$ 108,308

The Company's financial instruments at June 30, 2016 are as follows:

	Loans and receivables	Available for sale	Fair value through profit or loss	Other financial liabilities
Financial liabilities				
Related party advances	\$ -	\$ -	\$ -	\$ 11,433

Unless otherwise disclosed, the carrying values approximate their fair values due to the short-term nature of these instruments.

Notes to the Consolidated Financial Statements

Years ended June 30, 2017 and 2016

3. Significant accounting policies (continued)

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation assets and expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and share based payments to employees and consultants, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of operations and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

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

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Impairment

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of assets is the greater of an asset's 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.

Notes to the Consolidated Financial Statements

Years ended June 30, 2017 and 2016

3. Significant accounting policies (continued)

Impairment (continued)

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 amortization and are tested annually for impairment.

Provisions

Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the

Notes to the Consolidated Financial Statements

Years ended June 30, 2017 and 2016

3. Significant accounting policies (continued)

Income taxes (continued)

deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Loss per share

Loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common 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.

Comprehensive loss

Comprehensive loss consists of net loss and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders.

Foreign currency transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in loss and comprehensive loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive income (loss) consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

Share capital

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 or financial asset. The Company's common shares, share warrants and flow-through shares are classified as equity instruments. 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.

Valuation of equity units issued in private placements

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measureable component based on fair value and then the residual value, if any to the less easily measureable component. The fair value of common shares issued in private placement was determined to be the more easily measureable component and are valued at their fair value, as determined by the closing bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to contributed surplus.

Notes to the Consolidated Financial Statements

Years ended June 30, 2017 and 2016

3. Significant accounting policies (continued)

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of operations and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of operations and comprehensive income (loss) over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of operations and comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Notes to the Consolidated Financial Statements

Years ended June 30, 2017 and 2016

3. Significant accounting policies (continued)

New accounting standards

The Company has adopted these accounting standards effective July 1, 2016. The adoption of the standards and amendments had no material impact on the consolidated financial statements:

Amendments to IAS 1 Presentation of Financial Statements

These amendments clarify existing IAS 1 requirements resulting from the Disclosure Initiative. It is designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements.

Amendments to IFRS 7 Financial Instruments

The amendments clarify the applicability of the amendments to IFRS 7 Disclosure–Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements.

Amendments to IAS 34 Interim Financial Reporting

These amendments clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and require a cross reference.

Standards and interpretations issued but not yet effective

The following accounting standards and amendments are effective for future periods.

Amendments to IAS 7 Statement of Cash Flows

These amendments (Disclosure Initiative) require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. These amendments are effective for reporting periods beginning on or after January 1, 2017.

Amendments to IAS 12 Income Taxes

These amendments, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for reporting periods beginning on or after January 1, 2017.

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

3. Significant accounting policies (continued)

Standards and interpretations issued but not yet effective (continued)

IFRS 9 Financial Instruments

This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. This standard is effective for reporting periods beginning on or after January 1, 2018.

Amendments to IFRS 2 Share-based Payment

These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. These amendments are effective for reporting periods beginning on or after January 1, 2018.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

The Company has not early adopted these new or revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

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

Notes to the Consolidated Financial Statements

Years ended June 30, 2017 and 2016

4. Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amount of expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical judgments

The preparation of our consolidated financial statements requires us to make judgments regarding the going concern of the Company as discussed in Note 1.

Key sources of estimation uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our consolidated financial statements include:

Share-based payments

We measure our share-based payment expense by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share-based payment expense for the year along with the assumptions and model used for estimating fair value for share based compensation transactions are disclosed in Note 10.

Financial Instruments

The fair values of financial instruments are estimated based upon market and third party inputs. These estimates are subject to change with fluctuations in commodity prices, interest rates, foreign currency exchange rates and estimates of non-performance risk.

Deferred Tax Assets and Liabilities

The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities.

Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if

Notes to the Consolidated Financial Statements

Years ended June 30, 2017 and 2016

4. Significant accounting judgments, estimates and assumptions (continued)

Key sources of estimation uncertainty (continued)

Exploration and Evaluation Expenditure (continued)

new information becomes available. If, after the expenditures are capitalized, information becomes available suggesting that the recovery of the expenditures are unlikely, the amount capitalized is written off in the statement of operations and comprehensive loss in the period the new information becomes available.

Title to Mineral Property Interests

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

5. Plan of arrangement

On February 17, 2017, the Company's then parent company, Canadian Zeolite Corp. ("CNZ"), a publicly traded entity entered into Vend-In and Arrangement Agreements with Canadian Mining Corp. Pursuant to the Vend-In agreement, CNZ transferred all of the issued and outstanding shares of Canadian Mining Company of Arizona, Inc. ("CMCA"), which holds the claims to the Bullard Pass Property, to the Company. Pursuant to the Arrangement Agreement, the Company and its wholly-owned subsidiary, CMCA, were spun out of CNZ whereby the existing shareholders of CNZ received one share of the Company for every five shares of CNZ held at the record date. CNZ's shareholders also received one warrant of the Company for every five warrants of CNZ held at the record date. As a result, the Company issued CNZ shareholders 5,653,676 common shares at a deemed value of \$0.0032 per share and 455,000 share purchase warrants having a fair value of \$nil.

The fair value of the consideration given for the identifiable assets of CMCA that were acquired has been allocated as follows:

Net assets acquired:		
Exploration and evaluation assets	\$	16,243
Consideration given:		
Fair value of common shares issued	\$	16,243

The Company incurred \$206,525 in costs relating to the plan of arrangement which have been expensed in the consolidated statements of operations and comprehensive loss.

Notes to the Consolidated Financial Statements

Years ended June 30, 2017 and 2016

6. Exploration and evaluation assets

The Company has interests in a precious metal property located in the Bullard Pass area in Arizona, United States.

A summary of the capitalized acquisition and exploration expenditures and accumulated totals for the years ending June 30, 2017 and 2016 are as follows:

	Amount (\$)
Balance at June 30, 2015	-
Additions during the year:	
Claim fees - 2016	11,533
Balance at June 30, 2016	11,533
Additions during the year:	
Claim fees - 2017	4,710
Balance at June 30, 2017	16,243

Bullard Pass Gold Property, Arizona, United States

The Company has 22 mineral claims in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona, United States.

7. Related party transactions and balances

During the year ending June 30, 2017, the Company entered into various transactions with related parties. The related parties consist of officers, directors and shareholders or companies controlled directly or indirectly by them. Details of the transactions and balances owing or receivable are as follows:

- (a) The Company incurred consulting fees of \$4,725 (2016 - \$nil) from a company that is controlled, directly or indirectly by an officer, director and shareholder.
- (b) The Company incurred plan of arrangement costs of \$40,800 (2016 - \$nil) from companies that are controlled, directly or indirectly, by officers and shareholders.
- (c) As at June 30, 2017, amounts totalling \$43,807 (2016 - \$nil) owing to related parties are included in accounts payable and accrued liabilities.
- (d) As at June 30, 2017, the Company had received advances of \$108,308 (2016 - \$nil) from Canadian Zeolite Corp. The amounts are owing in relation to the Vend-In and Arrangement Agreements (see Note 5) and were repaid in full subsequent to year end.

Notes to the Consolidated Financial Statements

Years ended June 30, 2017 and 2016

7. Related party transactions and balances (continued)

The above transactions were in the normal course of operations and were recorded at the exchange value which was the amount of consideration established and agreed to by the related parties.

Compensation paid to key management personnel and non-executive directors is as follows:

	2017	2016
Senior management compensation	\$ 45,525	\$ -
Share-based compensation	\$ 199,925	\$ -

8. Share capital

Authorized: unlimited number of common shares without par value.

Issued and outstanding:

Share transactions for the year ended June 30, 2017:

- (a) The Company issued 11,004,967 units at \$0.09 per unit for gross proceeds of \$990,447. Each unit was comprised of one common share and one common share purchase warrant exercisable at \$0.25 per common share for a period of one year from the date of closing. The shares and warrants have an escrow provision whereby 25% are released every four months from the date of issuance.
- (b) The Company issued 5,653,676 common shares having a deemed value of \$16,243 pursuant to the plan of arrangement with Canadian Zeolite Corp.
- (c) The Company issued 270,000 common shares pursuant to the exercise of warrants.
- (d) The Company has 1,057,288 common shares held in escrow subject to a 36 month staged release escrow agreement.

9. Share purchase warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, June 30, 2016	-	-
Issued on private placement	11,004,967	0.25
Issued on plan of arrangement	455,000	0.09
Exercised	(270,000)	0.09
Balance, June 30, 2017	11,189,967	0.25

The weighted average life of warrants outstanding is 0.89 (2016 – nil) years.

Notes to the Consolidated Financial Statements

Years ended June 30, 2017 and 2016

10. Stock Options

The Company has adopted a stock option plan whereby up to 10% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors and consultants. Under the plan, the exercise price of an option may not be set at less than the minimum price permitted by the TSX Venture Exchange. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. The stock option plan provides for full vesting of the stock options on the date of approval of the options by the appropriate regulatory authority. Stock options granted to any person engaged in investor relations activities will vest over a period of not less than 12 months with no more than 25% of the stock options vesting in any three month period. The exercise price of any stock options granted under the plan shall be determined by the Board, but may not be less than the market price of the common shares on the Exchange on the date of grant (less any discount permissible under Exchange rules). The term of any stock options granted under the plan shall be determined by the Board at the time of grant but may not exceed ten years.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Balance, June 30, 2016	–	–
Issued	1,200,000	0.25
Balance, June 30, 2017	1,200,000	0.25

Additional information regarding stock options outstanding as at June 30, 2017 is as follows:

Outstanding and exercisable			
Range of exercise prices \$	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.25	1,200,000	4.9	0.25
	1,200,000	4.9	0.25

The fair value of stock options granted during the year ended June 30, 2017 was \$399,850 (2016 - \$nil) which was charged to the statement of operations and comprehensive loss.

Notes to the Consolidated Financial Statements

Years ended June 30, 2017 and 2016

10. Stock Options (continued)

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted-average assumptions:

	2017	2016
Risk-free interest rate	1.11%	N/A
Expected life (in years)	5.0	N/A
Expected forfeitures	0%	N/A
Expected volatility	126%	N/A

The weighted-average value per stock option granted during the year ended June 30, 2017 was \$0.33 (2016 - \$nil) per stock option.

11. Segmented information

The Company has one operating segment, which is the exploration and development of mineral properties. The Company's principal operations are carried out in Canada. Exploration and evaluation assets and activities are carried out in the United States.

12. Income Taxes

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

	2017 \$	2016 \$
Canadian statutory income tax rate	26.00%	26.00%
Income tax recovery at statutory rate	(196,000)	-
Tax effect of:		
Stock-based compensation	104,000	-
Change in valuation allowance	92,000	-
Income tax provision	-	-

The significant components of deferred income tax assets are as follows:

	2017 \$	2016 \$
Deferred income tax assets		
Non-capital losses carried forward	49,000	-
Plan of arrangement costs	43,000	-
Total gross deferred income tax assets	92,000	-
Valuation allowance	(92,000)	-
Net deferred income tax assets	-	-

Notes to the Consolidated Financial Statements

Years ended June 30, 2017 and 2016

12. Income Taxes (continued)

As at June 30, 2017, the Company has non-capital losses carried forward of approximately \$187,000 which are available to offset future years' taxable income and will expire in 2037 if not utilized.

The Company also has available mineral resource related expenditure pools totalling approximately \$16,243 which may be deducted against future taxable income on a discretionary basis.

13. Subsequent events

On August 3, 2017, the Company closed a private placement of 8,798,944 Units at \$0.25 per Unit for gross proceeds of \$2,199,736. Each Unit consists of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable at \$1.00 per share for a two year period. The shares and warrants are subject to a voluntary pooling agreement for a period of 18 months.

On August 18, 2017 the Company issued 1,600,000 stock options to directors, officers, and consultants of the Company. Each option is exercisable at \$0.55 for a period of 5 years.

On September 5, 2017, the Company expanded its Bullard pass property by adding 149 claims.

On September 27, 2017, the Company announced it had entered into a letter of intent (LOI) with Crust Resources Corp., a British Columbia-registered company, to acquire a 100-per-cent direct or indirect interest in its operating subsidiary, Care Mining Company Ltd., a company registered in the Republic of Ghana. Upon closing, Canadian Mining shall issue to, or as directed by, Care, up to 4.8 million common shares in the capital of Canadian Mining in exchange for transferring all of the issued and outstanding shares of Care to Canadian Mining.

14. Capital management

The Company manages its capital structure and makes adjustments based on the funds available in order to support continued operation and future business opportunities. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to be equity.

The Company's operations are currently not generating positive cash flow; as such, the Company is dependent on external financing to fund its activities. In order to carry out potential expansion and to continue operations, and pay for administrative costs, the Company will spend its existing working capital, and raise additional amounts as needed. Companies in this stage typically rely upon equity and debt financing or joint venture partnerships to fund their operations. The current financial markets are very difficult and there is no certainty with respect to the Company's ability to raise capital.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ending June 30, 2017. The Company is not subject to externally imposed capital requirements.

16. Financial instruments and risk management

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of related party advances approximate their fair value because of the short-term nature of these instruments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As all bank deposits are held with a single chartered bank in Canada, there is a concentration of credit risk. This risk is managed by using a financial institution that has a high credit rating as determined by domestic and international rating agencies.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company will be required to raise additional capital in the future to fund its operations.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

a. Interest rate risk

The Company is not subject to material interest rate risk as it does not have any interest bearing instruments.

b. Currency risk

The Company is not subject to material foreign currency risk as all of its monetary assets and liabilities are denominated in Canadian dollars.

c. Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to such risk.

CANADIAN MINING CORP.

Consolidated Financial Statements
For the three and nine months ended March 31, 2018 and 2017
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report in accordance with securities legislation and the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

CANADIAN MINING CORP.
Interim Consolidated Statements of Financial Position
March 31, 2018 and June 30, 2017
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	March 31, 2018	June 30, 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 1,723,066	\$ 1,016,593
Promissory note (Note 11)	374,445	-
Accounts receivable	34,293	-
Deposits	25,000	-
Prepaid expenses	389	389
Total Current Assets	2,157,193	1,016,982
Non-current assets		
Exploration and evaluation assets (Note 6)	58,354	16,243
Total assets	\$ 2,215,547	\$ 1,033,225
SHAREHOLDERS' EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 12)	\$ 164,708	\$ 246,059
Related party advances (Note 8)	-	108,308
Total liabilities	164,708	354,367
Shareholders' Equity		
Share capital (Note 7)	3,012,489	1,019,927
Contributed surplus (Note 7)	1,441,996	410,854
Deficit	(2,403,646)	(751,923)
Total shareholders' equity	2,050,838	678,858
Total shareholders' equity and liabilities	\$ 2,215,547	\$ 1,033,225

Going concern (Note 2)
Subsequent event (Note 11)

Approved on behalf of the Board:

“*Brian Thurston*”, Director

“*Aman Parmar*”, Director

These interim consolidated financial statements are authorized for issue by the Board of Directors on May 17, 2018

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

CANADIAN MINING CORP.

Interim Consolidated Statements of Loss and Comprehensive Loss

March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Three months ended March		Nine months ended March	
	2018	31, 2017	2018	31, 2017
Interest Income	\$ 1,514	\$ -	\$ 1,514	\$ -
Expenses				
Office and administrative	865	9,538	7,365	12,038
Exploration costs	-	-	25,142	-
Professional fees	148,123	41,218	190,822	46,033
Consulting fees (Note 8)	123,818	22,500	294,761	22,500
Exchange and filing fees	6,920	-	37,274	-
Advertising and promotion	6,510	-	184,113	-
Travel	-	-	954	-
Share-based payments (Note 7)	-	-	922,246	-
Loss before income taxes	(284,722)	(73,256)	(1,661,162)	(80,571)
Provision for income taxes:				
Deferred income tax recovery (expense)	-	-	-	-
Net loss for the period	(284,722)	(73,256)	(1,661,162)	(80,571)
Plan of arrangement costs	-	-	10,941	-
Loss (Gain) on foreign exchange	15	-	(1,502)	-
Comprehensive loss for the period	\$ (284,737)	\$ (73,256)	\$ (1,651,723)	\$ (80,571)
Basic and Diluted Loss Per Share	\$ (0.01)	\$ (732.56)	\$ (0.07)	\$ (805.71)
Weighted Average Number of Shares Outstanding	24,672,555	100	24,672,555	100

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

CANADIAN MINING CORP.
Interim Consolidated Statements of Cash Flow
March 31, 2018 and 2017
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Nine months ended March 31,	
	2018	2017
OPERATING ACTIVITIES		
Loss for the period	\$ (1,651,723)	\$ (80,571)
Items not involving cash:		
Share-based payments	922,246	-
Accrued professional fee expense	-	40,500
	(729,477)	(40,071)
Changes in non-cash working capital items:		
Accounts receivable	(34,293)	-
Promissory note	(374,445)	-
Deposits	(25,000)	-
Accounts payable and accrued liabilities	(81,350)	-
Related party advances	(108,308)	-
	(1,352,873)	(40,071)
INVESTING ACTIVITIES		
Expenditures on mineral properties	(42,111)	(23,756)
FINANCING ACTIVITIES		
Net proceeds received on issuance of shares	2,101,458	-
Cash received on related party loan	-	63,827
Increase in cash and cash equivalents	706,474	-
Cash and cash equivalents, beginning of year	1,016,593	-
Cash and cash equivalents, end of period	\$ 1,723,067	\$ -
Cash and cash equivalents consist of:		
Cash	\$ 123,067	-
Short-term deposits	1,600,000	-
	\$ 1,723,067	\$ -

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

CANADIAN MINING CORP.

Interim Consolidated Statements of Changes in Equity

March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Common Shares		Contributed Surplus	Deficit	Total Equity
	Number	Amount			
June 30, 2016	100	\$ 100	\$ -	\$ -	\$ 100
Loss for the period	-	-	-	(80,571)	(80,571)
March 31, 2017	100	\$ 100	\$ -	\$ (80,571)	\$(80,471)
June 30, 2017	16,928,643	\$1,019,927	\$410,854	\$(751,923)	\$678,858
Shares issued pursuant to private placement	8,798,944	2,199,736	-	-	2,199,736
Share issuance costs	-	(159,789)	-	-	(159,789)
Shares issued pursuant to warrants exercised	127,900	11,511	-	-	11,511
Shares issued pursuant to options exercised	200,000	50,000	-	-	50,000
Fair value of stock options granted	-	-	922,246	-	922,246
Fair value of warrants issued as finders' fees	-	(108,896)	108,896	-	-
Loss for the period	-	-	-	(1,651,723)	(1,651,723)
March 31, 2018	26,055,487	\$3,012,488	\$1,441,996	\$(2,403,646)	\$2,050,838

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

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the nine months ended March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Canadian Mining Corp. (formerly Canadian Zeolite Corp.) (the “Company” or “Canadian Mining”) was incorporated on April 26, 2013 and was a wholly-owned subsidiary of Canadian Zeolite Corp. (formerly Canadian Mining Company Inc.), a reporting issuer in British Columbia and Alberta. During fiscal 2017, the Company and its wholly-owned subsidiary, Canadian Mining Company of Arizona, Inc., were spun out from the parent corporation pursuant to a Plan of Arrangement as disclosed in Note 5. On June 5, 2017, the Company began trading on the TSX Venture Exchange under the symbol CNG. The Company is an exploration stage public company whose principal business activities are the acquisition, exploration and evaluation of mineral properties.

The Company’s principal business activity is the exploration and development of mineral properties. At the date of these interim consolidated financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its properties and the ability of the Company to recover the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the property. The Company is in the development stage with no source of operating revenue and is dependent upon equity financing on terms that are acceptable to the Company, to maintain its current operations. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “CNG.V”.

On March 18, 2017 the Company signed a Letter of Intent (“LOI”) with 1145411 B.C. Ltd., a Canadian corporation (“B.C. Ltd.”), whereby B.C. Ltd. will become a wholly owned subsidiary of CNG. Upon consummation of the transaction described in this LOI, all of B.C. Ltd.’s assets, liabilities, and business operations (collectively, the “B.C. Ltd. Business”) will become the assets, liabilities, and business operations of CNG, which will constitute a change of business for CNG. B.C. Ltd. is the owner of 100% of the issued and outstanding capital stock of Bonhomie Labs Inc., a California corporation (“Bonhomie”). Bonhomie is the owner of 51% of the issued and outstanding capital stock of SAP Global, a California corporation (“SAP”). SAP is the holder of various licenses and permits that allow it to legally operate cannabis businesses in the State of California. Completion of the transaction would constitute a change of business and is subject to shareholder and exchange approval.

2. GOING CONCERN

These interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. 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. Management is aware, in making its assessment, of material uncertainties (as described in Note 1)

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the nine months ended March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

The Company's ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient and, as a result, there is significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

3. BASIS OF PRESENTATION

These interim consolidated financial statements have been prepared on a historical cost basis. In addition, these interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The interim consolidated financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the audited annual consolidated financial statements for the year ended June 30, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as of March 31, 2018.

3.1. Basis of measurement

These interim consolidated financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, revenue and expense. Certain items are stated at fair value.

3.2. Significant judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the nine months ended March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

(i) Going concern

The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures require significant judgment.

(ii) Exploration and evaluation properties and impairment

The Company is required to make significant judgments regarding the capitalization of the costs incurred in respect to its exploration and evaluation properties. The Company is also required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the development of a specific area is unlikely and exploration and evaluation properties should be impaired. Management has assessed impairment indicators on the Company's exploration and evaluation properties and has concluded that no impairment indicators existed as of March 31, 2018.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within ninety days of purchase.

4.2 Exploration and Evaluation Assets

(i) Pre-license costs:

Costs incurred before the Company has obtained the legal right to explore are expensed as incurred.

(ii) Exploration and evaluation costs:

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized as incurred, unless future economic benefit is not expected to be realized. The Company capitalizes, on a property by property basis, the costs of acquiring, maintaining its interest in, and exploring and evaluating mineral properties until such time as the lease expires, it is abandoned, sold or considered impaired in value. Indirect administrative costs are expensed as incurred. Exploration and evaluation properties are not depreciated during the exploration and evaluation stage.

Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral property.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

4.3 Decommissioning and Restoration

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the nine months ended March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

The Company is subject to various governmental laws and regulations relating to the protection of the environment. The environmental regulations are continually changing and are generally becoming more restrictive.

Decommissioning and restoration obligations encompass legal, statutory, contractual or constructive obligations associated with the retirement of a long-lived tangible asset (for example, mine reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset is reflected by an other-than-temporary removal from service, including sale of the asset, abandonment or disposal in some other manner.

The fair value of a liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value. The capitalized cost is depreciated on either the unit-of-production basis or the straight-line basis, as appropriate. The Company's estimates of its provision for decommissioning and restoration obligations could change as a result of changes in regulations, changes to the current market-based discount rate, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for in the period in which these estimates are revised.

As at March 31, 2018, the Company has determined that it does not have any decommissioning and restoration obligations related to current or former operations in excess of the reclamation bonds held by the B.C. Ministry of Energy and Mines.

4.4 Impairment of Non-Financial Assets

For the purposes of assessing impairment, the recoverable amount of an asset, which is the higher of its fair value less costs to sell and its value in use, is estimated.

4.5 Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

4.6 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the nine months ended March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.7 Share-based Payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the share-based payment is used.

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the nine months ended March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged either to profit or loss or exploration and evaluation properties, with the offsetting credit to share option reserve. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in share option reserve are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in share option reserve.

4.8 Valuation of equity units issued in private placements

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any to the less easily measurable component. The fair value of common shares issued in private placement was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to contributed surplus.

4.9 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

4.10 Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the nine months ended March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

During the nine months ended March 31, 2018 and 2017, all the outstanding share options and warrants were anti-dilutive.

4.11 Financial Instruments - Recognition and Measurement

Non-derivative financial assets and financial liabilities

The Company classifies financial assets as financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables. Available-for-sale financial assets are those financial assets that are not classified as any of the above. Financial liabilities are either classified as financial liabilities at fair value through profit or loss or as other financial liabilities.

Financial assets and financial liabilities are recognized initially at fair value.

Financial assets and financial liabilities at fair value through profit or loss are subsequently measured at fair value with changes in fair values recognized in profit or loss.

Financial assets classified as available for sale are subsequently measured at fair value with changes in fair value recognized in other comprehensive income.

Loans and receivables, held-to-maturity investments and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company's financial instruments consist of cash and cash equivalents, promissory note, accounts receivable, and accounts payable and accrued liabilities.

Cash and cash equivalents are classified as fair value through profit or loss, and promissory note and accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities.

Transaction costs, other than those related to financial instruments classified as financial assets and financial liabilities at fair value through profit or loss, are added to the fair value of the financial asset and financial liability on initial recognition.

4.12 Share Issuance Costs

Share issuance costs, which include commissions, facilitation payments, professional fees and regulatory fees, are charged directly to share capital.

4.13 Comprehensive Income (Loss)

Total comprehensive income (loss) comprises all components of profit or loss and other comprehensive income. Other comprehensive income (loss) includes items such as gains and

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the nine months ended March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

losses from translating the financial statements of a foreign operation, gains and losses on re-measuring available-for-sale financial assets and the effective portion of gains and losses on hedging instruments in a cash flow hedge.

4.14 Changes in Accounting Standards

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

Accounting Standards Issued and Effective January 1, 2017 or Later

- IFRS 2 Share-based Payment – classification and measurement of share-based payment transactions (Amendment to IFRS 2);
- IFRS 9 Financial Instruments;
- IFRS 16 Leases;
- IAS 7 Statement of Cash Flows – disclosure initiative (Amendment to IAS 7); and
- IAS 12 Income Taxes – recognition of deferred tax assets for unrealized losses (Amendments to IAS 12).

5. PLAN OF ARRANGEMENT

On February 17, 2017, the Company's then parent company, Canadian Zeolite Corp. ("CNZ"), a publicly traded entity entered into Vend-In and Arrangement Agreements with Canadian Mining Corp. Pursuant to the Vend-In agreement, CNZ transferred all of the issued and outstanding shares of Canadian Mining Company of Arizona, Inc. ("CMCA"), which holds the claims to the Bullard Pass Property, to the Company. Pursuant to the Arrangement Agreement, the Company and its wholly-owned subsidiary, CMCA, were spun out of CNZ whereby the existing shareholders of CNZ received one share of the Company for every five shares of CNZ held at the record date. CNZ's shareholders also received one warrant of the Company for every five warrants of CNZ held at the record date. As a result, the Company issued CNZ shareholders 5,653,676 common shares at a deemed value of \$0.0032 per share and 455,000 share purchase warrants having a fair value of \$nil.

The fair value of the consideration given for the identifiable assets of CMCA that were acquired has been allocated as follows:

	June 30, 2017
Net assets acquired:	
Exploration and evaluation asset	\$ 16,243
Consideration given:	
Fair value of common shares issued	\$ 16,243

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the nine months ended March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

During the year ended June 30, 2017, the Company incurred \$206,525 in costs relating to the plan of arrangement which have been expensed in the consolidated statements of operations and comprehensive loss.

6. EXPLORATION AND EVALUATION ASSETS

The Company has interests in a precious metal property located in the Bullard Pass area in Arizona, United States.

A summary of the capitalized acquisition and exploration expenditures and accumulated totals for the years ending June 30, 2017 and 2016 are as follows:

	Amount (\$)
Balance at June 30, 2015	-
Additions during the year:	
Claim fees – 2016	11,533
Balance at June 30, 2016	11,533
Additions during the year:	
Claim fees	4,710
Balance at June 30, 2017	16,243
Additions during the period	
Claim fees	42,111
Balance at March 31, 2017	58,354

Bullard Pass Gold Property, Arizona, United States

- The Company has 22 mineral claims in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona, United States.

7. EQUITY

7.1 Authorized Share Capital

Unlimited number of common shares with no par value.

7.2 Shares Issued

Shares issued and outstanding as at March 31, 2018 are 26,055,487 (June 30, 2017 – 16,928,643).

During the nine months ended March 31, 2018, the following share transactions occurred:

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the nine months ended March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

-
- a. The Company issued 8,798,944 units at \$0.25 per unit for gross proceeds of \$2,199,736. Each unit was comprised of one common share and one common share purchase warrant exercisable at \$1.00 per common share for a period of two years from the date of closing.
 - b. The Company issued 127,900 common shares for gross proceeds of \$11,511 pursuant to the exercise of warrants.
 - c. The Company issued 200,000 common shares for gross proceeds of \$50,000 pursuant to the exercise of options.
 - d. The Company has 881,074 common shares held in escrow subject to a 36-month staged release escrow agreement.

During the year ended June 30, 2017, the following share transactions occurred:

- e. The Company issued 11,004,967 units at \$0.09 per unit for gross proceeds of \$990,447. Each unit was comprised of one common share and one common share purchase warrant exercisable at \$0.25 per common share for a period of one year from the date of closing. The shares and warrants have an escrow provision whereby 25% are released every four months from the date of issuance.
- f. The Company issued 5,653,676 common shares having a deemed value of \$16,243 pursuant to the plan of arrangement with Canadian Zeolite Corp.
- g. The Company issued 270,000 common shares for gross proceeds of \$24,300 pursuant to the exercise of warrants.
- h. The Company has 1,057,288 common shares held in escrow subject to a 36-month staged release escrow agreement.

7.3 Warrants

The following warrants were outstanding:

	<u>Warrants</u>	<u>Exercise Price</u>
June 30, 2016	-	\$ -
Issued on private placement	11,004,967	0.25
Issued on plan of arrangement	455,000	0.09
Exercised	(270,000)	0.09
June 30, 2017	11,189,967	0.25
Issued on private placement	8,798,944	1.00
Exercised	(127,900)	0.09
Expired	(57,100)	0.09
March 31, 2018	19,803,911	\$ 0.58

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the nine months ended March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

<u>Expiry date</u>	<u>Warrants</u>	<u>Exercise Price</u>
May 26, 2018	11,004,967	0.14
August 3, 2019	8,798,944	0.44
	<u>19,803,911</u>	<u>\$ 0.58</u>

At March 31, 2018, the weighted-average remaining life of the outstanding warrants was 0.58 years (2017 – 1.48).

The fair value of the share purchase warrants issued as finder's fees during the nine-months ended March 31, 2018 was estimated on the date of grant using the Black-Scholes Pricing Model with the following weighted average assumptions:

	<u>Nine Months Ended March 31, 2018</u>	<u>Year Ended June 30, 2017</u>
Strike price	\$ 1.00	-
Risk free interest rate	1.11%	-
Expected warrant life (years)	2.00 years	-
Expected stock price volatility	126%	-
Dividend payments during life of option	Nil	-
Expected forfeiture rate	Nil	-

7.4 Share-based Compensation

The Company has adopted a stock option plan whereby up to 10% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors and consultants. Under the plan, the exercise price of an option may not be set at less than the minimum price permitted by the TSX Venture Exchange. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. The stock option plan provides for full vesting of the stock options on the date of approval of the options by the appropriate regulatory authority. Stock options granted to any person engaged in investor relations activities will vest over a period of not less than 12 months with no more than 25% of the stock options vesting in any three-month period. The exercise price of any stock options granted under the plan shall be determined by the Board but may not be less than the market price of the common shares on the Exchange on the date of grant (less any discount permissible under Exchange rules). The term of any stock options granted under the plan shall be determined by the Board at the time of grant but may not exceed ten years.

Total share options granted during the nine-month period ended March 31, 2018 were 1,600,000 (year ended June 30, 2017 – 1,200,000). Total share-based payments recognized for the fair value of share options granted, vested and approved by the shareholders during the nine-month period ended March 31, 2018 was \$922,246 (year ended June 30, 2017 - \$399,850).

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the nine months ended March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

The fair value of the share options granted during the nine-months ended March 31, 2018 and the year ended June 30, 2017 was estimated on the date of grant using the Black-Scholes Pricing Model with the following weighted average assumptions:

	Nine Months Ended March 31, 2018	Year Ended June 30, 2017
Strike price	\$0.55	\$ 0.25
Risk free interest rate	1.11%	1.11%
Expected option life (years)	5.00 years	5.00 years
Expected stock price volatility	126%	126%
Dividend payments during life of option	Nil	Nil
Expected forfeiture rate	Nil	Nil

Option pricing models require the input of highly speculative assumptions, including the expected future price volatility of a company's shares. Expected volatility has been estimated based on historical volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, existing models do not necessarily provide a reliable single measure of the fair value of the Company's share options.

The following stock options issued under the employee stock option plan were outstanding:

	Options	Exercise price
June 30, 2016	-	\$ -
Issued	1,200,000	0.25
June 30, 2017	1,200,000	0.25
Issued	1,600,000	0.55
Exercised	(200,000)	0.25
Cancelled	(1,000,000)	0.55
March 31, 2018	1,600,000	0.36

At March 31, 2018, the weighted average remaining life of the outstanding options was 4.27 years (June 30, 2017 – 4.8 years).

Outstanding				Exercisable			
Number of Options	Exercise price	Remaining contractual life (years)		Number of Options	Exercise price	Remaining contractual life (years)	
1,000,000	\$ 0.25	4.44		1,000,000	\$ 0.25	4.44	
600,000	0.55	4.64		600,000	0.55	4.64	
1,600,000	\$ 0.36	4.52		1,600,000	\$ 0.36	4.52	

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the nine months ended March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES

Relationships	Nature of the relationship
Key management	Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the Chief Executive Officer and Chief Financial Officer.

	Management services
Services provided for the nine-month period ended March 31, 2018:	
Chief executive officer	\$ 68,000
Chief financial officer	33,000
	\$ 101,000

Key management compensation includes:

	Six months ended March 31,	
	2017	2016
Management fees and salaries	\$ 101,000	\$ -
Share-based payments	461,123	-
	\$ 562,123	\$ -

During the nine months ended March 31, 2018, the Company had repaid \$108,308 (2017 - \$nil) to Canadian Zeolite Corp., a company with directors in common.

These transactions were in the normal course of operations and measured at their exchange amounts, being the amounts agreed to by the parties to the transactions.

9. MANAGEMENT OF CAPITAL

The Company defines capital that it manages as its cash and cash equivalents and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the nine months ended March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

There have not been any changes to the Company's capital management policy during the period.

10. RISK MANAGEMENT

10.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain title to and explore its mineral properties. The capital structure of the Company consists of cash and cash equivalents and share capital.

b. Credit Risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. Management's assessment of the Company's exposure to credit risk is low.

c. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at March 31, 2018, the Company's working capital is \$1,992,485 and it does not have any long-term monetary liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2018, the Company had cash and cash equivalents of \$1,723,066 to settle current liabilities of \$164,707.

d. Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to these risks as the ability of the Company to develop or market its properties and the future profitability of the Company is related to the market price of certain minerals such as copper, molybdenum, tungsten, gold and silver.

10.2 Fair Values

The carrying values of cash and cash equivalents, promissory note receivable and accounts payable and accrued liabilities approximate fair values due to their short-term to maturity nature or the ability to readily convert to cash.

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the nine months ended March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. All financial instruments are classified as Level 1 items.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

11. PROMISSORY NOTE

During the nine-month period ended March 31, 2018, the Company entered into a memorandum of understanding (the “MOU”) with Natural Ventures PR LLC (“Natural Ventures”). Natural Ventures holds various licenses that allow it to legally operate Cannabis business in the U.S. territory of Puerto Rico. The MOU states that, upon completion of the agreement, the Company will pay US\$2,250,000 for 62.5% of all the issued and outstanding shares of Natural Ventures. The Company will also loan up to US\$750,000 to Natural Ventures as part of a secured promissory note. Subsequent to March 31, 2017, the Company had loaned US\$300,000 in connection with the secured promissory note with the remaining balance to be made available as needed. If the secured promissory note is not paid back within the first year, it will accrue interest at 5% per year, calculated annually.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company’s accounts payable and accrued liabilities balance consists primarily of legal fees incurred in association with the Company’s pending transaction as disclosed in Note 1 of these interim consolidated financial statements.

CANADIAN MINING CORP.

Consolidated Financial Statements
For the three and six months ended December 31, 2017 and 2016
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report in accordance with securities legislation and the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

CANADIAN MINING CORP.

Interim Consolidated Statements of Financial Position

December 31, 2017 and June 30, 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	December 31, 2017	June 30, 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 2,350,961	\$ 1,016,593
Accounts receivable	21,527	-
Deposits	25,000	-
Prepaid expenses	389	389
Due from related party (Note 8)	7,000	-
Total Current Assets	2,404,877	1,016,982
Non-current assets		
Exploration and evaluation assets (Note 6)	83,354	16,243
Total assets	\$ 2,488,231	\$ 1,033,225
SHAREHOLDERS' EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 152,655	\$ 246,059
Related party advances	-	108,308
Total liabilities	152,655	354,367
Shareholders' Equity		
Share capital (Note 7)	3,012,489	1,019,927
Contributed surplus (Note 7)	1,441,996	410,854
Deficit	(2,118,909)	(751,923)
Total shareholders' equity	2,335,576	678,858
Total shareholders' equity and liabilities	\$ 2,488,231	\$ 1,033,225

Going concern (Note 2)

Subsequent event (Note 11)

Approved on behalf of the Board:"Brian Thurston", Director"Aman Parmar", Director

These interim consolidated financial statements are authorized for issue by the Board of Directors on February 21, 2018

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

CANADIAN MINING CORP.

Interim Consolidated Statements of Loss and Comprehensive Loss

December 31, 2017 and 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Three months ended December 31,		Six months ended December 31,	
	2017	2016	2017	2016
Expenses				
Office and administrative	\$ 2,297	-	\$ 6,500	-
Exploration costs	735	-	25,142	-
Professional fees	25,533	-	42,699	-
Consulting fees (Note 8)	99,400	-	170,943	-
Exchange and filing fees	11,892	-	30,354	-
Advertising and promotion	-	-	177,603	-
Travel	-	-	954	-
Share-based payments (Note 7)	-	-	922,246	-
Loss before income taxes	(139,857)	-	(1,376,441)	-
Provision for income taxes:				
Deferred income tax recovery (expense)	-	-	-	-
Net loss for the period	(139,857)	-	(1,376,441)	-
Plan of arrangement costs	-	-	10,941	-
Gain on foreign exchange	-	-	(1,487)	-
Comprehensive loss for the period	\$ (139,857)	\$ -	\$ (1,366,986)	\$ -
Basic and Diluted Loss Per Share	\$ (0.01)	\$ -	\$ (0.06)	\$ -
Weighted Average Number of Shares Outstanding	23,996,121	-	23,996,121	-

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

CANADIAN MINING CORP.
Interim Consolidated Statements of Cash Flow
December 31, 2017 and 2016
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Six months ended December	
	31,	
	2017	2016
OPERATING ACTIVITIES		
Loss for the period	\$ (1,366,986)	\$ -
Items not involving cash:		
Share-based payments	922,246	-
	(440,740)	-
Changes in non-cash working capital items:		
Accounts receivable	(21,527)	-
Deposits	(25,000)	-
Due from related party	(7,000)	-
Accounts payable and accrued liabilities	(93,404)	-
Related party advances	(108,308)	-
	(699,979)	-
INVESTING ACTIVITIES		
Expenditures on mineral properties	(67,111)	-
FINANCING ACTIVITIES		
Net proceeds received on issuance of shares	2,101,458	-
Increase in cash and cash equivalents	1,334,368	-
Cash and cash equivalents, beginning of year	1,016,593	-
Cash and cash equivalents, end of period	\$ 2,350,961	-
Cash and cash equivalents consist of:		
Cash	\$ 350,961	-
Short-term deposits	2,000,000	-
	\$ 2,350,961	\$ -

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

CANADIAN MINING CORP.

Interim Consolidated Statements of Changes in Equity

December 31, 2017 and 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Common Shares		Contributed Surplus	Deficit	Total Equity
	Number	Amount			
June 30, 2016 and December 31, 2016	100	\$ 100	\$ -	\$ -	\$ 100
Shares issued pursuant to private placement	11,004,967	990,447	-	-	990,447
Share issuance costs	-	(59)	-	-	(59)
Shares issued pursuant to plan of arrangement	5,653,676	16,243	-	-	16,243
Shares cancelled pursuant to plan of arrangement	(100)	(100)	-	-	(100)
Fair value of warrants issued pursuant to private placement	-	(11,004)	11,004	-	-
Shares issued pursuant to warrants exercised	270,000	24,300	-	-	24,300
Fair value of stock options granted	-	-	399,850	-	399,850
Loss for the period	-	-	-	(751,923)	(194,621)
June 30, 2017	16,928,643	\$1,019,927	\$410,854	\$(751,923)	\$678,858
Shares issued pursuant to private placement	8,798,944	\$2,199,736	\$ -	\$ -	\$2,199,736
Share issuance costs	-	(159,789)	-	-	(159,789)
Shares issued pursuant to warrants exercised	127,900	11,511	-	-	11,511
Shares issued pursuant to options exercised	200,000	50,000	-	-	50,000
Fair value of stock options granted	-	-	922,246	-	922,246
Fair value of warrants issued as finders' fees	-	(108,896)	108,896	-	-
Loss for the period	-	-	-	(1,366,986)	(1,366,986)
December 31, 2017	26,055,487	\$3,012,488	\$1,441,996	\$(2,118,909)	\$2,335,576

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

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the six months ended December 31, 2017 and 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Canadian Mining Corp. (formerly Canadian Zeolite Corp.) (the “Company” or “Canadian Mining”) was incorporated on April 26, 2013 and was a wholly-owned subsidiary of Canadian Zeolite Corp. (formerly Canadian Mining Company Inc.), a reporting issuer in British Columbia and Alberta. During fiscal 2017, the Company and its wholly-owned subsidiary, Canadian Mining Company of Arizona, Inc., were spun out from the parent corporation pursuant to a Plan of Arrangement as disclosed in Note 5. On June 5, 2017, the Company began trading on the TSX Venture Exchange under the symbol CNG. The Company is an exploration stage public company whose principal business activities are the acquisition, exploration and evaluation of mineral properties.

The Company’s principal business activity is the exploration and development of mineral properties. At the date of these interim consolidated financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its properties and the ability of the Company to recover the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the property. The Company is in the development stage with no source of operating revenue and is dependent upon equity financing on terms that are acceptable to the Company, to maintain its current operations. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “CNG.V”.

On December 18, 2017 the Company signed a Letter of Intent (“LOI”) with 1145411 B.C. Ltd., a Canadian corporation (“B.C. Ltd.”), whereby B.C. Ltd. will become a wholly owned subsidiary of CNG. Upon consummation of the transaction described in this LOI, all of B.C. Ltd.’s assets, liabilities, and business operations (collectively, the “B.C. Ltd. Business”) will become the assets, liabilities, and business operations of CNG, which will constitute a change of business for CNG. B.C. Ltd. is the owner of 100% of the issued and outstanding capital stock of Bonhomie Labs Inc., a California corporation (“Bonhomie”). Bonhomie is the owner of 51% of the issued and outstanding capital stock of SAP Global, a California corporation (“SAP”). SAP is the holder of various licenses and permits that allow it to legally operate cannabis businesses in the State of California. Completion of the transaction would constitute a change of business and is subject to shareholder and exchange approval.

2. GOING CONCERN

These interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. 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. Management is aware, in making its assessment, of material uncertainties (as described in Note 1)

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the six months ended December 31, 2017 and 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

The Company's ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient and, as a result, there is significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

3. BASIS OF PRESENTATION

These interim consolidated financial statements have been prepared on a historical cost basis. In addition, these interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The interim consolidated financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the audited annual consolidated financial statements for the year ended June 30, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as of December 31, 2017.

3.1. Basis of measurement

These interim consolidated financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, revenue and expense. Certain items are stated at fair value.

3.2. Significant judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the six months ended December 31, 2017 and 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

(i) Going concern

The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures require significant judgment.

(ii) Exploration and evaluation properties and impairment

The Company is required to make significant judgments regarding the capitalization of the costs incurred in respect to its exploration and evaluation properties. The Company is also required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the development of a specific area is unlikely and exploration and evaluation properties should be impaired. Management has assessed impairment indicators on the Company's exploration and evaluation properties and has concluded that no impairment indicators existed as of December 31, 2017.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within ninety days of purchase.

4.2 Exploration and Evaluation Assets

(i) Pre-license costs:

Costs incurred before the Company has obtained the legal right to explore are expensed as incurred.

(ii) Exploration and evaluation costs:

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized as incurred, unless future economic benefit is not expected to be realized. The Company capitalizes, on a property by property basis, the costs of acquiring, maintaining its interest in, and exploring and evaluating mineral properties until such time as the lease expires, it is abandoned, sold or considered impaired in value. Indirect administrative costs are expensed as incurred. Exploration and evaluation properties are not depreciated during the exploration and evaluation stage.

Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral property.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

4.3 Decommissioning and Restoration

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the six months ended December 31, 2017 and 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

The Company is subject to various governmental laws and regulations relating to the protection of the environment. The environmental regulations are continually changing and are generally becoming more restrictive.

Decommissioning and restoration obligations encompass legal, statutory, contractual or constructive obligations associated with the retirement of a long-lived tangible asset (for example, mine reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset is reflected by an other-than-temporary removal from service, including sale of the asset, abandonment or disposal in some other manner.

The fair value of a liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value. The capitalized cost is depreciated on either the unit-of-production basis or the straight-line basis, as appropriate. The Company's estimates of its provision for decommissioning and restoration obligations could change as a result of changes in regulations, changes to the current market-based discount rate, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for in the period in which these estimates are revised.

As at December 31, 2017, the Company has determined that it does not have any decommissioning and restoration obligations related to current or former operations in excess of the reclamation bonds held by the B.C. Ministry of Energy and Mines.

4.4 Impairment of Non-Financial Assets

For the purposes of assessing impairment, the recoverable amount of an asset, which is the higher of its fair value less costs to sell and its value in use, is estimated.

4.5 Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

4.6 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the six months ended December 31, 2017 and 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.7 Share-based Payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the share-based payment is used.

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the six months ended December 31, 2017 and 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged either to profit or loss or exploration and evaluation properties, with the offsetting credit to share option reserve. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in share option reserve are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in share option reserve.

4.8 Valuation of equity units issued in private placements

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any to the less easily measurable component. The fair value of common shares issued in private placement was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to contributed surplus.

4.9 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

4.10 Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the six months ended December 31, 2017 and 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

During the six months ended December 31, 2017 and 2016, all the outstanding share options and warrants were anti-dilutive.

4.11 Financial Instruments - Recognition and Measurement

Non-derivative financial assets and financial liabilities

The Company classifies financial assets as financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables. Available-for-sale financial assets are those financial assets that are not classified as any of the above. Financial liabilities are either classified as financial liabilities at fair value through profit or loss or as other financial liabilities.

Financial assets and financial liabilities are recognized initially at fair value.

Financial assets and financial liabilities at fair value through profit or loss are subsequently measured at fair value with changes in fair values recognized in profit or loss.

Financial assets classified as available for sale are subsequently measured at fair value with changes in fair value recognized in other comprehensive income.

Loans and receivables, held-to-maturity investments and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, deposit, due from related party, and accounts payable and accrued liabilities.

Cash and cash equivalents and deposit are classified as fair value through profit or loss and accounts receivable and due from related party are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities.

Transaction costs, other than those related to financial instruments classified as financial assets and financial liabilities at fair value through profit or loss, are added to the fair value of the financial asset and financial liability on initial recognition.

4.12 Share Issuance Costs

Share issuance costs, which include commissions, facilitation payments, professional fees and regulatory fees, are charged directly to share capital.

4.13 Comprehensive Income (Loss)

Total comprehensive income (loss) comprises all components of profit or loss and other comprehensive income. Other comprehensive income (loss) includes items such as gains and

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements
For the six months ended December 31, 2017 and 2016
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

losses from translating the financial statements of a foreign operation, gains and losses on re-measuring available-for-sale financial assets and the effective portion of gains and losses on hedging instruments in a cash flow hedge.

4.14 Changes in Accounting Standards

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

Accounting Standards Issued and Effective January 1, 2017 or Later

- IFRS 2 Share-based Payment – classification and measurement of share-based payment transactions (Amendment to IFRS 2);
- IFRS 9 Financial Instruments;
- IFRS 16 Leases;
- IAS 7 Statement of Cash Flows – disclosure initiative (Amendment to IAS 7); and
- IAS 12 Income Taxes – recognition of deferred tax assets for unrealized losses (Amendments to IAS 12).

5. PLAN OF ARRANGMENT

On February 17, 2017, the Company's then parent company, Canadian Zeolite Corp. ("CNZ"), a publicly traded entity entered into Vend-In and Arrangement Agreements with Canadian Mining Corp. Pursuant to the Vend-In agreement, CNZ transferred all of the issued and outstanding shares of Canadian Mining Company of Arizona, Inc. ("CMCA"), which holds the claims to the Bullard Pass Property, to the Company. Pursuant to the Arrangement Agreement, the Company and its wholly-owned subsidiary, CMCA, were spun out of CNZ whereby the existing shareholders of CNZ received one share of the Company for every five shares of CNZ held at the record date. CNZ's shareholders also received one warrant of the Company for every five warrants of CNZ held at the record date. As a result, the Company issued CNZ shareholders 5,653,676 common shares at a deemed value of \$0.0032 per share and 455,000 share purchase warrants having a fair value of \$nil.

The fair value of the consideration given for the identifiable assets of CMCA that were acquired has been allocated as follows:

	June 30, 2017
Net assets acquired:	
Exploration and evaluation asset	\$ 16,243
<hr/>	
Consideration given:	
Fair value of common shares issued	\$ 16,243
<hr/>	

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements
For the six months ended December 31, 2017 and 2016
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

During the year ended June 30, 2017, the Company incurred \$206,525 in costs relating to the plan of arrangement which have been expensed in the consolidated statements of operations and comprehensive loss.

6. EXPLORATION AND EVALUATION ASSETS

The Company has interests in a precious metal property located in the Bullard Pass area in Arizona, United States.

A summary of the capitalized acquisition and exploration expenditures and accumulated totals for the years ending June 30, 2017 and 2016 are as follows:

	Amount (\$)
Balance at June 30, 2015	-
Additions during the year:	
Claim fees – 2016	11,533
Balance at June 30, 2016	11,533
Additions during the year:	
Claim fees	4,710
Balance at June 30, 2017	16,243
Additions during the period	
Claim fees	42,111
Claim evaluation deposit	25,000
Balance at December 31, 2017	83,354

Bullard Pass Gold Property, Arizona, United States

- The Company has 22 mineral claims in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona, United States.

7. EQUITY

7.1 Authorized Share Capital

Unlimited number of common shares with no par value.

7.2 Shares Issued

Shares issued and outstanding as at December 31, 2017 are 26,055,487 (June 30, 2017 – 16,928,643).

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the six months ended December 31, 2017 and 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

During the six months ended December 31, 2017, the following share transactions occurred:

- a. The Company issued 8,798,944 units at \$0.25 per unit for gross proceeds of \$2,199,736. Each unit was comprised of one common share and one common share purchase warrant exercisable at \$1.00 per common share for a period of two years from the date of closing.
- b. The Company issued 127,900 common shares for gross proceeds of \$11,511 pursuant to the exercise of warrants.
- c. The Company issued 200,000 common shares for gross proceeds of \$50,000 pursuant to the exercise of options.
- d. The Company has 881,074 common shares held in escrow subject to a 36-month staged release escrow agreement.

During the year ended June 30, 2017, the following share transactions occurred:

- e. The Company issued 11,004,967 units at \$0.09 per unit for gross proceeds of \$990,447. Each unit was comprised of one common share and one common share purchase warrant exercisable at \$0.25 per common share for a period of one year from the date of closing. The shares and warrants have an escrow provision whereby 25% are released every four months from the date of issuance.
- f. The Company issued 5,653,676 common shares having a deemed value of \$16,243 pursuant to the plan of arrangement with Canadian Zeolite Corp.
- g. The Company issued 270,000 common shares for gross proceeds of \$24,300 pursuant to the exercise of warrants.
- h. The Company has 1,057,288 common shares held in escrow subject to a 36-month staged release escrow agreement.

7.3 Warrants

The following warrants were outstanding:

	<u>Warrants</u>	<u>Exercise Price</u>
June 30, 2016	-	\$ -
Issued on private placement	11,004,967	0.25
Issued on plan of arrangement	455,000	0.09
Exercised	(270,000)	0.09
June 30, 2017	11,189,967	0.25
Issued on private placement	8,798,944	1.00
Exercised	(127,900)	0.09
Expired	(53,098)	0.09
December 31, 2017	<u>19,803,911</u>	<u>\$ 0.58</u>

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements
For the six months ended December 31, 2017 and 2016
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

<u>Expiry date</u>	<u>Warrants</u>	<u>Exercise Price</u>
February 17, 2019	4,002	\$ 0.09
May 26, 2019	11,004,967	0.25
August 3, 2019	8,798,944	1.00
	<u>19,803,911</u>	<u>\$ 0.58</u>

At December 31, 2017, the weighted-average remaining life of the outstanding warrants was 1.48 years (2017 – 1.48).

The fair value of the share purchase warrants issued as finder's fees during the period ended December 31, 2017 was estimated on the date of grant using the Black-Scholes Pricing Model with the following weighted average assumptions:

	<u>Year Ended December 31, 2017</u>	<u>Year Ended June 30, 2017</u>
Strike price	\$ 1.00	-
Risk free interest rate	1.11%	-
Expected warrant life (years)	2.00 years	-
Expected stock price volatility	126%	-
Dividend payments during life of option	Nil	-
Expected forfeiture rate	Nil	-

7.4 Share-based Compensation

The Company has adopted a stock option plan whereby up to 10% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors and consultants. Under the plan, the exercise price of an option may not be set at less than the minimum price permitted by the TSX Venture Exchange. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. The stock option plan provides for full vesting of the stock options on the date of approval of the options by the appropriate regulatory authority. Stock options granted to any person engaged in investor relations activities will vest over a period of not less than 12 months with no more than 25% of the stock options vesting in any three-month period. The exercise price of any stock options granted under the plan shall be determined by the Board, but may not be less than the market price of the common shares on the Exchange on the date of grant (less any discount permissible under Exchange rules). The term of any stock options granted under the plan shall be determined by the Board at the time of grant but may not exceed ten years.

Total share options granted during the period ended December 31, 2017 were 1,600,000 (year ended June 30, 2017 – 1,200,000). Total share-based payments recognized for the fair value of

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the six months ended December 31, 2017 and 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

share options granted, vested and approved by the shareholders during the year ended December 31, 2017 was \$922,246 (year ended June 30, 2017 - \$399,850).

The fair value of the share options granted during the six-months ended December 31, 2017 and the year ended June 30, 2017 was estimated on the date of grant using the Black-Scholes Pricing Model with the following weighted average assumptions:

	Six Months Ended December 31, 2017	Year Ended June 30, 2017
Strike price	\$0.55	\$ 0.25
Risk free interest rate	1.11%	1.11%
Expected option life (years)	5.00 years	5.00 years
Expected stock price volatility	126%	126%
Dividend payments during life of option	Nil	Nil
Expected forfeiture rate	Nil	Nil

Option pricing models require the input of highly speculative assumptions, including the expected future price volatility of a company's shares. Expected volatility has been estimated based on historical volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, existing models do not necessarily provide a reliable single measure of the fair value of the Company's share options.

The following stock options issued under the employee stock option plan were outstanding:

	Options	Exercise price
June 30, 2016	-	\$ -
Issued	1,200,000	0.25
June 30, 2017	1,200,000	0.25
Issued	1,600,000	0.55
Exercised	(200,000)	0.25
Cancelled	(1,000,000)	0.55
December 31, 2017	1,600,000	0.36

At December 31, 2017, the weighted average remaining life of the outstanding options was 4.52 years (June 30, 2017 – 4.8 years).

Outstanding			Exercisable		
Number of Options	Exercise price	Remaining contractual life (years)	Number of Options	Exercise price	Remaining contractual life (years)
1,000,000	\$ 0.25	4.44	1,000,000	\$ 0.25	4.44
600,000	0.55	4.64	600,000	0.55	4.64
1,600,000	\$ 0.36	4.52	1,600,000	\$ 0.36	4.52

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the six months ended December 31, 2017 and 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES

Relationships	Nature of the relationship
Key management	Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the Chief Executive Officer and Chief Financial Officer.

	Management services
Services provided for the period ended December 31, 2017:	
Chief executive officer	\$ 44,000
Chief financial officer	10,500
	<u>\$ 54,500</u>

Key management compensation includes:

	Six months ended December 31,	
	2017	2016
Management fees and salaries	\$ 54,500	\$ -
Share-based payments	461,123	-
	<u>\$ 515,623</u>	<u>\$ -</u>

As at December 31, 2017, the Company had amounts receivable of \$7,000 (2016 - \$nil) due from Canadian Zeolite Corp.

These transactions were in the normal course of operations and measured at their exchange amounts, being the amounts agreed to by the parties to the transactions.

9. MANAGEMENT OF CAPITAL

The Company defines capital that it manages as its cash and cash equivalents and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the six months ended December 31, 2017 and 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

There have not been any changes to the Company's capital management policy during the period.

10. RISK MANAGEMENT

10.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain title to and explore its mineral properties. The capital structure of the Company consists of cash and cash equivalents and share capital.

b. Credit Risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. Management's assessment of the Company's exposure to credit risk is low.

c. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at December 31, 2017, the Company's working capital is \$2,252,222 and it does not have any long-term monetary liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2017, the Company had cash and cash equivalents of \$2,350,961 to settle current liabilities of \$152,655.

d. Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to these risks as the ability of the Company to develop or market its properties and the future profitability of the Company is related to the market price of certain minerals such as copper, molybdenum, tungsten, gold and silver.

10.2 Fair Values

CANADIAN MINING CORP.

Notes to the Interim Consolidated Financial Statements

For the six months ended December 31, 2017 and 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

The carrying values of cash and cash equivalents, and accounts payable and accrued liabilities approximate fair values due to their short-term to maturity nature or the ability to readily convert to cash.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. All financial instruments are classified as Level 1 items.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

11. SUBSEQUENT EVENT

Subsequent to December 31, 2017, the Company entered into a memorandum of understanding (the “MOU”) with Natural Ventures PR LLC (“Natural Ventures”). Natural Ventures holds various licenses that allow it to legally operate Cannabis business in the U.S. territory of Puerto Rico. The MOU states that, upon completion of the agreement, the Company will pay US\$2,250,000 for 62.5% of all the issued and outstanding shares of Natural Ventures. The Company will also loan up to US\$750,000 to Natural Ventures as part of a secured promissory note. Subsequent to December 31, 2017, the Company had loaned US\$300,000 in connection with the promissory note with the remaining balance to be made available as needed. If the loan is not paid back within the first year, it will accrue interest at 5% per year, calculated annually.

Canadian Mining Corp.

(Formerly Canadian Zeolite Corp.)

Consolidated Financial Statements
(Expressed in Canadian Dollars)

September 30, 2017

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the three months ended September 30, 2017.

Canadian Mining Corp.

(formerly Canadian Zeolite Corp.)

Consolidated Statements of Financial Position*(Expressed in Canadian Dollars)*

	September 30, 2017	June 30, 2017
Assets		
Cash	\$ 2,433,825	\$ 1,016,593
Accounts receivable	16,365	-
Deposits	25,000	-
Prepaid expenses	389	389
Due from related party (Note 7)	7,000	-
Total current assets	2,482,579	1,016,982
Non-current		
Exploration and evaluation assets (Note 6)	83,354	16,243
Total assets	\$ 2,565,933	\$ 1,033,225
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 90,501	\$ 246,059
Related party advances (Note 7)	-	108,308
Total liabilities	\$ 90,501	\$ 354,367
Shareholders' equity		
Share capital (Note 8)	3,012,489	1,019,927
Contributed surplus	1,441,996	410,854
Deficit	(1,979,053)	(751,923)
Total shareholders' equity	\$ 2,475,432	\$ 678,858
Total liabilities and shareholders' equity	\$ 2,565,933	\$ 1,033,225

Nature of operations and going concern (Note 1)**Subsequent events (Note 13)**

These consolidated financial statements were authorized for issue by the Board of Directors on November 29, 2017. They are signed on behalf of the Board of Directors by:

(Signed) "Brian Thurston", Director

(Signed) "Aman Parmar", Director

Canadian Mining Corp.

(formerly Canadian Zeolite Corp.)

Consolidated Statements of Operations and Comprehensive Loss*(Expressed in Canadian Dollars)*

	For the three months ended September 30, 2017	For the three months ended September 30, 2016
Expenses (income)		
Office & administrative	\$ 4,203	\$ -
Exploration costs	24,407	-
Professional fees	17,166	-
Consulting fees	71,543	-
Exchange and filing fees	18,462	-
Advertising and promotion	177,603	-
Travel	954	-
Share-based payments	922,246	-
Total expenses	1,236,584	-
Net loss before other income (expense)	(1,236,584)	-
Other income (expense)		
Plan of arrangement costs (Note 5)	10,941	-
Gain on foreign exchange	(1,487)	-
Total other income (expense)	9,454	-
Net loss and comprehensive loss	\$ (1,227,130)	\$ -
Loss per share – basic and diluted	\$ (0.05)	\$ -
Weighted average number of common shares outstanding	22,533,413	100

Canadian Mining Corp.

(formerly Canadian Zeolite Corp.)

Consolidated Statements of Cash Flows*(Expressed in Canadian Dollars)*

	For the three months ended September 30, 2017	For the three months ended September 30, 2016
Cash provided by (used for):		
Operating activities		
Net loss	\$ (1,227,130)	\$ -
Add items not affecting cash:		
Share-based payments	922,246	-
Changes in non-cash working capital items		
Accounts payable and accrued liabilities	(155,557)	-
Accounts receivable	(16,365)	-
Prepaid expenses	(389)	-
Net cash used in operating activities	(477,195)	-
Investing activities		
Exploration properties	(42,112)	(4,647)
Net cash used in investing activities	(42,112)	(4,647)
Financing activities		
Proceeds from the issuance of shares, net of issuance costs	2,051,847	-
Related party advances	(115,308)	4,647
Net cash provided by financing activities	1,936,539	4,647
Increase in cash	1,417,232	-
Cash, beginning of year	1,016,593	-
Cash, end of year	\$ 2,433,825	\$ -

Supplemental disclosure of non-cash flow information:

	2017	2016
Exploration and evaluation assets acquired pursuant to the plan of arrangement (Note 5)	-	-
Fair value assigned to warrants on private placement unit offerings	108,896	-

Canadian Mining Corp.
(formerly Canadian Zeolite Corp.)

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Shares number	Share capital \$	Contributed surplus \$	Deficit \$	Total \$
Balance, June 30, 2016 & September 30, 2016	100	100	-	-	100
Shares issued pursuant to private placement	11,004,967	990,447	-	-	990,447
Share issuance costs	-	(59)	-	-	(59)
Shares issued pursuant to plan of arrangement	5,653,676	16,243	-	-	16,243
Shares cancelled pursuant to the plan of arrangement	(100)	(100)	-	-	(100)
Fair value of warrants issued pursuant to private placement	-	(11,004)	11,004	-	-
Shares issued pursuant to warrants exercised	270,000	24,300	-	-	24,300
Fair value of stock options granted	-	-	399,850	-	399,850
Net loss and comprehensive loss for the year	-	-	-	(751,923)	(751,923)
Balance, June 30, 2017	16,928,643	1,019,927	410,854	(751,923)	678,858
Shares issued pursuant to private placement	8,798,944	2,199,736	-	-	2,199,736
Share issuance costs	-	(159,789)	-	-	(159,789)
Shares issued pursuant to warrants exercised	127,900	11,511	-	-	11,511
Shares issued pursuant to options exercised	200,000	50,000	-	-	50,000
Fair value of stock options granted	-	-	922,246	-	922,246
Fair value of warrants issued as finders' fee	-	(108,896)	108,896	-	-
Net loss and comprehensive loss for the year	-	-	-	(1,227,130)	(1,227,130)
Balance, September 30, 2017	26,055,487	3,012,489	1,441,996	(1,979,053)	2,475,432

Canadian Mining Corp.

(formerly Canadian Zeolite Corp.)

Notes to the Consolidated Financial Statements

September 30, 2017

1. Nature of operations and going concern

Canadian Mining Corp. (formerly Canadian Zeolite Corp.) (the "Company" or "Canadian Mining") was incorporated on April 26, 2013 and was a wholly-owned subsidiary of Canadian Zeolite Corp. (formerly Canadian Mining Company Inc.), a reporting issuer in British Columbia and Alberta. During fiscal 2017, the Company and its wholly-owned subsidiary, Canadian Mining Company of Arizona, Inc., were spun out from the parent corporation pursuant to a Plan of Arrangement as disclosed in Note 5. On June 5, 2017, the Company began trading on the TSX Venture Exchange under the symbol CNG. The Company is an exploration stage public company whose principal business activities are the acquisition, exploration and evaluation of mineral properties.

The head office and the registered and records office of the Company is located at 1212 Austin Avenue, Coquitlam, British Columbia, Canada V3K 3P5.

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

The Company is in the exploration and development stage and has not generated revenues from operations. These circumstances lend substantial doubt as to the ability of the Company to meet its ongoing obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors and on achieving profitable commercial operations.

The recoverability of the amounts reported for exploration and evaluation assets is dependent upon the quantity of economically recoverable resources, the ability of the Company to obtain financing to complete exploration and development of the properties, the timing of legislative or regulatory developments relating to environmental protection and achieving future profitable operations or receiving favorable proceeds from the disposition thereon.

The consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern and achieve profitable mining operations or obtain adequate financing and support from its shareholders and trade creditors.

If the going concern assumption was not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying values of assets and liabilities, net loss and comprehensive loss, and statements of financial position classifications used.

Notes to the Consolidated Financial Statements

September 30, 2017

2. Basis of presentation

Statement of compliance

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

Basis of consolidation

These consolidated financial statements include the accounts of the Canadian Mining Corp. and its wholly-owned inactive subsidiary, Canadian Mining Company of Arizona, Inc. All significant inter-company transactions and balances have been eliminated upon consolidation.

Basis of measurement

The accounting policies applied in these consolidated financial statements are presented in Note 3 and are based on IFRS issued and outstanding as of September 30, 2017. These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Significant accounting estimates and judgments

The preparation of financial statements in compliance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. Significant accounting policies

Financial instruments

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to-maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax. Financial assets "held-to-maturity", "loans and receivables", and "other financial liabilities" are subsequently measured at amortized cost using the effective interest method.

Notes to the Consolidated Financial Statements

September 30, 2017

3. Significant accounting policies (continued)

Financial instruments (continued)

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- (i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- (ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- (iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The Company has classified its cash as fair value through profit or loss using Level 1 inputs.

The Company has classified its accounts payable and accrued liabilities and related party advances as other financial liabilities, which are measured at amortized cost.

The Company's financial instruments at September 30, 2017 are as follows:

	Loans and receivables	Available for sale	Fair value through profit or loss	Other financial liabilities
Financial assets				
Cash	\$ -	\$ -	\$ 2,433,825	\$ -
Receivables	\$ 16,365	\$ -	\$ -	\$ -
Related party receivables	\$ -	\$ -	\$ -	\$ 7,000
Financial liabilities				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 90,501

The Company's financial instruments at September 30, 2016 are as follows:

	Loans and receivables	Available for sale	Fair value through profit or loss	Other financial liabilities
Financial liabilities				
Related party advances	\$ -	\$ -	\$ -	\$ 11,433

Unless otherwise disclosed, the carrying values approximate their fair values due to the short-term nature of these instruments.

Notes to the Consolidated Financial Statements

September 30, 2017

3. Significant accounting policies (continued)

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation assets and expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and share based payments to employees and consultants, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of operations and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

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

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Impairment

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of assets is the greater of an asset's 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.

Notes to the Consolidated Financial Statements

September 30, 2017

3. Significant accounting policies (continued)

Impairment (continued)

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 amortization and are tested annually for impairment.

Provisions

Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the

Canadian Mining Corp.

(formerly Canadian Zeolite Corp.)

Notes to the Consolidated Financial Statements

September 30, 2017

3. Significant accounting policies (continued)**Income taxes** (continued)

deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Loss per share

Loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common 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.

Comprehensive loss

Comprehensive loss consists of net loss and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders.

Foreign currency transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in loss and comprehensive loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive income (loss) consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

Share capital

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 or financial asset. The Company's common shares, share warrants and flow-through shares are classified as equity instruments. 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.

Valuation of equity units issued in private placements

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measureable component based on fair value and then the residual value, if any to the less easily measureable component. The fair value of common shares issued in private placement was determined to be the more easily measureable component and are valued at their fair value, as determined by the closing bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to contributed surplus.

Notes to the Consolidated Financial Statements

September 30, 2017

3. Significant accounting policies (continued)

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of operations and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of operations and comprehensive income (loss) over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of operations and comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Notes to the Consolidated Financial Statements

September 30, 2017

3. Significant accounting policies (continued)

New accounting standards

The Company has adopted these accounting standards effective July 1, 2016. The adoption of the standards and amendments had no material impact on the consolidated financial statements:

Amendments to IAS 1 Presentation of Financial Statements

These amendments clarify existing IAS 1 requirements resulting from the Disclosure Initiative. It is designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements.

Amendments to IFRS 7 Financial Instruments

The amendments clarify the applicability of the amendments to IFRS 7 Disclosure–Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements.

Amendments to IAS 34 Interim Financial Reporting

These amendments clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and require a cross reference.

Standards and interpretations issued but not yet effective

The following accounting standards and amendments are effective for future periods.

Amendments to IAS 7 Statement of Cash Flows

These amendments (Disclosure Initiative) require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. These amendments are effective for reporting periods beginning on or after January 1, 2017.

Amendments to IAS 12 Income Taxes

These amendments, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for reporting periods beginning on or after January 1, 2017.

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

September 30, 2017

3. Significant accounting policies (continued)

Standards and interpretations issued but not yet effective (continued)

IFRS 9 Financial Instruments

This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. This standard is effective for reporting periods beginning on or after January 1, 2018.

Amendments to IFRS 2 Share-based Payment

These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. These amendments are effective for reporting periods beginning on or after January 1, 2018.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

The Company has not early adopted these new or revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

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

Notes to the Consolidated Financial Statements

September 30, 2017

4. Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amount of expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical judgments

The preparation of our consolidated financial statements requires us to make judgments regarding the going concern of the Company as discussed in Note 1.

Key sources of estimation uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our consolidated financial statements include:

Share-based payments

We measure our share-based payment expense by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share-based payment expense for the year along with the assumptions and model used for estimating fair value for share based compensation transactions are disclosed in Note 10.

Financial Instruments

The fair values of financial instruments are estimated based upon market and third party inputs. These estimates are subject to change with fluctuations in commodity prices, interest rates, foreign currency exchange rates and estimates of non-performance risk.

Deferred Tax Assets and Liabilities

The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities.

Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if

Canadian Mining Corp.

(formerly Canadian Zeolite Corp.)

Notes to the Consolidated Financial Statements

September 30, 2017

4. Significant accounting judgments, estimates and assumptions (continued)**Key sources of estimation uncertainty** (continued)*Exploration and Evaluation Expenditure* (continued)

new information becomes available. If, after the expenditures are capitalized, information becomes available suggesting that the recovery of the expenditures are unlikely, the amount capitalized is written off in the statement of operations and comprehensive loss in the period the new information becomes available.

Title to Mineral Property Interests

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

5. Plan of arrangement

On February 17, 2017, the Company's then parent company, Canadian Zeolite Corp. ("CNZ"), a publicly traded entity entered into Vend-In and Arrangement Agreements with Canadian Mining Corp. Pursuant to the Vend-In agreement, CNZ transferred all of the issued and outstanding shares of Canadian Mining Company of Arizona, Inc. ("CMCA"), which holds the claims to the Bullard Pass Property, to the Company. Pursuant to the Arrangement Agreement, the Company and its wholly-owned subsidiary, CMCA, were spun out of CNZ whereby the existing shareholders of CNZ received one share of the Company for every five shares of CNZ held at the record date. CNZ's shareholders also received one warrant of the Company for every five warrants of CNZ held at the record date. As a result, the Company issued CNZ shareholders 5,653,676 common shares at a deemed value of \$0.0032 per share and 455,000 share purchase warrants having a fair value of \$nil.

The fair value of the consideration given for the identifiable assets of CMCA that were acquired has been allocated as follows:

	September 30, 2017
Assets	
Exploration and evaluation asset	\$ 16,243
Related party loans and advances	115,308
Net assets acquired	-99,065
<hr/>	
Fair value of common shares issued	18,092
Fair value of warrants issued	10,751
Expenses incurred by the Company	67,676
<hr/>	
Cost of plan of arrangement	\$ -195,584

The Company incurred \$195,584 in costs relating to the plan of arrangement which have been expensed in the consolidated statements of operations and comprehensive loss.

Canadian Mining Corp.

(formerly Canadian Zeolite Corp.)

Notes to the Consolidated Financial Statements

September 30, 2017

6. Exploration and evaluation assets

The Company has interests in a precious metal property located in the Bullard Pass area in Arizona, United States.

A summary of the capitalized acquisition and exploration expenditures and accumulated totals for the years ending September 30, 2017 and 2016 are as follows:

	Amount (\$)
Balance at June 30, 2016 & September 30, 2016	11,533
Additions during the period:	
Claim fees	4,710
Balance at June 30, 2017	16,243
Additions during the period:	
Claim fees	42,111
Claim evaluation deposit	25,000
Balance at September 30, 2017	83,354

Bullard Pass Gold Property, Arizona, United States

The Company has 171 mineral claims in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona, United States.

7. Related party transactions and balances

During the period ending September 30, 2017, the Company entered into various transactions with related parties. The related parties consist of officers, directors and shareholders or companies controlled directly or indirectly by them. Details of the transactions and balances owing or receivable are as follows:

- (a) The Company incurred consulting fees of \$29,000 (2016 - \$nil) from a company that is controlled, directly or indirectly by an officer, director and shareholder.
- (b) The Company incurred consulting fees of \$4,500 (2016 - \$nil) from a company that is controlled, directly or indirectly by an officer, director and shareholder.
- (c) The Company incurred consulting fees of \$14,250 (2016 - \$nil) from a company that is controlled, directly or indirectly by a former officer, director and shareholder.
- (d) As at September 30, 2017, the Company had amounts receivable of \$7,000 (2016 - \$nil) from Canadian Zeolite Corp. The amounts are receivable.

Notes to the Consolidated Financial Statements

September 30, 2017

7. Related party transactions and balances (continued)

The above transactions were in the normal course of operations and were recorded at the exchange value which was the amount of consideration established and agreed to by the related parties.

Compensation paid to key management personnel and non-executive directors is as follows:

	2017	2016
Senior management compensation	\$ 47,750	\$ -
Share-based compensation	\$ 461,123	\$ -

8. Share capital

Authorized: unlimited number of common shares without par value.

Issued and outstanding:

Share transactions for the period ended September 30, 2017:

- (a) The Company issued 8,798,944 units at \$0.25 per unit for gross proceeds of \$2,199,736. Each unit was comprised of one common share and one common share purchase warrant exercisable at \$1.00 per common share for a period of two years from the date of closing.
- (b) The Company issued 127,900 common shares pursuant to the exercise of warrants.
- (c) The Company issued 200,000 common shares pursuant to the exercise of options.

Share transactions for the year ended June 30, 2017:

- (d) The Company issued 11,004,967 units at \$0.09 per unit for gross proceeds of \$990,447. Each unit was comprised of one common share and one common share purchase warrant exercisable at \$0.25 per common share for a period of one year from the date of closing. The shares and warrants have an escrow provision whereby 25% are released every four months from the date of issuance.
- (e) The Company issued 5,653,676 common shares having a deemed value of \$16,243 pursuant to the plan of arrangement with Canadian Zeolite Corp.
- (f) The Company issued 270,000 common shares pursuant to the exercise of warrants.
- (g) The Company has 1,057,288 common shares held in escrow subject to a 36 month staged release escrow agreement.

Notes to the Consolidated Financial Statements

September 30, 2017

9. Share purchase warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, June 30, 2016 & September 30, 2016	–	–
Issued on private placement	11,004,967	0.25
Issued on plan of arrangement	450,998	0.09
Exercised	(270,000)	0.09
Balance, June 30, 2017	11,185,965	0.25
Issued on private placement	8,798,944	1.00
Exercised	(127,900)	0.09
Expired	(53,098)	0.09
Balance, September 30, 2017	19,803,911	0.58

The weighted average life of warrants outstanding is 1.48 (2016 – nil) years.

Agent's warrants

	Number of agents' options	Weighted average exercise price \$
Outstanding, June 30, 2016, September 30, 2016 & June 30, 2017	–	–
Issued	365,820	1.00
Outstanding, December 31, 2017	365,820	1.00

On August 3, 2017, the Company granted 365,820 agent's warrants exercisable at \$1.00 into one common share expiring on August 3, 2019. The fair value of \$108,896 was calculated using the Black-Scholes option pricing model with the following assumptions: expected volatility of 126%, expected life of 2 years, risk-free rate of 1.11%, and no expected dividends.

10. Stock Options

The Company has adopted a stock option plan whereby up to 10% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors and consultants. Under the plan, the exercise price of an option may not be set at less than the minimum price permitted by the TSX Venture Exchange. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. The stock option plan provides for full vesting of the stock options on the date of approval of the options by the appropriate regulatory authority. Stock options granted to any person engaged in investor relations activities will vest over a period of not less than 12 months with no more than 25% of the stock options vesting in any three month period. The exercise price of any stock options granted under the plan shall be determined by the Board, but may not be less than the market price of the common shares on the Exchange on the date of grant (less any discount permissible under Exchange rules). The term of any stock options granted under the plan shall be determined by the Board at the time of grant but may not exceed ten years.

Notes to the Consolidated Financial Statements

September 30, 2017

10. Stock Options (continued)

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Balance, June 30, 2016 & September 30, 2016	–	–
Issued	1,200,000	0.25
Balance, June 30, 2017	1,200,000	0.25
Issued	1,600,000	0.55
Exercised	(200,000)	0.25
Balance, September 30, 2017	2,600,000	0.43

Additional information regarding stock options outstanding as at September 30, 2017 is as follows:

Outstanding and exercisable				
Range of exercise prices \$	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price \$	
0.25	1,000,000	4.6	0.25	
0.55	1,600,000	4.9	0.55	
	2,600,000	4.8	0.43	

The fair value of stock options granted during the period ended September 30, 2017 was \$922,246 (2016 - \$nil) which was charged to the statement of operations and comprehensive loss.

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted-average assumptions:

	2017	2016
Risk-free interest rate	1.11%	N/A
Expected life (in years)	5.0	N/A
Expected forfeitures	0%	N/A
Expected volatility	126%	N/A

The weighted-average value per stock option granted during the period ended September 30, 2017 was \$0.57 (2016 - \$nil) per stock option.

11. Segmented information

The Company has one operating segment, which is the exploration and development of mineral properties. The Company's principal operations are carried out in Canada. Exploration and evaluation assets and activities are carried out in the United States.

Notes to the Consolidated Financial Statements

September 30, 2017

12. Subsequent events

There are no subsequent events to report.

13. Capital management

The Company manages its capital structure and makes adjustments based on the funds available in order to support continued operation and future business opportunities. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to be equity.

The Company's operations are currently not generating positive cash flow; as such, the Company is dependent on external financing to fund its activities. In order to carry out potential expansion and to continue operations, and pay for administrative costs, the Company will spend its existing working capital, and raise additional amounts as needed. Companies in this stage typically rely upon equity and debt financing or joint venture partnerships to fund their operations. The current financial markets are very difficult and there is no certainty with respect to the Company's ability to raise capital.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ending September 30, 2017. The Company is not subject to externally imposed capital requirements.

14. Financial instruments and risk management

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of related party advances approximate their fair value because of the short-term nature of these instruments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As all bank deposits are held with a single chartered bank in Canada, there is a concentration of credit risk. This risk is managed by using a financial institution that has a high credit rating as determined by domestic and international rating agencies.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company will be required to raise additional capital in the future to fund its operations.

Canadian Mining Corp.

(formerly Canadian Zeolite Corp.)

Notes to the Consolidated Financial Statements

September 30, 2017

14. Financial instruments and risk management (continued)*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

a. Interest rate risk

The Company is not subject to material interest rate risk as it does not have any interest bearing instruments.

b. Currency risk

The Company is not subject to material foreign currency risk as all of its monetary assets and liabilities are denominated in Canadian dollars.

c. Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to such risk.

SCHEDULE "B"
CONSOLIDATED FINANCIAL STATEMENTS OF 1145411 B.C. LTD.

(See attached)

1145411 B.C. Ltd.

Consolidated Financial Statements

For the period from incorporation on December 15, 2017 to January 15, 2018

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Directors of 1145411 BC Ltd. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of 1145411 BC Ltd. which comprise the consolidated statement of financial position as at January 15, 2018, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the period from incorporation on December 15, 2017 to January 15, 2018, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of 1145411 BC Ltd. as at January 15, 2018, and its financial performance and its cash flows for the period from incorporation on December 15, 2017 to January 15, 2018 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 2 in the consolidated financial statements which indicates that the Company has limited working capital, no current sources of revenue and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.



1145411 BC Ltd.
Consolidated Statement of Financial Position
As at January 15, 2018
(Expressed in Canadian dollars)

	Note	As at January 15, 2018
ASSETS		
Current assets		
Cash		\$ 3,640,199
Non-current assets		
Equipment	7	365,472
Leasehold improvements	7	255,095
Total non-current assets		620,567
Total assets		4,260,766
LIABILITIES - Current		
Accounts payable		499,966
EQUITY		
Share capital	5	3,800,000
Deficit		(22,064)
Equity attributable to 1145411 B.C. Ltd.		3,777,936
Non-controlling interest	6	(17,136)
Total equity		3,760,800
Total liabilities and equity		\$ 4,260,766
Event after reporting period	13	
Going concern	2	

These consolidated financial statements were authorized for issue by the Board of Directors on July 13, 2018.

Approved by the Board of Directors:

_____ Director _____ Director

1145411 BC Ltd.**Consolidated Statement of Loss and Comprehensive Loss****For the period from incorporation on December 15, 2017 to January 15, 2018****(Expressed in Canadian dollars)**

	Note	<u>Period ended January 15, 2018</u>
Expenses		
Bank charges		\$ 173
Consulting fees		12,529
Rent		22,445
Foreign exchange		4,054
Loss and comprehensive loss for the period		<u>\$ (39,201)</u>
Loss and comprehensive loss attributable to:		
1145411 B.C. Ltd.		\$ (22,064)
Non-controlling interest		(17,137)
		<u>\$ (39,201)</u>
Basic and diluted loss per share		<u>\$ (506)</u>
Weighted average number of shares outstanding		<u>77</u>

1145411 BC Ltd.**Consolidated Statement of Cash Flows****For the period from incorporation on December 15, 2017 to January 15, 2018****(Expressed in Canadian dollars)**

	<u>Share Capital</u>			<u>Non-Controlling Interest</u>	<u>Total Equity</u>
	<u>Number</u>	<u>Amount</u>	<u>Deficit</u>		
		\$	\$	\$	\$
December 15, 2017	-	-	-	-	-
Common shares issued for cash	100	3,800,000	-	-	3,800,000
Acquisition of non-controlling interest (Note 6)	-	-	-	1	1
Loss and comprehensive loss for the period	-	-	(22,064)	(17,137)	(39,201)
January 15, 2018	100	3,800,000	(22,064)	(17,136)	3,760,800

1145411 BC Ltd.**Consolidated Statement of Changes in Equity****For the period from incorporation on December 15, 2017 to January 15, 2018****(Expressed in Canadian dollars)**

	<u>Period ended</u> <u>January 15, 2018</u>
OPERATING ACTIVITIES	
Loss and comprehensive loss for the period	\$ (39,201)
Item not involving cash:	
Foreign exchange	(1,213)
Change in non-cash working capital item:	
Accounts payable	10,354
Cash used in operating activities	<u>(30,060)</u>
INVESTING ACTIVITIES	
Cash obtained on acquisition of Bonhomie	126
Purchase of equipment and leaseholds	(124,109)
Cash used in investing activities	<u>(123,983)</u>
FINANCING ACTIVITIES	
Proceeds from issuance of common shares	3,800,000
Cash from financing activities	<u>3,800,000</u>
Increase in cash	3,645,957
Effect of foreign exchange on cash	(5,758)
Cash, beginning of period	-
Cash, end of period	<u>\$ 3,640,199</u>

1145411 BC Ltd.

Notes to the Consolidated Financial Statements

For the period from incorporation on December 15, 2017 to January 15, 2018

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

1145411 B.C. Ltd. ('the Company') was incorporated under the laws of British Columbia on December 15, 2017. The Company's registered office is 1212 Austin Avenue, Coquitlam, British Columbia V3K 3P5.

The Company was incorporated and the acquisition of Bonhomie Labs Inc. ("Bonhomie", refer to Note 6), were completed in order to facilitate the acquisition of all of the Company's outstanding common shares by Canadian Mining Corp. ('CNG'), a public company trading on the TSX Venture Exchange ('TSX-V'). Pursuant to the terms of a Letter of Intent with CNG announced on December 18, 2017, the shareholders of the Company will receive common shares of CNG such that they will collectively control the consolidated entity subsequent to the transaction. Consequently, the transaction is expected to constitute a reverse acquisition of CNG by the Company for securities and accounting purposes.

This transaction remains subject to regulatory consent and shareholder approval.

Refer to Note 13.

2. GOING CONCERN

The Company is recently incorporated, has no current source of operating revenue and is accordingly dependent upon the receipt of equity and/or related party debt financing on terms which are acceptable to it.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. 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. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

3. BASIS OF PRESENTATION

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies below have been applied to all periods presented in these consolidated financial statements and are based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

The policies applied in these consolidated financial statements are based on IFRS issued and effective as at January 15, 2018.

1145411 BC Ltd.

Notes to the Consolidated Financial Statements

For the period from incorporation on December 15, 2017 to January 15, 2018

(Expressed in Canadian dollars)

3.1. Basis of measurement

These consolidated financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, revenue and expense. Certain items are stated at fair value.

3.2. Significant judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

There are no areas which require management to make significant judgments, estimates and assumptions.

3.3 Basis of consolidation

These consolidated financials incorporate the financial statements of the Company and its wholly controlled subsidiary, Bonhomie, which holds a 51% interest in SAP Global Inc. ("SAP"). Both Bonhomie and SAP are incorporated in the State of California, USA. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated.

Where the Company's interest is less than 100%, the interest attributable to outside shareholders is reflected in non-controlling interest. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Impairment of Non-Financial Assets

For the purposes of assessing impairment, the recoverable amount of an asset, which is the higher of its fair value less costs to sell and its value in use, is estimated.

4.2 Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

1145411 BC Ltd.

Notes to the Consolidated Financial Statements

For the period from incorporation on December 15, 2017 to January 15, 2018

(Expressed in Canadian dollars)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

4.3 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

1145411 BC Ltd.

Notes to the Consolidated Financial Statements

For the period from incorporation on December 15, 2017 to January 15, 2018

(Expressed in Canadian dollars)

4.4 Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as contributed surplus.

4.5 Share-based Payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the share-based payment is used.

The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged either to profit or loss or exploration and evaluation properties, with the offsetting credit to contributed surplus. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in contributed surplus are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in contributed surplus.

4.6 Related Party Transactions

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

1145411 BC Ltd.

Notes to the Consolidated Financial Statements

For the period from incorporation on December 15, 2017 to January 15, 2018

(Expressed in Canadian dollars)

significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

4.7 Equipment and Leasehold Improvements

Equipment and leasehold improvement items are carried at cost less accumulated depreciation and accumulated impairment losses. In the year of acquisition, depreciation is recorded at one-half the normal rate. Depreciation is recognized using the straight-line method at the following annual rates:

Equipment	Straight-Line	10%
Leasehold Improvements	Straight-Line	20%

Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditure relating to an item of equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expense.

4.8 Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

4.9 Financial Instruments - Recognition and Measurement

Non-derivative financial assets and financial liabilities

The Company classifies financial assets as financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables. Available-for-sale financial assets are those financial assets that are not classified as any of the above. Financial liabilities are either classified as financial liabilities at fair value through profit or loss or as other financial liabilities.

Financial assets and financial liabilities are recognized initially at fair value.

Financial assets and financial liabilities at fair value through profit or loss are subsequently measured at fair value with changes in fair values recognized in profit or loss.

1145411 BC Ltd.

Notes to the Consolidated Financial Statements

For the period from incorporation on December 15, 2017 to January 15, 2018

(Expressed in Canadian dollars)

Financial assets classified as available for sale are subsequently measured at fair value with changes in fair value recognized in other comprehensive income.

Loans and receivables, held-to-maturity investments and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company's financial instruments consist of cash and accounts payable.

Cash is classified as fair value through profit or loss and accounts payable are classified as other financial liabilities.

Transaction costs, other than those related to financial instruments classified as financial assets and financial liabilities at fair value through profit or loss, are added to the fair value of the financial asset and financial liability on initial recognition.

4.10 Share Issuance Costs

Share issuance costs, which include commissions, facilitation payments, professional fees and regulatory fees, are charged directly to share capital. Share issue costs incurred from the issuance of flow-through shares are charged directly to share capital and expense in proportion to the value of the Company's shares at time of issue and any flow-through share premium.

4.11 Comprehensive Income (Loss)

Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income includes items such as gains and losses on re-measuring available-for-sale financial assets and the effective portion of gains and losses on hedging instruments in a cash flow hedge.

4.12 Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company and all its subsidiaries is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, the Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the date of the transaction. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in a foreign currency are translated at the rate of exchange prevailing at the statement of financial position date, while non-monetary assets and liabilities are translated at the exchange rate prevailing on the transaction date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transaction. Exchange gains and losses arising on translation are included in the consolidated statement of loss and comprehensive loss.

1145411 BC Ltd.

Notes to the Consolidated Financial Statements

For the period from incorporation on December 15, 2017 to January 15, 2018

(Expressed in Canadian dollars)

4.13 New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the January 15, 2018 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- IFRS 9 Financial Instruments; and
- IAS 28 Investments in Associates and Joint Ventures.

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

5. EQUITY

5.1 Authorized Share Capital

Unlimited number of common shares with no par value.

5.2 Shares Issued

Shares issued and outstanding as at January 15, 2018 are 63 Class A common shares and 37 Class B common shares.

During the period ended January 15, 2018, the following share transactions occurred:

- On December 22, 2017, the Company completed a non-brokered private placement, issuing 63 Class A common shares at a price of \$38,000 per Class A common share for gross proceeds of \$2,394,000.
- On December 22, 2017, the Company completed a non-brokered private placement, issuing 37 Class B common shares at a price of \$38,000 per Class B common share for gross proceeds of \$1,406,000.

6. ACQUISITION OF BONHOMIE

During the period, the Company acquired 100% of the issued and outstanding shares of Bonhomie for \$100.

Bonhomie holds a 51% controlling interest in SAP. At the date of the Company's acquisition of Bonhomie, a nominal \$1 was ascribed to the non-controlling interest in SAP.

Concurrent with this transaction, SAP acquired assets comprised of equipment of \$365,472 and leasehold improvements aggregating \$208,556. Of these amounts, a total of \$124,109 was paid by the Company in cash prior to January 15, 2018 and the residual balance remains in accounts payable as at that date.

1145411 BC Ltd.

Notes to the Consolidated Financial Statements

For the period from incorporation on December 15, 2017 to January 15, 2018

(Expressed in Canadian dollars)

7. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Cost	Equipment	Leasehold improvements	Total
Balance, December 15, 2017	\$ -	\$ -	\$ -
Additions	365,472	255,095	620,567
January 15, 2018	<u>\$ 365,472</u>	<u>\$ 255,095</u>	<u>\$ 620,567</u>

An amortization provision was not considered necessary given the brevity of the current fiscal period.

8. RELATED PARTY TRANSACTIONS AND BALANCES

Relationships	Nature of the relationship
Key management	Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President and Chief Executive Officer, and Chief Financial Officer.

There were no related party transactions during the year.

9. INCOME TAXES

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

Loss and comprehensive loss for the period	<u>2018</u> <u>\$ (39,201)</u>
Expected income tax recovery	(10,192)
Unrecognized benefit of non-capital losses	10,192
Income tax expense	<u>\$ -</u>

The Company's deductible temporary differences and unused tax losses consist of the following amounts:

Deferred income tax asset:	<u>2018</u>
Non-capital loss carry forwards	<u>\$ 39,201</u>

The Company did not recognize the deferred tax assets for the period ended January 15, 2018 as future taxable profits are uncertain.

The Company has non-capital losses of \$39,201 which may be carried forward and applied against taxable income in future years. Future tax benefits which may arise as a result of these losses have not been recognized in these consolidated financial statements and have been offset by a valuation allowance.

1145411 BC Ltd.

Notes to the Consolidated Financial Statements

For the period from incorporation on December 15, 2017 to January 15, 2018

(Expressed in Canadian dollars)

10. COMMITMENTS

On November 1, 2017, SAP entered into a 36 month lease agreement to rent commercial space for the Company's production facility in Cathedral City, California, USA. The remaining lease obligation at January 15, 2018 is \$749,457.

11. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

12. RISK MANAGEMENT

12.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of cash and share capital.

b. Credit Risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. Management's assessment of the Company's exposure to credit risk is low.

1145411 BC Ltd.

Notes to the Consolidated Financial Statements

For the period from incorporation on December 15, 2017 to January 15, 2018

(Expressed in Canadian dollars)

c. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at January 15, 2018, the Company's working capital is \$3,140,233, and it does not have any long-term monetary liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 15, 2018, the Company had cash of \$3,640,199 and total liabilities of \$499,966.

d. Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

12.2 Fair Values

The carrying values of cash and accounts payable approximate their fair values due to their short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

13. EVENT AFTER REPORTING PERIOD

On July 13, 2018 CNG filed a Listing Statement with the Canadian Securities Exchange ('CSE') in order to facilitate the transactions described in Note 1, inclusive of the change of its business by way of merger with the Company, the delisting of its shares from trading on the TSX-V and the listing of its post-transaction shares on the CSE.

SCHEDULE "C"
MD&A OF CANADIAN MINING CORP.

(See attached)

CANADIANMINING CORP.
(Formerly Canadian Zeolite Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the financial year ended June 30, 2017

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements and notes thereto for the financial year ended June 30, 2017 of Canadian Mining Corp. (Formerly Canadian Zeolite Corp.) (the "Company"). Such financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

DATE

This MD&A is prepared as of October 31, 2017.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about current mineral property interests, the global economic environment, the market price and demand for commodities and our ability to manage our property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) a decreased demand or price of precious and base metals, (3) delays in the start of projects with respect to our property interests, (4) inability to locate and acquire additional property interests, (5) the uncertainty of government regulation and politics in the state of Arizona regarding mining and mineral exploration, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the province of British Columbia on April 26, 2013 under the name Canadian Zeolite Corp. The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties in British Columbia and Arizona, USA. The Company has recently focused on the acquisition of interests in the State of Arizona, USA, through its wholly-owned subsidiary, Canadian Mining Company of Arizona Inc. The Arizona subsidiary was incorporated April 17, 2007 under the name Canadian Mining Company of Arizona Inc. The Company acquired the wholly-owned subsidiary and all of its issued and outstanding shares along with all of its assets as part of the plan of arrangement with the Company's then parent company Canadian Zeolite Corp. ("CNZ"), a publicly traded company.

Canadian Zeolite Corp. and Canadian Mining Corp. entered into an agreement (the “Vend-In Agreement”) dated February 17, 2017. Under the terms of the Vend-In Agreement, Canadian Mining issued 5,653,576 common shares to Canadian Zeolite valued at \$16,243 in exchange for Canadian Zeolite’s 100% interest in Canadian Mining Company of Arizona Inc. (through which Canadian Zeolite holds its interest in the Bullard Pass Project).

On February 17, 2017, Canadian Zeolite and Canadian Mining also entered an Arrangement Agreement (the “Arrangement Agreement”). Under the terms of the Arrangement Agreement, the capital of Canadian Zeolite was reorganized by renaming and redesigning all of the issued and unissued Canadian Zeolite common shares as Class A shares and creating an unlimited number of common shares without par value as the new Canadian Zeolite common shares (“New Canadian Zeolite Common Shares”). Each issued and outstanding Class A share was deemed to be exchanged for one New Canadian Zeolite Common Share and for every five (5) Canadian Zeolite Shares held, one (1) Canadian Mining Share. Each Canadian Zeolite Warrant to the extent it had not been exercised as of May 23, 2017, was cancelled and exchanged for one (1) Canadian Zeolite Amended Warrant and for every five (5) Canadian Zeolite Warrants held, one (1) Canadian Mining Warrant rounded down to the nearest whole Canadian Mining Warrant. The Arrangement was approved by the shareholders of Canadian Zeolite on April 28, 2017 and by the Supreme Court of British Columbia on May 1, 2017. As part of the Arrangement, Canadian Mining applied to list its common shares on the TSX Venture Exchange (the “Exchange”). All conditions of the Arrangement were completed as of May 30, 2017. Shares of Canadian Mining will begin trading on the TSX Venture Exchange on June 5, 2017 under the symbol “CNG.” For further details, please see the related documents of the Company which are available on SEDAR at www.sedar.com.

Management’s Discussion and Analysis (“MD&A”) should be read in conjunction with the audited financial statements and notes thereto for the year ended June 30, 2017 of Canadian Mining Corp. (Formerly Canadian Zeolite Corp.) (the “Company”). Such financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The Company currently has one material exploration property, the Bullard Pass Property located in Arizona, USA, the details of which are set out below. The Company has not yet determined whether its property interests contain reserves that are economically recoverable. The recoverability of amounts shown for resource properties 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 ACTIVITY

BULLARD PASS PROPERTY – ARIZONA, USA

In 2007 the Canadian Mining Company of Arizona Inc. staked the DB 1 to 176 mineral claims totalling 3,420 acres and acquired 476.52 acres of Arizona State land under mineral exploration permit #08-111861, for total land holdings of 3,896.52 acres, located in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona (the “Bullard Pass Property”). The Company subsequently reduced its ownership interest in the Bullard Pass Property to 22 claims. The Company has recently staked additional claims to increase the Property to xx claims. The Company is evaluating the property to determine if further exploration will be performed.

OVERALL PERFORMANCE

The Company was incorporated on April 26, 2013 and completed the plan of arrangement with its then parent, Canadian Zeolite Corp., on May 30, 2017. The Company began trading on the TSX Venture Exchange (the “Exchange”) under the symbol “CNG” on June 5, 2017. As an exploration stage company, the Company has not generated revenues to date from its property and anticipates that it will continue to require equity financing to fund operations until such time as its properties are put into commercial production on a profitable basis. Since the plan of arrangement, the Company holds the Bullard Pass exploration property as a viable business opportunity to increase shareholder value. As a result, the Company incurred costs in connection with the plan of arrangement and costs in connection with claims maintenance of the property. Net loss for the year ended June 30, 2017 was \$751,923 compared to \$100 for the year ended June 30, 2016. Management intends to concentrate its activities on continued evaluation of the Bullard Pass Property and evaluating other exploration assets for acquisition.

Management anticipates that expenses will increase during the foreseeable future as the Company carries out its exploration activities.

SELECTED ANNUAL INFORMATION

The following information sets out the Company's audited selected annual information for the years ended June 30, 2017 and June 30, 2016:

	Year Ended June 30, 2017	Year Ended June 30, 2016
	(\$)	(\$)
Net Income (Loss)	(751,923)	(100)
Basic and Diluted Earnings (Loss) Per Share	0.49	1.00

	As at June 30, 2017	As at June 30, 2016
	(\$)	(\$)
Exploration and Evaluation Assets	16,243	11,533
Total Assets	1,033,225	11,533

As a mineral exploration company, the Company has not generated any revenues to date from its property. The Company incurred a net loss of \$751,923 during the years ended June 30, 2017 and 2016, the Company did not incur any exploration costs. During the year ended June 30, 2017, the Company incurred substantial costs in relation to the plan of arrangement of \$206,525, which were \$nil for the year ended June 30, 2016. As the Company was not active until the completion of the plan of arrangement, the only expenses incurred during the year ended June 30, 2016 was \$100 in administration costs. Since operations increased during the year ended June 30, 2017, the Company has started generating additional expenses. Consulting fees for the year ended June 30, 2017 were \$107,600, professional fees were \$22,140, and exchange a filing fees, primarily related to the listing, were \$17,305. Share-based compensation was \$399,850 in 2017, primarily from the recording of the fair value of 1,200,000 stock options that were granted to Directors and Consultants. There was a gain recorded on foreign exchange transaction during the year of \$1,517. The Company anticipates that expenses will rise in connection with the Company's focus on the identification and development of its current and potential future exploration properties. See the discussion under the headings "Liquidity" and "Capital Resources" for more information.

RESULTS OF OPERATIONS

Year ended June 30, 2017

During the year ended June 30, 2017, the Company incurred expenses of \$751,923, primarily fees related to the plan of arrangement of \$206,525, consulting fees of \$107,600, exchange and filing fees of \$17,305, professional fees (accounting and legal) of \$22,140, office and miscellaneous of \$20, share-based compensation expenses of \$399,850, and a foreign exchange gain of \$1,517. Net loss for the year ended June 30, 2017 was \$751,923.

During the year ended June 30, 2017, the Company did not conduct any field exploration programs. The minimal exploration costs, which were capitalized, consisted of claim maintenance. The Company anticipates exploration costs will increase as the properties are developed.

The Company holds one exploration stage mineral property consisting of the Bullard Pass Property as described under the heading "Description of Business". The Company owns 100% of the Bullard Pass claims and has no contractual obligations to perform work on this property.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Quarter Ended June 30, 2017 \$	Quarter Ended March 31, 2017 \$	Quarter Ended December 31, 2016 \$	Quarter Ended Sept 30, 2016 \$	Quarter Ended June 30, 2016 \$	Quarter Ended March 31, 2016 \$	Quarter Ended December 31, 2015 \$	Quarter Ended Sept 30, 2015 \$
	06/30/2017	03/31/2017	12/31/2016	09/30/2016	06/30/2016	03/31/2016	12/31/2015	09/30/2015
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net income (loss)	(671,352)	(73,256)	(7,315)	Nil	Nil	Nil	Nil	(100)
Loss per share, basic and diluted	(0.44)	(732.56)	(73.15)	(0.00)	(0.00)	(0.00)	(0.00)	(1.00)

On a quarter-by-quarter basis the loss can fluctuate significantly due to a number of factors including exploration activities during the period, impairment of exploration assets, and the timing of stock option grants.

An analysis of the quarterly results over the last eight quarters shows a significant change in financial performance for the quarters ended June 30, 2017, March 31, 2016, and December 31, 2016 as the plan of arrangement occurred during these periods. There are similar results on a quarter by quarter basis during the other five quarters as the company was inactive. During the last three quarters ended June 30, 2017, March 31, 2017, and December 31, 2016, the Company has incurred expenses primarily from the plan of arrangement of \$205,525. Professional fees (legal and accounting) were incurred as the Company completed the transaction and exchange and filing fees were also incurred as the Company listed its shares on the TSX Venture Exchange. Management anticipates exploration expenditures to increase as exploration will commence on the current of future properties. Other expenditures should also increase going forward as the Company's activities will increase with the transition to becoming an active exploration company.

USE OF PROCEEDS FOR EXPLORATION

The Company has completed one private placement during the year ended June 30, 2017 and one subsequent financing. None of the proceeds were budgeted for the Bullard Pass Property as the Company is currently evaluating other exploration assets.

LIQUIDITY

The Company has not begun commercial production on its resource property and accordingly, the Company does not generate cash from operations. The Company finances exploration activities by raising capital from equity markets. The Company may encounter difficulty sourcing future financing in light of the recent economic downturn.

The Company had cash of \$1,016,593 at June 30, 2017 and \$nil at June 30, 2016, and the Company had working capital of \$662,615 at June 30, 2017 and a working capital deficiency of \$11,533 at June 30, 2016.

On May 29, 2016, the Company issued 11,004,467 units at \$0.09 per unit for gross proceeds of \$990,402. Each unit was comprised of one common share and one common share purchase warrant exercisable at \$0.25 per common share for a period of one year from the date of closing. The shares and warrants have an escrow provision whereby 25% are released every four months from the date of issuance.

During the year ended June 30, 2017, the Company issued 270,000 common shares pursuant to the exercise of warrants.

If additional funds are required, the Company plans to raise additional capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements. Due to the overall poor market conditions for junior mineral exploration companies, the Company may find it increasingly difficult to raise the funds required to continue the Company's operations. Share prices have undergone significant decreases and any issuance of the Company's equity securities in the near future may result in substantial dilution to the Company's existing shareholders.

CAPITAL RESOURCES

The Company has no capital commitments in connection with its exploration property. The Company holds 100% interests in the Bullard Pass Property through its wholly-owned subsidiary and is not required to make any expenditure commitments on this property and has no contractual obligations on this property.

The Company will add and or drop claims based on geological merit and as financial resources allow.

Operating Activities

The Company used net cash of \$106,403 in operating activities during the year ended June 30, 2017 compared to \$100 during the year ended June 30, 2016.

Financing Activities

The Company received \$1,122,996 from financing activities during the year ended June 30, 2017 compared to \$nil during the year ended June 30, 2016.

Investing Activities

The Company used cash of \$nil in investing activities during the years ended June 30, 2017 and 2016.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

- (a) The Company incurred consulting fees of \$4,725 (2016 - \$nil) from a company that is controlled, directly or indirectly by an officer, director and shareholder.
- (b) The Company incurred plan of arrangement costs of \$40,800 (2016 - \$nil) from companies that are controlled, directly or indirectly, by officers and shareholders.
- (c) As at June 30, 2017, amounts totalling \$43,807 (2016 - \$nil) owing to related parties are included in accounts payable and accrued liabilities.
- (d) As at June 30, 2017, the Company had received advances of \$108,308 (2016 - \$nil) from Canadian Zeolite Corp. The amounts are owing in relation to the Vend-In and Arrangement Agreements (see Note 5) and were repaid in full subsequent to year end.

PROPOSED TRANSACTIONS

There are no proposed transactions that have not been disclosed herein.

SUBSEQUENT EVENTS

On August 3, 2017, the Company closed a private placement of 8,798,944 Units at \$0.25 per Unit for gross proceeds of \$2,199,736. Each Unit consists of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable at \$1.00 per share for a two year period. The shares and warrants are subject to a voluntary pooling agreement for a period of 18 months.

On August 18, 2017 the Company issued 1,600,000 stock options to directors, officers, and consultants of the Company. Each option is exercisable at \$0.55 for a period of 5 years.

On September 5, 2017, the Company expanded its Bullard pass property by adding 149 claims.

On September 27, 2017, the Company announced it had entered into a letter of intent (LOI) with Crust Resources Corp., a British Columbia-registered company, to acquire a 100-per-cent direct or indirect interest in its operating subsidiary, Care Mining Company Ltd., a company registered in the Republic of Ghana. Upon closing, Canadian Mining shall issue to, or as directed by, Care, up to 4.8 million common shares in the capital of Canadian Mining in exchange for transferring all of the issued and outstanding shares of Care to Canadian Mining.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended June 30, 2017, and have not been applied in preparing these financial statements.

New standard IFRS 9, "Financial Instruments" (January 1, 2018)

New standard IFRS 16, "Leases" (January 1, 2019)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

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

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, amounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the years ended June 30, 2017 and 2016, the Company incurred the following expenses:

	Year Ended June 30, 2017	Year Ended June 30, 2016
Exploration costs	\$nil	\$nil
General and administrative costs	\$751,923	\$100

An analysis of material components of the Company's general and administrative expenses is disclosed in the audited financial statements for the year ended June 30, 2017 to which this MD&A relates. An analysis of the material components of the mineral property acquisition costs and mineral exploration costs are disclosed in the notes to the audited financial statements for the year ended June 30, 2017 to which this MD&A relates.

The Company had one exploration property during the year ended June 30, 2017 pursuant to the plan of arrangement with Canadian Zeolite Corp., which completed on May 30, 2017. The Company has 100% interest in the Bullard Pass Property held through its wholly-owned subsidiary.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

The Company's common shares are listed on the TSX Venture Exchange under the symbol "CNG". The Company's authorized share capital consists of an unlimited number of common shares without par value. As at October 31, 2017 the Company had 26,055,487 common shares issued and outstanding.

Share Purchase Warrants

As at October 31, 2017, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
11,004,967	0.25	May 29, 2018
8,798,944	1.00	August 4, 2019
19,803,911		

Stock Options

The Company had 1,200,000 stock options outstanding as at June 30, 2017 which had the following characteristics:

Number of Options	Exercise Price	Expiry Date
1,200,000	\$0.25	June 9, 2022

As at June 30, 2017, the Company had no agent's options outstanding.

RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

Risks Related to the Company's Business

Because of the unique difficulties and uncertainties inherent in mineral exploration ventures, the Company faces a high risk of business failure.

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration program that the Company intends to undertake on its properties and any additional properties that the Company may acquire. These potential problems include unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Company in the exploration of its properties may not result in the discovery of mineral deposits. Any expenditures that the Company may make in the exploration of any other mineral property that it may acquire may not result in the discovery of any commercially exploitable mineral deposits. Problems such as unusual or unexpected geological formations and other conditions are involved in all mineral exploration and often result in unsuccessful exploration efforts. If the results of the Company's exploration do not reveal viable commercial mineralization, the Company may decide to abandon some or all of its property interests.

Loss of Interest in Properties

The Company's ability to maintain an interest in the properties optioned by the Company will be dependent on its ability to raise additional funds by equity financing. Failure to obtain additional financing may result in the Company being unable to make the periodic payments required to keep the property interests in good standing and

could result in the delay or postponement of further exploration and or the partial or total loss of the Company's interest in the properties optioned by the Company, including the Qualifying Property.

Because of the speculative nature of the exploration of mineral properties, there is no assurance that the Company's exploration activities will result in the discovery of any quantities of mineral deposits on its current properties or any other additional properties the Company may acquire.

The Company intends to continue exploration on its current properties and the Company may or may not acquire additional interests in other mineral properties. The search for mineral deposits as a business is extremely risky. The Company can provide investors with no assurance that exploration on its current properties, or any other property that the Company may acquire, will establish that any commercially exploitable quantities of mineral deposits exist. Additional potential problems may prevent the Company from discovering any mineral deposits. These potential problems include unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. If the Company is unable to establish the presence of mineral deposits on its properties, its ability to fund future exploration activities will be impeded, the Company will not be able to operate profitably and investors may lose all of their investment in the Company.

The potential profitability of mineral ventures depends in part upon factors beyond the control of the Company and even if the Company discovers and exploits mineral deposits, the Company may never become commercially viable and the Company may be forced to cease operations.

The commercial feasibility of an exploration program on a mineral property is dependent upon many factors beyond the Company's control, including the existence and size of mineral deposits in the properties the Company explores the proximity and capacity of processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental regulation. These factors cannot be accurately predicted and any one or a combination of these factors may result in the Company not receiving an adequate return on invested capital. These factors may have material and negative effects on the Company's financial performance and its ability to continue operations.

Exploration and exploitation activities are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on the Company.

Exploration and exploitation activities are subject to federal, provincial, state and local laws, regulations and policies, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. Exploration and exploitation activities are also subject to federal, provincial, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment.

Environmental and other legal standards imposed by federal, provincial, state or local authorities may be changed and any such changes may prevent the Company from conducting planned activities or may increase its costs of doing so, which would have material adverse effects on its business. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company. Additionally, the Company may be subject to liability for pollution or other environmental damages that the Company may not be able to or elect not to insure against due to prohibitive premium costs and other reasons. Any laws, regulations or policies of any government body or regulatory agency may be changed, applied or interpreted in a manner which will alter and negatively affect the Company's ability to carry on its business.

Title to mineral properties is a complex process and the Company may suffer a material adverse effect in the event one or more of its property interests are determined to have title deficiencies.

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has either staked property or entered into property option agreements or joint venture agreements on its existing Project interests, the Company cannot give an assurance that title to such property will not be challenged or impugned. Further, the Company cannot give an assurance that the existing description of mining titles will not be changed due to changes in policy, rulings, or law in the jurisdiction where the property is located. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company does not have title to one or more of its

properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

The properties optioned by the Company may now or in the future be the subject of first nations land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the properties optioned by the Company cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the properties optioned by the Company are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with first nations in order to facilitate exploration and development work on the properties optioned by the Company.

Because the Company's property interests may not contain mineral deposits and because it has never made a profit from its operations, the Company's securities are highly speculative and investors may lose all of their investment in the Company.

The Company's securities must be considered highly speculative, generally because of the nature of its business and its stage of operations. The Company currently has exploration stage property interests which may not contain mineral deposits. The Company may or may not acquire additional interests in other mineral properties but the Company does not have plans to acquire rights in any specific mineral properties as of the date of this report. Accordingly, the Company has not generated significant revenues nor has it realized a profit from its operations to date and there is little likelihood that the Company will generate any revenues or realize any profits in the short term. Any profitability in the future from the Company's business will be dependent upon locating and exploiting mineral deposits on the Company's current properties or mineral deposits on any additional properties that the Company may acquire. The likelihood that any mineral properties that the Company may acquire or have an interest in will contain commercially exploitable mineral deposits is extremely remote. The Company may never discover mineral deposits in respect to its current properties or any other area, or the Company may do so and still not be commercially successful if the Company is unable to exploit those mineral deposits profitably. The Company may not be able to operate profitably and may have to cease operations, the price of its securities may decline and investors may lose all of their investment in the Company.

As the Company faces intense competition in the mineral exploration and exploitation industry, the Company will have to compete with the Company's competitors for financing and for qualified managerial and technical employees.

The Company's competition includes large established mining companies with substantial capabilities and with greater financial and technical resources than the Company. As a result of this competition, the Company may have to compete for financing and be unable to acquire financing on terms it considers acceptable. The Company may also have to compete with the other mining companies for the recruitment and retention of qualified managerial and technical employees. If the Company is unable to successfully compete for financing or for qualified employees, the Company's exploration programs may be slowed down or suspended, which may cause the Company to cease operations as a company.

The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its exploration activities and investors could lose their entire investment.

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company requires additional financing in order to proceed with the exploration and development of its properties. The Company will also require additional financing for the fees it must pay to maintain its status in relation to the rights to the Company's properties and to pay the fees and expenses necessary to operate as a public company. The Company will also need more funds if the costs of the exploration of its mineral claims are greater than the Company has anticipated. The Company will require additional financing to sustain its business operations if it is not successful in earning revenues. The Company will also need further financing if it decides to obtain additional mineral properties. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

Risks Relating to the Company's Common Stock

A decline in the price of the Company's common stock could affect its ability to raise further working capital and adversely impact its ability to continue operations.

A prolonged decline in the price of the Company's common stock could result in a reduction in the liquidity of its common stock and a reduction in its ability to raise capital. Because a significant portion of the Company's operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to the Company's liquidity and its operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on the Company's business plan and operations, including its ability to develop new products and continue its current operations. If the Company's stock price declines, it can offer no assurance that the Company will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not be able to have the resources to continue its normal operations.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at <http://www.sedar.com>.

BOARD APPROVAL

The board of directors of the Company has approved this MD&A.

CANADIANMINING CORP.
(Formerly Canadian Zeolite Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the financial year ended March 31, 2018, 2017

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the interim consolidated financial statements and notes thereto for the nine months ended March 31, 2018 of Canadian Mining Corp. (Formerly Canadian Zeolite Corp.) (the "Company"). Such financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

DATE

This MD&A is prepared as of May 17, 2018.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about current mineral property interests, the global economic environment, the market price and demand for commodities and our ability to manage our property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) a decreased demand or price of precious and base metals, (3) delays in the start of projects with respect to our property interests, (4) inability to locate and acquire additional property interests, (5) the uncertainty of government regulation and politics in the state of Arizona regarding mining and mineral exploration, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the province of British Columbia on April 26, 2013 under the name Canadian Zeolite Corp. The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties in British Columbia and Arizona, USA. The Company has recently focused on the acquisition of interests in the State of Arizona, USA, through its wholly-owned subsidiary, Canadian Mining Company of Arizona Inc. The Arizona subsidiary was incorporated April 17, 2007 under the name Canadian Mining Company of Arizona Inc. The Company acquired the wholly-owned subsidiary and all of its issued and outstanding shares along with all of its assets as part of the plan of arrangement with the Company's then parent company Canadian Zeolite Corp. ("CNZ"), a publicly traded company.

Canadian Zeolite Corp. and Canadian Mining Corp. entered into an agreement (the “Vend-In Agreement”) dated February 17, 2017. Under the terms of the Vend-In Agreement, Canadian Mining issued 5,653,576 common shares to Canadian Zeolite valued at \$16,243 in exchange for Canadian Zeolite’s 100% interest in Canadian Mining Company of Arizona Inc. (through which Canadian Zeolite holds its interest in the Bullard Pass Project).

On February 17, 2017, Canadian Zeolite and Canadian Mining also entered an Arrangement Agreement (the “Arrangement Agreement”). Under the terms of the Arrangement Agreement, the capital of Canadian Zeolite was reorganized by renaming and redesigning all of the issued and unissued Canadian Zeolite common shares as Class A shares and creating an unlimited number of common shares without par value as the new Canadian Zeolite common shares (“New Canadian Zeolite Common Shares”). Each issued and outstanding Class A share was deemed to be exchanged for one New Canadian Zeolite Common Share and for every five (5) Canadian Zeolite Shares held, one (1) Canadian Mining Share. Each Canadian Zeolite Warrant to the extent it had not been exercised as of May 23, 2017, was cancelled and exchanged for one (1) Canadian Zeolite Amended Warrant and for every five (5) Canadian Zeolite Warrants held, one (1) Canadian Mining Warrant rounded down to the nearest whole Canadian Mining Warrant. The Arrangement was approved by the shareholders of Canadian Zeolite on April 28, 2017 and by the Supreme Court of British Columbia on May 1, 2017. As part of the Arrangement, Canadian Mining applied to list its common shares on the TSX Venture Exchange (the “Exchange”). All conditions of the Arrangement were completed as of May 30, 2017. Shares of Canadian Mining will begin trading on the TSX Venture Exchange on June 5, 2017 under the symbol “CNG.” For further details, please see the related documents of the Company which are available on SEDAR at www.sedar.com.

Management’s Discussion and Analysis (“MD&A”) should be read in conjunction with the interim consolidated financial statements and notes thereto for the nine months ended March 31, 2018 of Canadian Mining Corp. (Formerly Canadian Zeolite Corp.) (the “Company”). Such financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The Company currently has one material exploration property, the Bullard Pass Property located in Arizona, USA, the details of which are set out below. The Company has not yet determined whether its property interests contain reserves that are economically recoverable. The recoverability of amounts shown for resource properties 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 ACTIVITY

BULLARD PASS PROPERTY – ARIZONA, USA

In 2007 the Canadian Mining Company of Arizona Inc. staked the DB 1 to 176 mineral claims totalling 3,420 acres and acquired 476.52 acres of Arizona State land under mineral exploration permit #08-111861, for total land holdings of 3,896.52 acres, located in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona (the “Bullard Pass Property”). The Company subsequently reduced its ownership interest in the Bullard Pass Property to 22 claims. The Company has recently staked additional claims to increase the Property to 171 claims. The Company is evaluating the property to determine if further exploration will be performed.

On September 27, 2017, the Company announced it had entered into a letter of intent (LOI) with Crust Resources Corp., a British Columbia-registered company, to acquire a 100-per-cent direct or indirect interest in its operating subsidiary, Care Mining Company Ltd., a company registered in the Republic of Ghana. Upon closing, Canadian Mining shall issue to, or as directed by, Care, up to 4.8 million common shares in the capital of Canadian Mining in exchange for transferring all of the issued and outstanding shares of Care to Canadian Mining. During the quarter-ended December 31, 2017, the Company announced that it had terminated the LOI with Crust Resources Corp.

OVERALL PERFORMANCE

The Company was incorporated on April 26, 2013 and completed the plan of arrangement with its then parent, Canadian Zeolite Corp., on May 30, 2017. The Company began trading on the TSX Venture Exchange (the “Exchange”) under the symbol “CNG” on June 5, 2017. As an exploration stage company, the Company has not

generated revenues to date from its property and anticipates that it will continue to require equity financing to fund operations until such time as its properties are put into commercial production on a profitable basis. Since the plan of arrangement, the Company holds the Bullard Pass exploration property as a viable business opportunity to increase shareholder value. As a result, the Company incurred costs in connection with the plan of arrangement and costs in connection with claims maintenance of the property. Net loss for the nine-month period ended March 31, 2018 was \$1,651,723 compared to \$80,571 for the nine-month period ended March 31, 2017. Management intends to concentrate its activities on continued evaluation of the Bullard Pass Property and evaluating other exploration assets for acquisition. Management anticipates that expenses will increase during the foreseeable future as the Company carries out its exploration activities.

SELECTED ANNUAL INFORMATION

The following information sets out the Company's audited selected annual information for the years ended June 30, 2017 and June 30, 2016:

	Year Ended June 30, 2017	Year Ended June 30, 2016
	(\$)	(\$)
Net Income (Loss)	(751,923)	\$nil
Basic and Diluted Earnings (Loss) Per Share	\$(0.49)	\$nil

	As at June 30, 2017	As at June 30, 2016
	(\$)	(\$)
Exploration and Evaluation Assets	16,243	\$11,533
Total Assets	1,033,225	\$11,533

As a mineral exploration company, the Company has not generated any revenues to date from its property. The Company incurred a net loss of \$751,923 during the year ended June 30, 2017 and a net loss of \$nil during the year end June 30, 2016, the Company did not incur any exploration costs. During the year ended June 30, 2017, the Company incurred substantial costs in relation to the plan of arrangement of \$206,525, which were \$nil for the year ended June 30, 2016. As the Company was not active until the completion of the plan of arrangement, the only expenses incurred during the year ended June 30, 2016 was \$100 in administration costs. Since operations increased during the year ended June 30, 2017, the Company has started generating additional expenses. Consulting fees for the year ended June 30, 2017 were \$107,600, professional fees were \$22,140, and exchange filing fees, primarily related to the listing, were \$17,305. Share-based compensation was \$399,850 in 2017, primarily from the recording of the fair value of 1,200,000 stock options that were granted to Directors and Consultants. There was a gain recorded on foreign exchange transaction during the year of \$1,517. The Company anticipates that expenses will rise in connection with the Company's focus on the identification and development of its current and potential future exploration properties. See the discussion under the headings "Liquidity" and "Capital Resources" for more information.

RESULTS OF OPERATIONS

Nine-months ended March 31, 2018

During the nine-month period ended March 31, 2018, the Company incurred a net and comprehensive loss of \$1,651,723. The net and comprehensive loss for the period consists of advertising and promotion of \$184,113, consulting fees of \$294,761, exchange and filing fees of \$37,274, professional fees (accounting and legal) of \$190,822, office and miscellaneous of \$7,365, share-based compensation expenses of \$922,246, exploration expenses of \$25,142, costs related to the plan of arrangement of \$10,941, and a foreign exchange gain of \$1,502. Net and comprehensive loss for the three-month period ended March 31, 2018 was \$284,737.

During the quarter ended March 31, 2018, the Company did not conduct any field exploration programs. The minimal exploration costs, which were capitalized, consisted of claim maintenance and claim staking. The Company anticipates exploration costs will increase as the properties are developed.

The Company holds one exploration stage mineral property consisting of the Bullard Pass Property as described under the heading “Description of Business”. The Company owns 100% of the Bullard Pass claims and has no contractual obligations to perform work on this property.

The Company entered into a memorandum of understanding (the “MOU”) with Natural Ventures PR LLC (“Natural Ventures”). Natural Ventures holds various licenses that allow it to legally operate Cannabis business in the U.S. territory of Puerto Rico. The MOU states that, upon completion of the agreement, the Company will pay US\$2,250,000 for 62.5% of all the issued and outstanding shares of Natural Ventures. The Company will also loan up to US\$750,000 to Natural Ventures as part of a secured promissory note. Subsequent to December 31, 2017, the Company had loaned US\$300,000 in connection with the promissory note with the remaining balance to be made available as needed. If the loan is not paid back within the first year, it will accrue interest at 5% per year, calculated annually.

The Company announced the addition of Mr. Mathew Lee as the Company’s new CFO. Mr. Lee is a graduate of the University of British Columbia and holds a professional chartered accountant designation. He has held senior financial positions for both public and private companies in various industries but has recently focused his services on consultation to companies specialized in the cannabis industry.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company’s financial results for the eight most recently completed quarters:

	Quarter Ended March 31, 2018 \$	Quarter Ended December 31, 2017 \$	Quarter Ended September 30, 2017 \$	Quarter Ended June 30, 2017 \$	Quarter Ended March 31, 2017 \$	Quarter Ended December 31, 2016 \$	Quarter Ended Sept 30, 2016 \$	Quarter Ended June 30, 2016 \$
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss	(284,737)	(139,857)	(1,227,130)	(671,532)	(80,571)	Nil	Nil	Nil
Loss per share, basic and diluted	(0.01)	(0.01)	(0.05)	(0.44)	(805.71)	(0.00)	(0.00)	(0.00)

On a quarter-by-quarter basis the loss can fluctuate significantly due to a number of factors including exploration activities during the period, impairment of exploration assets, and the timing of stock option grants.

An analysis of the quarterly results over the last eight quarters shows a significant change in financial performance for the quarters ended September 30, 2017, June 30, 2017, and March 31, 2017. Plan of arrangement costs amounting to \$206,525 were incurred during the quarters ended June 30, 2017 and March 31, 2017. Professional fees (legal and accounting) were incurred as the Company completed the transaction and exchange and filing fees were also incurred as the Company listed its shares on the TSX Venture Exchange. During the quarters ended September 30, 2017 and June 30, 2017, the Company recorded expenses in relation to the grant of stock options. As such, stock-based compensation was \$922,246 during the quarter ended September 30, 2017 and \$322,850 during the quarter ended June 30, 2017. Net loss for the quarter ended March 31, 2018 increased from the quarter ended December 31, 2017 as the Company incurred significant legal fees in association with its new business activities. There were no results of operations during the initial three quarters as the company was inactive.

LIQUIDITY

The Company has not begun commercial production on its resource property and accordingly, the Company does not generate cash from operations. The Company finances exploration activities by raising capital from equity markets. The Company may encounter difficulty sourcing future financing in light of the recent economic downturn.

The Company had cash and cash equivalents of \$1,723,066 at March 31, 2018 and \$1,016,593 at June 30, 2017. The Company had working capital of \$1,992,485 at March 31, 2018 and \$662,615 at June 30, 2017.

During the nine months ended March 31, 2018:

- a. The Company issued 8,798,944 units at \$0.25 per unit for gross proceeds of \$2,199,736. Each unit was comprised of one common share and one common share purchase warrant exercisable at \$1.00 per common share for a period of two years from the date of closing;
- b. The Company issued 127,900 common shares for gross proceeds of \$11,511 pursuant to the exercise of warrants; and
- c. The Company issued 200,000 common shares for gross proceeds of \$50,000 pursuant to the exercise of options.

If additional funds are required, the Company plans to raise additional capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements. Due to the overall poor market conditions for junior mineral exploration companies, the Company may find it increasingly difficult to raise the funds required to continue the Company's operations. Share prices have undergone significant decreases and any issuance of the Company's equity securities in the near future may result in substantial dilution to the Company's existing shareholders.

CAPITAL RESOURCES

The Company has no capital commitments in connection with its exploration property. The Company holds 100% interests in the Bullard Pass Property through its wholly-owned subsidiary and is not required to make any expenditure commitments on this property and has no contractual obligations on this property.

The Company will add and or drop claims based on geological merit and as financial resources allow.

Operating Activities

The Company used net cash of \$1,352,873 in operating activities during the nine-month period ended March 31, 2018 compared to \$40,071 during the nine-month period ended March 31, 2017.

Financing Activities

The Company received \$2,101,458 from financing activities during the nine-month period ended March 31, 2018 compared to \$63,827 during the nine-month period ended March 31, 2017.

Investing Activities

The Company used net cash of \$42,111 in investing activities during the nine-month period ended March 31, 2018 compared to \$23,756 during the nine-month period ended March 31, 2017.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

Relationships

Nature of the relationship

Key management

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the Chief Executive Officer and Chief Financial Officer.

	Management services
Services provided for the period ended December 31, 2017:	
Chief executive officer	\$ 68,000
Chief financial officer	33,500
	<u>\$ 101,000</u>

Key management compensation includes:

	Six months ended December 31,	
	2017	2016
Management fees and salaries	\$ 101,000	\$ -
Share-based payments	461,123	-
	<u>\$ 562,123</u>	<u>\$ -</u>

During the nine months ended March 31, 2018, the Company had repaid \$108,308 (2017 - \$nil) to Canadian Zeolite Corp., a company with directors in common.

These transactions were in the normal course of operations and measured at their exchange amounts, being the amounts agreed to by the parties to the transactions.

PROPOSED TRANSACTIONS

On December 18, 2017 the Company signed a Letter of Intent (“LOI”) with 1145411 B.C. LTD, a Canadian corporation (“B.C. LTD”), whereby B.C. LTD will become a wholly owned subsidiary of CNG. Upon consummation of the transaction described in this LOI, all of B.C. LTD’s assets, liabilities, and business operations (collectively, the “B.C. LTD Business”) will become the assets, liabilities, and business operations of CNG, which will constitute a change of business for CNG. B.C. LTD is the owner of 100% of the issued and outstanding capital stock of Bonhomie Labs Inc., a California corporation (“Bonhomie”). Bonhomie is the owner of 51% of the issued and outstanding capital stock of SAP Global, a California corporation (“SAP”). SAP is the holder of various licenses and permits that allow it to legally operate cannabis businesses in the State of California.

With SAP's flagship facility and operations located in Cathedral City, California, SAP will have the legal standing necessary to meet the California state recreational cannabis application requirements, which in turn will facilitate the sale of over-the-counter and holistic cannabis products.

SAP's management team has over 40 years of combined experience in all cannabis verticals, from industrial hemp to genetically modified cannabis strains designed to produce high concentrations of cannabinoids. Moreover, this expertise is being institutionalized into SAP's facility designs and operating procedures and is replicable, scalable, and franchisable.

SAP intends to commence commercial operations and be revenue producing at its Cathedral City facility in the first quarter of 2018 pursuant to its: (i) Conditional Use Permit (No. 17-004), approved and issued as of November 15, 2017; (ii) Medical Cannabis Business Local License for Cultivation (MCL 17-002-C), issued on May 18, 2017; and (iii) Medical Cannabis Business Local License for Manufacturing (MCL 17002-M), issued on July 12, 2016. Upon receipt of the certificate of occupancy for the facility, SAP anticipates the timely approval of the follow-on licenses for delivery and distribution by Cathedral City, California.

B.C. LTD currently has bank balances of approximately \$3,600,000 from which it will finance the acquisition of certain operating equipment and working capital for SAP. Additional financing needs beyond the current resources of B.C. LTD. are not anticipated at this time.

As consideration for all of the issued and outstanding shares of B.C. LTD capital stock, CNG will issue and exchange shares of its common stock equal to US\$20,000,000 (the "Purchase Price"), which will be payable at Closing with shares of CNG's common stock, (the "Shares"). Issuance of the Shares will be subject to a third-party valuation of B.C. LTD.'s assets. All consideration Shares issued to B.C. LTD will be subject to applicable statutory hold periods and any escrow arrangements and/or pooling agreements required by regulatory authorities.

SUBSEQUENT EVENTS

There were no subsequent events.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Accounting Standards Issued and Effective January 1, 2017 or Later

- IFRS 2 Share-based Payment – classification and measurement of share-based payment transactions (Amendment to IFRS 2);
- IFRS 9 Financial Instruments;
- IFRS 16 Leases;
- IAS 7 Statement of Cash Flows – disclosure initiative (Amendment to IAS 7); and
- IAS 12 Income Taxes – recognition of deferred tax assets for unrealized losses (Amendments to IAS 12).

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, promissory note, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the nine-month period ended March 31, 2018 and 2017, the Company incurred the following expenses:

	Nine-month period ended March 31, 2018	Nine-month period ended March 31, 2017
Exploration costs	\$25,142	\$nil
General and administrative costs	\$1,636,020	\$nil

An analysis of material components of the Company's general and administrative expenses is disclosed in the interim consolidated financial statements for the nine-month period ended March 31, 2018 to which this MD&A relates. An analysis of the material components of the mineral property acquisition costs and mineral exploration costs are disclosed in the notes to the interim consolidated financial statements for the nine-month period ended March 31, 2018 to which this MD&A relates.

The Company had one exploration property during the nine-month period ended March 31, 2018 pursuant to the plan of arrangement with Canadian Zeolite Corp., which completed on May 30, 2017. The Company has 100% interest in the Bullard Pass Property held through its wholly-owned subsidiary.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

The Company's common shares are listed on the TSX Venture Exchange under the symbol "CNG". The Company's authorized share capital consists of an unlimited number of common shares without par value. As at May 17, 2018 the Company had 26,055,487 common shares issued and outstanding.

Share Purchase Warrants

As at May 17, 2018, the following share purchase warrants were outstanding:

Expiry date	Warrants	Exercise Price
May 26, 2018	11,004,967	0.14
August 3, 2019	8,798,944	0.44
	19,803,911	\$ 0.58

Stock Options

As at May 17, 2018, the following stock options were outstanding:

Expiry date	Options	Exercise Price
June 9, 2022	1,000,000	\$ 0.25
August 22, 2022	600,000	0.55
	1,600,000	\$ 0.36

RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

Risks Related to the Company's Business

Because of the unique difficulties and uncertainties inherent in mineral exploration ventures, the Company faces a high risk of business failure.

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration program that the Company intends to undertake on its properties and any additional properties that the Company may acquire. These potential problems include unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Company in the exploration of its properties may not result in the discovery of mineral deposits. Any expenditures that the Company may make in the exploration of any other mineral property that it may acquire may not result in the discovery of any commercially exploitable

mineral deposits. Problems such as unusual or unexpected geological formations and other conditions are involved in all mineral exploration and often result in unsuccessful exploration efforts. If the results of the Company's exploration do not reveal viable commercial mineralization, the Company may decide to abandon some or all of its property interests.

Loss of Interest in Properties

The Company's ability to maintain an interest in the properties optioned by the Company will be dependent on its ability to raise additional funds by equity financing. Failure to obtain additional financing may result in the Company being unable to make the periodic payments required to keep the property interests in good standing and could result in the delay or postponement of further exploration and or the partial or total loss of the Company's interest in the properties optioned by the Company, including the Qualifying Property.

Because of the speculative nature of the exploration of mineral properties, there is no assurance that the Company's exploration activities will result in the discovery of any quantities of mineral deposits on its current properties or any other additional properties the Company may acquire.

The Company intends to continue exploration on its current properties and the Company may or may not acquire additional interests in other mineral properties. The search for mineral deposits as a business is extremely risky. The Company can provide investors with no assurance that exploration on its current properties, or any other property that the Company may acquire, will establish that any commercially exploitable quantities of mineral deposits exist. Additional potential problems may prevent the Company from discovering any mineral deposits. These potential problems include unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. If the Company is unable to establish the presence of mineral deposits on its properties, its ability to fund future exploration activities will be impeded, the Company will not be able to operate profitably and investors may lose all of their investment in the Company.

The potential profitability of mineral ventures depends in part upon factors beyond the control of the Company and even if the Company discovers and exploits mineral deposits, the Company may never become commercially viable and the Company may be forced to cease operations.

The commercial feasibility of an exploration program on a mineral property is dependent upon many factors beyond the Company's control, including the existence and size of mineral deposits in the properties the Company explores the proximity and capacity of processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental regulation. These factors cannot be accurately predicted and any one or a combination of these factors may result in the Company not receiving an adequate return on invested capital. These factors may have material and negative effects on the Company's financial performance and its ability to continue operations.

Exploration and exploitation activities are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on the Company.

Exploration and exploitation activities are subject to federal, provincial, state and local laws, regulations and policies, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. Exploration and exploitation activities are also subject to federal, provincial, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment.

Environmental and other legal standards imposed by federal, provincial, state or local authorities may be changed and any such changes may prevent the Company from conducting planned activities or may increase its costs of doing so, which would have material adverse effects on its business. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company. Additionally, the Company may be subject to liability for pollution or other environmental damages that the Company may not be able to or elect not to insure against due to prohibitive premium costs and other reasons. Any laws, regulations or policies of any government body or regulatory agency may be changed, applied or interpreted in a manner which will alter and negatively affect the Company's ability to carry on its business.

Title to mineral properties is a complex process and the Company may suffer a material adverse effect in the event one or more of its property interests are determined to have title deficiencies.

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has either staked property or entered into property option agreements or joint venture agreements on its existing Project interests, the Company cannot give an assurance that title to such property will not be challenged or impugned. Further, the Company cannot give an assurance that the existing description of mining titles will not be changed due to changes in policy, rulings, or law in the jurisdiction where the property is located. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company does not have title to one or more of its properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

The properties optioned by the Company may now or in the future be the subject of first nations land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the properties optioned by the Company cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the properties optioned by the Company are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with first nations in order to facilitate exploration and development work on the properties optioned by the Company.

Because the Company's property interests may not contain mineral deposits and because it has never made a profit from its operations, the Company's securities are highly speculative and investors may lose all of their investment in the Company.

The Company's securities must be considered highly speculative, generally because of the nature of its business and its stage of operations. The Company currently has exploration stage property interests which may not contain mineral deposits. The Company may or may not acquire additional interests in other mineral properties but the Company does not have plans to acquire rights in any specific mineral properties as of the date of this report. Accordingly, the Company has not generated significant revenues nor has it realized a profit from its operations to date and there is little likelihood that the Company will generate any revenues or realize any profits in the short term. Any profitability in the future from the Company's business will be dependent upon locating and exploiting mineral deposits on the Company's current properties or mineral deposits on any additional properties that the Company may acquire. The likelihood that any mineral properties that the Company may acquire or have an interest in will contain commercially exploitable mineral deposits is extremely remote. The Company may never discover mineral deposits in respect to its current properties or any other area, or the Company may do so and still not be commercially successful if the Company is unable to exploit those mineral deposits profitably. The Company may not be able to operate profitably and may have to cease operations, the price of its securities may decline and investors may lose all of their investment in the Company.

As the Company faces intense competition in the mineral exploration and exploitation industry, the Company will have to compete with the Company's competitors for financing and for qualified managerial and technical employees.

The Company's competition includes large established mining companies with substantial capabilities and with greater financial and technical resources than the Company. As a result of this competition, the Company may have to compete for financing and be unable to acquire financing on terms it considers acceptable. The Company may also have to compete with the other mining companies for the recruitment and retention of qualified managerial and technical employees. If the Company is unable to successfully compete for financing or for qualified employees, the Company's exploration programs may be slowed down or suspended, which may cause the Company to cease operations as a company.

The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its exploration activities and investors could lose their entire investment.

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company requires additional financing in order to proceed with the exploration and development of its properties. The Company will also require additional financing for the fees it must pay to maintain its status in relation to the rights to the Company's properties and to pay the fees and expenses necessary to operate as a public company. The Company will also need more funds if the costs of the exploration of its mineral claims are greater than the Company has anticipated. The Company will require additional financing to sustain its business operations if it is not successful in earning revenues. The Company will also need further financing if it decides to obtain additional mineral properties. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

Risks Relating to the Company's Common Stock

A decline in the price of the Company's common stock could affect its ability to raise further working capital and adversely impact its ability to continue operations.

A prolonged decline in the price of the Company's common stock could result in a reduction in the liquidity of its common stock and a reduction in its ability to raise capital. Because a significant portion of the Company's operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to the Company's liquidity and its operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on the Company's business plan and operations, including its ability to develop new products and continue its current operations. If the Company's stock price declines, it can offer no assurance that the Company will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not be able to have the resources to continue its normal operations.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at <http://www.sedar.com>.

BOARD APPROVAL

The board of directors of the Company has approved this MD&A.

CANADIANMINING CORP.
(Formerly Canadian Zeolite Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the financial year ended December 31, 2017

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the interim consolidated financial statements and notes thereto for the six months ended December 31, 2017 of Canadian Mining Corp. (Formerly Canadian Zeolite Corp.) (the "Company"). Such financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

DATE

This MD&A is prepared as of February 21, 2018.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about current mineral property interests, the global economic environment, the market price and demand for commodities and our ability to manage our property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) a decreased demand or price of precious and base metals, (3) delays in the start of projects with respect to our property interests, (4) inability to locate and acquire additional property interests, (5) the uncertainty of government regulation and politics in the state of Arizona regarding mining and mineral exploration, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the province of British Columbia on April 26, 2013 under the name Canadian Zeolite Corp. The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties in British Columbia and Arizona, USA. The Company has recently focused on the acquisition of interests in the State of Arizona, USA, through its wholly-owned subsidiary, Canadian Mining Company of Arizona Inc. The Arizona subsidiary was incorporated April 17, 2007 under the name Canadian Mining Company of Arizona Inc. The Company acquired the wholly-owned subsidiary and all of its issued and outstanding shares along with all of its assets as part of the plan of arrangement with the Company's then parent company Canadian Zeolite Corp. ("CNZ"), a publicly traded company.

Canadian Zeolite Corp. and Canadian Mining Corp. entered into an agreement (the “Vend-In Agreement”) dated February 17, 2017. Under the terms of the Vend-In Agreement, Canadian Mining issued 5,653,576 common shares to Canadian Zeolite valued at \$16,243 in exchange for Canadian Zeolite’s 100% interest in Canadian Mining Company of Arizona Inc. (through which Canadian Zeolite holds its interest in the Bullard Pass Project).

On February 17, 2017, Canadian Zeolite and Canadian Mining also entered an Arrangement Agreement (the “Arrangement Agreement”). Under the terms of the Arrangement Agreement, the capital of Canadian Zeolite was reorganized by renaming and redesigning all of the issued and unissued Canadian Zeolite common shares as Class A shares and creating an unlimited number of common shares without par value as the new Canadian Zeolite common shares (“New Canadian Zeolite Common Shares”). Each issued and outstanding Class A share was deemed to be exchanged for one New Canadian Zeolite Common Share and for every five (5) Canadian Zeolite Shares held, one (1) Canadian Mining Share. Each Canadian Zeolite Warrant to the extent it had not been exercised as of May 23, 2017, was cancelled and exchanged for one (1) Canadian Zeolite Amended Warrant and for every five (5) Canadian Zeolite Warrants held, one (1) Canadian Mining Warrant rounded down to the nearest whole Canadian Mining Warrant. The Arrangement was approved by the shareholders of Canadian Zeolite on April 28, 2017 and by the Supreme Court of British Columbia on May 1, 2017. As part of the Arrangement, Canadian Mining applied to list its common shares on the TSX Venture Exchange (the “Exchange”). All conditions of the Arrangement were completed as of May 30, 2017. Shares of Canadian Mining will began trading on the TSX Venture Exchange on June 5, 2017 under the symbol “CNG.” For further details, please see the related documents of the Company which are available on SEDAR at www.sedar.com.

Management’s Discussion and Analysis (“MD&A”) should be read in conjunction with the interim consolidated financial statements and notes thereto for the six months ended December 31, 2017 of Canadian Mining Corp. (Formerly Canadian Zeolite Corp.) (the “Company”). Such financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The Company currently has one material exploration property, the Bullard Pass Property located in Arizona, USA, the details of which are set out below. The Company has not yet determined whether its property interests contain reserves that are economically recoverable. The recoverability of amounts shown for resource properties 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 ACTIVITY

BULLARD PASS PROPERTY – ARIZONA, USA

In 2007 the Canadian Mining Company of Arizona Inc. staked the DB 1 to 176 mineral claims totalling 3,420 acres and acquired 476.52 acres of Arizona State land under mineral exploration permit #08-111861, for total land holdings of 3,896.52 acres, located in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona (the “Bullard Pass Property”). The Company subsequently reduced its ownership interest in the Bullard Pass Property to 22 claims. The Company has recently staked additional claims to increase the Property to 171 claims. The Company is evaluating the property to determine if further exploration will be performed.

On September 27, 2017, the Company announced it had entered into a letter of intent (LOI) with Crust Resources Corp., a British Columbia-registered company, to acquire a 100-per-cent direct or indirect interest in its operating subsidiary, Care Mining Company Ltd., a company registered in the Republic of Ghana. Upon closing, Canadian Mining shall issue to, or as directed by, Care, up to 4.8 million common shares in the capital of Canadian Mining in exchange for transferring all of the issued and outstanding shares of Care to Canadian Mining. During the quarter-ended December 31, 2017, the Company announced that it had terminated the LOI with Crust Resources Corp.

OVERALL PERFORMANCE

The Company was incorporated on April 26, 2013 and completed the plan of arrangement with its then parent, Canadian Zeolite Corp., on May 30, 2017. The Company began trading on the TSX Venture Exchange (the “Exchange”) under the symbol “CNG” on June 5, 2017. As an exploration stage company, the Company has not

generated revenues to date from its property and anticipates that it will continue to require equity financing to fund operations until such time as its properties are put into commercial production on a profitable basis. Since the plan of arrangement, the Company holds the Bullard Pass exploration property as a viable business opportunity to increase shareholder value. As a result, the Company incurred costs in connection with the plan of arrangement and costs in connection with claims maintenance of the property. Net loss for the six-month period ended December 31, 2017 was \$1,366,986 compared to \$nil for the six-month period ended December 31, 2016. Management intends to concentrate its activities on continued evaluation of the Bullard Pass Property and evaluating other exploration assets for acquisition. Management anticipates that expenses will increase during the foreseeable future as the Company carries out its exploration activities.

SELECTED ANNUAL INFORMATION

The following information sets out the Company's audited selected annual information for the years ended June 30, 2017 and June 30, 2016:

	Year Ended June 30, 2017	Year Ended June 30, 2016
	(\$)	(\$)
Net Income (Loss)	(751,923)	\$nil
Basic and Diluted Earnings (Loss) Per Share	\$(0.49)	\$nil

	As at June 30, 2017	As at June 30, 2016
	(\$)	(\$)
Exploration and Evaluation Assets	16,243	\$11,533
Total Assets	1,033,225	\$11,533

As a mineral exploration company, the Company has not generated any revenues to date from its property. The Company incurred a net loss of \$751,923 during the year ended June 30, 2017 and a net loss of \$nil during the year end June 30, 2016, the Company did not incur any exploration costs. During the year ended June 30, 2017, the Company incurred substantial costs in relation to the plan of arrangement of \$206,525, which were \$nil for the year ended June 30, 2016. As the Company was not active until the completion of the plan of arrangement, the only expenses incurred during the year ended June 30, 2016 was \$100 in administration costs. Since operations increased during the year ended June 30, 2017, the Company has started generating additional expenses. Consulting fees for the year ended June 30, 2017 were \$107,600, professional fees were \$22,140, and exchange filing fees, primarily related to the listing, were \$17,305. Share-based compensation was \$399,850 in 2017, primarily from the recording of the fair value of 1,200,000 stock options that were granted to Directors and Consultants. There was a gain recorded on foreign exchange transaction during the year of \$1,517. The Company anticipates that expenses will rise in connection with the Company's focus on the identification and development of its current and potential future exploration properties. See the discussion under the headings "Liquidity" and "Capital Resources" for more information.

RESULTS OF OPERATIONS

Six-months ended December 31, 2017

During the six-month period ended December 31, 2017, the Company incurred a net and comprehensive loss of \$1,366,986. The net and comprehensive loss for the period consists of advertising and promotion of \$177,603, consulting fees of \$170,943, exchange and filing fees of \$30,354, professional fees (accounting and legal) of \$42,699, office and miscellaneous of \$6,500, share-based compensation expenses of \$922,246, exploration expenses of \$25,142, costs related to the plan of arrangement of \$10,941, and a foreign exchange gain of \$1,487. Net and comprehensive loss for the three-month period ended December 31, 2017 was \$139,857.

During the quarter ended December 31, 2017, the Company did not conduct any field exploration programs. The minimal exploration costs, which were capitalized, consisted of claim maintenance and claim staking. The Company anticipates exploration costs will increase as the properties are developed.

The Company holds one exploration stage mineral property consisting of the Bullard Pass Property as described under the heading “Description of Business”. The Company owns 100% of the Bullard Pass claims and has no contractual obligations to perform work on this property.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company’s financial results for the eight most recently completed quarters:

	Quarter Ended December 31, 2017 \$	Quarter Ended September 30, 2017 \$	Quarter Ended June 30, 2017 \$	Quarter Ended March 31, 2017 \$	Quarter Ended December 31, 2016 \$	Quarter Ended Sept 30, 2016 \$	Quarter Ended June 30, 2016 \$	Quarter Ended March 31, 2016 \$
	12/31/2017	09/30/2017	06/30/2017	03/31/2017	12/31/2016	09/30/2016	06/30/2016	03/31/2016
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss	(139,857)	(1,227,130)	(671,532)	(80,571)	Nil	Nil	Nil	Nil
Loss per share, basic and diluted	(0.01)	(0.05)	(0.44)	(805.71)	(0.00)	(0.00)	(0.00)	(0.00)

On a quarter-by-quarter basis the loss can fluctuate significantly due to a number of factors including exploration activities during the period, impairment of exploration assets, and the timing of stock option grants.

An analysis of the quarterly results over the last eight quarters shows a significant change in financial performance for the quarters ended September 30, 2017, June 30, 2017, and March 31, 2017. Plan of arrangement costs amounting to \$206,525 were incurred during the quarters ended June 30, 2017 and March 31, 2017. Professional fees (legal and accounting) were incurred as the Company completed the transaction and exchange and filing fees were also incurred as the Company listed its shares on the TSX Venture Exchange. During the quarters ended September 30, 2017 and June 30, 2017, the Company recorded expenses in relation to the grant of stock options. As such, stock-based compensation was \$922,246 during the quarter ended September 30, 2017 and \$322,850 during the quarter ended June 30, 2017. There were no results of operations during the initial four quarters as the company was inactive.

LIQUIDITY

The Company has not begun commercial production on its resource property and accordingly, the Company does not generate cash from operations. The Company finances exploration activities by raising capital from equity markets. The Company may encounter difficulty sourcing future financing in light of the recent economic downturn.

The Company had cash of \$2,350,961 at December 31, 2017 and \$nil at December 31, 2016. The Company had working capital of \$2,252,222 at December 31, 2017 and \$nil at December 31, 2016.

During the six months ended December 31, 2017:

- a. The Company issued 8,798,944 units at \$0.25 per unit for gross proceeds of \$2,199,736. Each unit was comprised of one common share and one common share purchase warrant exercisable at \$1.00 per common share for a period of two years from the date of closing;
- b. The Company issued 127,900 common shares for gross proceeds of \$11,511 pursuant to the exercise of warrants; and
- c. The Company issued 200,000 common shares for gross proceeds of \$50,000 pursuant to the exercise of options.

If additional funds are required, the Company plans to raise additional capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements. Due to the overall poor market conditions for junior mineral exploration companies, the Company may find it increasingly difficult to raise the funds required to continue the Company's operations. Share prices have undergone significant decreases and any issuance of the Company's equity securities in the near future may result in substantial dilution to the Company's existing shareholders.

CAPITAL RESOURCES

The Company has no capital commitments in connection with its exploration property. The Company holds 100% interests in the Bullard Pass Property through its wholly-owned subsidiary and is not required to make any expenditure commitments on this property and has no contractual obligations on this property.

The Company will add and or drop claims based on geological merit and as financial resources allow.

Operating Activities

The Company used net cash of \$699,979 in operating activities during the six-month period ended December 31, 2017 compared to \$nil during the six-months ended December 31, 2016.

Financing Activities

The Company received \$2,101,458 from financing activities during the six-month period ended December 31, 2017 compared to \$nil during the six-months ended December 31, 2016.

Investing Activities

The Company used net cash of \$67,111 in investing activities during the six-month period ended December 31, 2017 compared to \$nil during the six-months ended December 31, 2016.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

Relationships

Key management

Nature of the relationship

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the Chief Executive Officer and Chief Financial Officer.

	Management services
Services provided for the period ended December 31, 2017:	
Chief executive officer	\$ 44,000
Chief financial officer	10,500
	<hr/> \$ 54,500 <hr/>

Key management compensation includes:

Six months ended

	December 31,	
	2017	2016
Management fees and salaries	\$ 54,500	\$ -
Share-based payments	461,123	-
	\$ 515,623	\$ -

As at December 31, 2017, the Company had amounts receivable of \$7,000 (2016 - \$nil) due from Canadian Zeolite Corp.

These transactions were in the normal course of operations and measured at their exchange amounts, being the amounts agreed to by the parties to the transactions.

PROPOSED TRANSACTIONS

On December 18, 2017 the Company signed a Letter of Intent (“LOI”) with 1145411 B.C. LTD, a Canadian corporation (“B.C. LTD”), whereby B.C. LTD will become a wholly owned subsidiary of CNG. Upon consummation of the transaction described in this LOI, all of B.C. LTD’s assets, liabilities, and business operations (collectively, the “B.C. LTD Business”) will become the assets, liabilities, and business operations of CNG, which will constitute a change of business for CNG. B.C. LTD is the owner of 100% of the issued and outstanding capital stock of Bonhomie Labs Inc., a California corporation (“Bonhomie”). Bonhomie is the owner of 51% of the issued and outstanding capital stock of SAP Global, a California corporation (“SAP”). SAP is the holder of various licenses and permits that allow it to legally operate cannabis businesses in the State of California.

With SAP's flagship facility and operations located in Cathedral City, California, SAP will have the legal standing necessary to meet the California state recreational cannabis application requirements, which in turn will facilitate the sale of over-the-counter and holistic cannabis products.

SAP's management team has over 40 years of combined experience in all cannabis verticals, from industrial hemp to genetically modified cannabis strains designed to produce high concentrations of cannabinoids. Moreover, this expertise is being institutionalized into SAP's facility designs and operating procedures and is replicable, scalable, and franchisable.

SAP intends to commence commercial operations and be revenue producing at its Cathedral City facility in the first quarter of 2018 pursuant to its: (i) Conditional Use Permit (No. 17-004), approved and issued as of November 15, 2017; (ii) Medical Cannabis Business Local License for Cultivation (MCL 17-002-C), issued on May 18, 2017; and (iii) Medical Cannabis Business Local License for Manufacturing (MCL 17002-M), issued on July 12, 2016. Upon receipt of the certificate of occupancy for the facility, SAP anticipates the timely approval of the follow-on licenses for delivery and distribution by Cathedral City, California.

B.C. LTD currently has bank balances of approximately \$3,600,000 from which it will finance the acquisition of certain operating equipment and working capital for SAP. Additional financing needs beyond the current resources of B.C. LTD. are not anticipated at this time.

As consideration for all of the issued and outstanding shares of B.C. LTD capital stock, CNG will issue and exchange shares of its common stock equal to US\$20,000,000 (the “Purchase Price”), which will be payable at Closing with shares of CNG’s common stock, (the “Shares”). Issuance of the Shares will be subject to a third-party valuation of B.C. LTD.’s assets. All consideration Shares issued to B.C. LTD will be subject to applicable statutory hold periods and any escrow arrangements and/or pooling agreements required by regulatory authorities.

SUBSEQUENT EVENTS

Subsequent to December 31, 2017, the Company entered into a memorandum of understanding (the “MOU”) with Natural Ventures PR LLC (“Natural Ventures”). Natural Ventures holds various licenses that allow it to legally operate Cannabis business in the U.S. territory of Puerto Rico. The MOU states that, upon completion of the agreement, the Company will pay US\$2,250,000 for 62.5% of all the issued and outstanding shares of Natural Ventures. The Company will also loan up to US\$750,000 to Natural Ventures as part of a secured promissory note. Subsequent to December 31, 2017, the Company had loaned US\$300,000 in connection with the promissory note

with the remaining balance to be made available as needed. If the loan is not paid back within the first year, it will accrue interest at 5% per year, calculated annually.

Subsequent to December 31, 2017, the Company announced the addition of Mr. Mathew Lee as the Company's new CFO. Mr. Lee is a graduate of the University of British Columbia and holds a professional chartered accountant designation. He has held senior financial positions for both public and private companies in various industries, but has recently focused his services on consultation to companies specialized in the cannabis industry.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Accounting Standards Issued and Effective January 1, 2017 or Later

- IFRS 2 Share-based Payment – classification and measurement of share-based payment transactions (Amendment to IFRS 2);
- IFRS 9 Financial Instruments;
- IFRS 16 Leases;
- IAS 7 Statement of Cash Flows – disclosure initiative (Amendment to IAS 7); and
- IAS 12 Income Taxes – recognition of deferred tax assets for unrealized losses (Amendments to IAS 12).

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the six-months ended December 31, 2017 and 2016, the Company incurred the following expenses:

	Six-month period ended December 31, 2017	Six-month period ended December 31, 2016
Exploration costs	\$25,142	\$nil
General and administrative costs	\$1,332,390	\$nil

An analysis of material components of the Company's general and administrative expenses is disclosed in the interim consolidated financial statements for the six-month period ended December 31, 2017 to which this MD&A relates. An analysis of the material components of the mineral property acquisition costs and mineral exploration costs are disclosed in the notes to the interim consolidated financial statements for the six-month period ended December 31, 2017 to which this MD&A relates.

The Company had one exploration property during the six-month period ended December 31, 2017 pursuant to the plan of arrangement with Canadian Zeolite Corp., which completed on May 30, 2017. The Company has 100% interest in the Bullard Pass Property held through its wholly-owned subsidiary.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

The Company's common shares are listed on the TSX Venture Exchange under the symbol "CNG". The Company's authorized share capital consists of an unlimited number of common shares without par value. As at February 28, 2018 the Company had 26,055,487 common shares issued and outstanding.

Share Purchase Warrants

As at February 28, 2018, the following share purchase warrants were outstanding:

Expiry date	Warrants	Exercise Price
February 17, 2019	4,002	\$ 0.09
May 26, 2019	11,004,967	0.25
August 3, 2019	8,798,944	1.00
	19,803,911	\$ 0.58

Stock Options

As at February 28, 2018, the following stock options were outstanding:

Expiry date	Options	Exercise Price
June 9, 2022	1,000,000	\$ 0.25
August 22, 2022	600,000	0.55
	1,600,000	\$ 0.36

RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

Risks Related to the Company's Business

Because of the unique difficulties and uncertainties inherent in mineral exploration ventures, the Company faces a high risk of business failure.

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems,

expenses, difficulties, complications and delays encountered in connection with the exploration program that the Company intends to undertake on its properties and any additional properties that the Company may acquire. These potential problems include unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Company in the exploration of its properties may not result in the discovery of mineral deposits. Any expenditures that the Company may make in the exploration of any other mineral property that it may acquire may not result in the discovery of any commercially exploitable mineral deposits. Problems such as unusual or unexpected geological formations and other conditions are involved in all mineral exploration and often result in unsuccessful exploration efforts. If the results of the Company's exploration do not reveal viable commercial mineralization, the Company may decide to abandon some or all of its property interests.

Loss of Interest in Properties

The Company's ability to maintain an interest in the properties optioned by the Company will be dependent on its ability to raise additional funds by equity financing. Failure to obtain additional financing may result in the Company being unable to make the periodic payments required to keep the property interests in good standing and could result in the delay or postponement of further exploration and or the partial or total loss of the Company's interest in the properties optioned by the Company, including the Qualifying Property.

Because of the speculative nature of the exploration of mineral properties, there is no assurance that the Company's exploration activities will result in the discovery of any quantities of mineral deposits on its current properties or any other additional properties the Company may acquire.

The Company intends to continue exploration on its current properties and the Company may or may not acquire additional interests in other mineral properties. The search for mineral deposits as a business is extremely risky. The Company can provide investors with no assurance that exploration on its current properties, or any other property that the Company may acquire, will establish that any commercially exploitable quantities of mineral deposits exist. Additional potential problems may prevent the Company from discovering any mineral deposits. These potential problems include unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. If the Company is unable to establish the presence of mineral deposits on its properties, its ability to fund future exploration activities will be impeded, the Company will not be able to operate profitably and investors may lose all of their investment in the Company.

The potential profitability of mineral ventures depends in part upon factors beyond the control of the Company and even if the Company discovers and exploits mineral deposits, the Company may never become commercially viable and the Company may be forced to cease operations.

The commercial feasibility of an exploration program on a mineral property is dependent upon many factors beyond the Company's control, including the existence and size of mineral deposits in the properties the Company explores the proximity and capacity of processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental regulation. These factors cannot be accurately predicted and any one or a combination of these factors may result in the Company not receiving an adequate return on invested capital. These factors may have material and negative effects on the Company's financial performance and its ability to continue operations.

Exploration and exploitation activities are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on the Company.

Exploration and exploitation activities are subject to federal, provincial, state and local laws, regulations and policies, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. Exploration and exploitation activities are also subject to federal, provincial, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment.

Environmental and other legal standards imposed by federal, provincial, state or local authorities may be changed and any such changes may prevent the Company from conducting planned activities or may increase its costs of doing so, which would have material adverse effects on its business. Moreover, compliance with such laws may

cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company. Additionally, the Company may be subject to liability for pollution or other environmental damages that the Company may not be able to or elect not to insure against due to prohibitive premium costs and other reasons. Any laws, regulations or policies of any government body or regulatory agency may be changed, applied or interpreted in a manner which will alter and negatively affect the Company's ability to carry on its business.

Title to mineral properties is a complex process and the Company may suffer a material adverse effect in the event one or more of its property interests are determined to have title deficiencies.

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has either staked property or entered into property option agreements or joint venture agreements on its existing Project interests, the Company cannot give an assurance that title to such property will not be challenged or impugned. Further, the Company cannot give an assurance that the existing description of mining titles will not be changed due to changes in policy, rulings, or law in the jurisdiction where the property is located. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company does not have title to one or more of its properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

The properties optioned by the Company may now or in the future be the subject of first nations land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the properties optioned by the Company cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the properties optioned by the Company are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with first nations in order to facilitate exploration and development work on the properties optioned by the Company.

Because the Company's property interests may not contain mineral deposits and because it has never made a profit from its operations, the Company's securities are highly speculative and investors may lose all of their investment in the Company.

The Company's securities must be considered highly speculative, generally because of the nature of its business and its stage of operations. The Company currently has exploration stage property interests which may not contain mineral deposits. The Company may or may not acquire additional interests in other mineral properties but the Company does not have plans to acquire rights in any specific mineral properties as of the date of this report. Accordingly, the Company has not generated significant revenues nor has it realized a profit from its operations to date and there is little likelihood that the Company will generate any revenues or realize any profits in the short term. Any profitability in the future from the Company's business will be dependent upon locating and exploiting mineral deposits on the Company's current properties or mineral deposits on any additional properties that the Company may acquire. The likelihood that any mineral properties that the Company may acquire or have an interest in will contain commercially exploitable mineral deposits is extremely remote. The Company may never discover mineral deposits in respect to its current properties or any other area, or the Company may do so and still not be commercially successful if the Company is unable to exploit those mineral deposits profitably. The Company may not be able to operate profitably and may have to cease operations, the price of its securities may decline and investors may lose all of their investment in the Company.

As the Company faces intense competition in the mineral exploration and exploitation industry, the Company will have to compete with the Company's competitors for financing and for qualified managerial and technical employees.

The Company's competition includes large established mining companies with substantial capabilities and with greater financial and technical resources than the Company. As a result of this competition, the Company may have to compete for financing and be unable to acquire financing on terms it considers acceptable. The Company may also have to compete with the other mining companies for the recruitment and retention of qualified managerial and technical employees. If the Company is unable to successfully compete for financing or for qualified employees, the

Company's exploration programs may be slowed down or suspended, which may cause the Company to cease operations as a company.

The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its exploration activities and investors could lose their entire investment.

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company requires additional financing in order to proceed with the exploration and development of its properties. The Company will also require additional financing for the fees it must pay to maintain its status in relation to the rights to the Company's properties and to pay the fees and expenses necessary to operate as a public company. The Company will also need more funds if the costs of the exploration of its mineral claims are greater than the Company has anticipated. The Company will require additional financing to sustain its business operations if it is not successful in earning revenues. The Company will also need further financing if it decides to obtain additional mineral properties. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

Risks Relating to the Company's Common Stock

A decline in the price of the Company's common stock could affect its ability to raise further working capital and adversely impact its ability to continue operations.

A prolonged decline in the price of the Company's common stock could result in a reduction in the liquidity of its common stock and a reduction in its ability to raise capital. Because a significant portion of the Company's operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to the Company's liquidity and its operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on the Company's business plan and operations, including its ability to develop new products and continue its current operations. If the Company's stock price declines, it can offer no assurance that the Company will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not be able to have the resources to continue its normal operations.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at <http://www.sedar.com>.

BOARD APPROVAL

The board of directors of the Company has approved this MD&A.

CANADIANMINING CORP.
(Formerly Canadian Zeolite Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the period ended September 30, 2017

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements and notes thereto for the three month period ended September 30, 2017 of Canadian Mining Corp. (Formerly Canadian Zeolite Corp.) (the "Company"). Such financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

DATE

This MD&A is prepared as of November 29, 2017.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about current mineral property interests, the global economic environment, the market price and demand for commodities and our ability to manage our property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) a decreased demand or price of precious and base metals, (3) delays in the start of projects with respect to our property interests, (4) inability to locate and acquire additional property interests, (5) the uncertainty of government regulation and politics in the state of Arizona regarding mining and mineral exploration, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the province of British Columbia on April 26, 2013 under the name Canadian Zeolite Corp. The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties in British Columbia and Arizona, USA. The Company has recently focused on the acquisition of interests in the State of Arizona, USA, through its wholly-owned subsidiary, Canadian Mining Company of Arizona Inc. The Arizona subsidiary was incorporated April 17, 2007 under the name Canadian Mining Company of Arizona Inc. The Company acquired the wholly-owned subsidiary and all of its issued and outstanding shares along with all of its assets as part of the plan of arrangement with the Company's then parent company Canadian Zeolite Corp. ("CNZ"), a publicly traded company.

Canadian Zeolite Corp. and Canadian Mining Corp. entered into an agreement (the “Vend-In Agreement”) dated February 17, 2017. Under the terms of the Vend-In Agreement, Canadian Mining issued 5,653,576 common shares to Canadian Zeolite valued at \$16,243 in exchange for Canadian Zeolite’s 100% interest in Canadian Mining Company of Arizona Inc. (through which Canadian Zeolite holds its interest in the Bullard Pass Project).

On February 17, 2017, Canadian Zeolite and Canadian Mining also entered an Arrangement Agreement (the “Arrangement Agreement”). Under the terms of the Arrangement Agreement, the capital of Canadian Zeolite was reorganized by renaming and redesigning all of the issued and unissued Canadian Zeolite common shares as Class A shares and creating an unlimited number of common shares without par value as the new Canadian Zeolite common shares (“New Canadian Zeolite Common Shares”). Each issued and outstanding Class A share was deemed to be exchanged for one New Canadian Zeolite Common Share and for every five (5) Canadian Zeolite Shares held, one (1) Canadian Mining Share. Each Canadian Zeolite Warrant to the extent it had not been exercised as of May 23, 2017, was cancelled and exchanged for one (1) Canadian Zeolite Amended Warrant and for every five (5) Canadian Zeolite Warrants held, one (1) Canadian Mining Warrant rounded down to the nearest whole Canadian Mining Warrant. The Arrangement was approved by the shareholders of Canadian Zeolite on April 28, 2017 and by the Supreme Court of British Columbia on May 1, 2017. As part of the Arrangement, Canadian Mining applied to list its common shares on the TSX Venture Exchange (the “Exchange”). All conditions of the Arrangement were completed as of May 30, 2017. Shares of Canadian Mining will begin trading on the TSX Venture Exchange on June 5, 2017 under the symbol “CNG.” For further details, please see the related documents of the Company which are available on SEDAR at www.sedar.com.

Management’s Discussion and Analysis (“MD&A”) should be read in conjunction with the audited financial statements and notes thereto for the three month period ended September 30, 2017 of Canadian Mining Corp. (Formerly Canadian Zeolite Corp.) (the “Company”). Such financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The Company currently has one material exploration property, the Bullard Pass Property located in Arizona, USA, the details of which are set out below. The Company has not yet determined whether its property interests contain reserves that are economically recoverable. The recoverability of amounts shown for resource properties 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 ACTIVITY

BULLARD PASS PROPERTY – ARIZONA, USA

In 2007 the Canadian Mining Company of Arizona Inc. staked the DB 1 to 176 mineral claims totalling 3,420 acres and acquired 476.52 acres of Arizona State land under mineral exploration permit #08-111861, for total land holdings of 3,896.52 acres, located in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona (the “Bullard Pass Property”). The Company subsequently reduced its ownership interest in the Bullard Pass Property to 22 claims. The Company has recently staked additional claims to increase the Property to 171 claims. The Company is evaluating the property to determine if further exploration will be performed.

On September 27, 2017, the Company announced it had entered into a letter of intent (LOI) with Crust Resources Corp., a British Columbia-registered company, to acquire a 100-per-cent direct or indirect interest in its operating subsidiary, Care Mining Company Ltd., a company registered in the Republic of Ghana. Upon closing, Canadian Mining shall issue to, or as directed by, Care, up to 4.8 million common shares in the capital of Canadian Mining in exchange for transferring all of the issued and outstanding shares of Care to Canadian Mining.

OVERALL PERFORMANCE

The Company was incorporated on April 26, 2013 and completed the plan of arrangement with its then parent, Canadian Zeolite Corp., on May 30, 2017. The Company began trading on the TSX Venture Exchange (the “Exchange”) under the symbol “CNG” on June 5, 2017. As an exploration stage company, the Company has not generated revenues to date from its property and anticipates that it will continue to require equity financing to fund

operations until such time as its properties are put into commercial production on a profitable basis. Since the plan of arrangement, the Company holds the Bullard Pass exploration property as a viable business opportunity to increase shareholder value. As a result, the Company incurred costs in connection with the plan of arrangement and costs in connection with claims maintenance of the property. Net loss for the three month period ended September 30, 2017 was \$1,227,130 compared to \$nil for the year ended September 30, 2016. Managements intends to concentrate its activities on continued evaluation of the Bullard Pass Property and evaluating other exploration assets for acquisition. Management anticipates that expenses will increase during the foreseeable future as the Company carries out its exploration activities.

SELECTED ANNUAL INFORMATION

The following information sets out the Company's audited selected annual information for the years ended June 30, 2017 and June 30, 2016:

	Year Ended June 30, 2017	Year Ended June 30, 2016
	(\$)	(\$)
Net Income (Loss)	(751,923)	(100)
Basic and Diluted Earnings (Loss) Per Share	0.49	1.00

	As at June 30, 2017	As at June 30, 2016
	(\$)	(\$)
Exploration and Evaluation Assets	16,243	11,533
Total Assets	1,033,225	11,533

As a mineral exploration company, the Company has not generated any revenues to date from its property. The Company incurred a net loss of \$751,923 during the year ended June 30, 2017 and a net loss of \$100 during the year ended June 30, 2016. During the year ended June 30, 2017, the Company incurred substantial costs in relation to the plan of arrangement of \$206,525, which were \$nil for the year ended June 30, 2016. As the Company was not active until the completion of the plan of arrangement, the only expenses incurred during the year ended June 30, 2016 was \$100 in administration costs. Since operations increased during the year ended June 30, 2017, the Company has started generating additional expenses. Consulting fees for the year ended June 30, 2017 were \$107,600, professional fees were \$22,140, and exchange and filing fees, primarily related to the listing, were \$17,305. Share-based compensation was \$399,850 in 2017, primarily from the recording of the fair value of 1,200,000 stock options that were granted to Directors and Consultants. There was a gain recorded on foreign exchange transaction during the year of \$1,517. The Company anticipates that expenses will rise in connection with the Company's focus on the identification and development of its current and potential future exploration properties. See the discussion under the headings "Liquidity" and "Capital Resources" for more information.

RESULTS OF OPERATIONS

Year ended June 30, 2017

During the quarter ended September 30, 2017, the Company incurred expenses of \$1,227,130, primarily advertising and promotion of \$177,603, consulting fees of \$71,543, exchange and filing fees of \$18,462, professional fees (accounting and legal) of \$17,166, office and miscellaneous of \$4,203, share-based compensation expenses of \$922,246, exploration expenses of \$24,407, costs related to the plan of arrangement of \$10,941, and a foreign exchange loss of \$1,487. Net loss for the three month period ended September 30, 2017 was \$1,227,130.

During the quarter ended September 30, 2017, the Company did not conduct any field exploration programs. The minimal exploration costs, which were capitalized, consisted of claim maintenance and claim staking. The Company anticipates exploration costs will increase as the properties are developed.

The Company holds one exploration stage mineral property consisting of the Bullard Pass Property as described under the heading “Description of Business”. The Company owns 100% of the Bullard Pass claims and has no contractual obligations to perform work on this property.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company’s financial results for the eight most recently completed quarters:

	Quarter Ended Sept 30, 2017 \$	Quarter Ended June 30, 2017 \$	Quarter Ended March 31, 2017 \$	Quarter Ended December 31, 2016 \$	Quarter Ended Sept 30, 2016 \$	Quarter Ended June 30, 2016 \$	Quarter Ended March 31, 2016 \$	Quarter Ended December 31, 2015 \$
	09/30/2017	06/30/2017	03/31/2017	12/31/2016	09/30/2016	06/30/2016	03/31/2016	12/31/2015
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net income (loss)	(1,227,130)	(671,352)	(73,256)	(7,315)	Nil	Nil	Nil	Nil
Loss per share, basic and diluted	(0.05)	(0.44)	(732.56)	(73.15)	(0.00)	(0.00)	(0.00)	(0.00)

On a quarter-by-quarter basis the loss can fluctuate significantly due to a number of factors including exploration activities during the period, impairment of exploration assets, and the timing of stock option grants.

An analysis of the quarterly results over the last eight quarters shows a significant change in financial performance for the quarters ended September 30, 2017, June 30, 2017, March 31, 2016, and December 31, 2016 as the plan of arrangement occurred during these periods. There are similar results on a quarter by quarter basis during the other five quarters as the company was inactive. During the last four quarters ended September 30, 2017, June 30, 2017, March 31, 2017, and December 31, 2016, the Company has incurred expenses primarily from the plan of arrangement of \$195,584. Professional fees (legal and accounting) were incurred as the Company completed the transaction and exchange and filing fees were also incurred as the Company listed its shares on the TSX Venture Exchange. During the quarters ended September 30, 2017 and June 30, 2017, the Company recorded expenses in relation to the grant of stock options. As such, stock-based compensation was \$922,246 during the quarter ended September 30, 2017 and \$322,850 during the quarter ended June 30, 2017. Management anticipates exploration expenditures to increase as exploration will commence on the current and potential future properties. Other expenditures should also increase going forward as the Company’s activities will increase with the transition to becoming an active exploration company.

USE OF PROCEEDS FOR EXPLORATION

The Company has completed one private placement during the quarter ended September 30, 2017 and one previous financing. None of the proceeds were budgeted for the Bullard Pass Property as the Company is currently evaluating other exploration assets.

LIQUIDITY

The Company has not begun commercial production on its resource property and accordingly, the Company does not generate cash from operations. The Company finances exploration activities by raising capital from equity markets. The Company may encounter difficulty sourcing future financing in light of the recent economic downturn.

The Company had cash of \$2,433,825 at September 30, 2017 and \$nil at September 30, 2016, and the Company had working capital of \$2,392,078 at September 30, 2017 and a working capital deficiency of \$11,533 at September 30, 2016.

On August 4, 2017, the Company issued 8,798,944 units at \$0.25 per unit for gross proceeds of \$2,199,736. Each unit was comprised of one common share and one common share purchase warrant exercisable at \$1.00 per common share for a period of two years from the date of closing.

During the quarter ended September 30, 2017, the Company issued 200,000 common shares pursuant to the exercise of options.

During the quarter ended September 30, 2017, the Company issued 127,900 common shares pursuant to the exercise of warrants.

On May 29, 2016, the Company issued 11,004,467 units at \$0.09 per unit for gross proceeds of \$990,402. Each unit was comprised of one common share and one common share purchase warrant exercisable at \$0.25 per common share for a period of one year from the date of closing. The shares and warrants have an escrow provision whereby 25% are released every four months from the date of issuance.

During the year ended June 30, 2017, the Company issued 270,000 common shares pursuant to the exercise of warrants.

If additional funds are required, the Company plans to raise additional capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements. Due to the overall poor market conditions for junior mineral exploration companies, the Company may find it increasingly difficult to raise the funds required to continue the Company's operations. Share prices have undergone significant decreases and any issuance of the Company's equity securities in the near future may result in substantial dilution to the Company's existing shareholders.

CAPITAL RESOURCES

The Company has no capital commitments in connection with its exploration property. The Company holds 100% interests in the Bullard Pass Property through its wholly-owned subsidiary and is not required to make any expenditure commitments on this property and has no contractual obligations on this property.

The Company will add and or drop claims based on geological merit and as financial resources allow.

Operating Activities

The Company used net cash of \$477,195 in operating activities during the three month period ended September 30, 2017 compared to \$nil during the three month period ended September 30, 2016.

Financing Activities

The Company received \$1,936,539 from financing activities during the three month period ended September 30, 2017 compared to \$4,647 during the three month period ended September 30, 2016.

Investing Activities

The Company used cash of \$42,112 in investing activities during the three month period ended September 30, 2017 compared to \$4,647 during the three month period ended September 30, 2016.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

- (a) The Company incurred consulting fees of \$29,000 (2016 - \$nil) from a company that is controlled, directly or indirectly by an officer, director and shareholder.
- (b) The Company incurred consulting fees of \$4,500 (2016 - \$nil) from a company that is controlled, directly or indirectly by an officer, director and shareholder.

- (c) The Company incurred consulting fees of \$14,250 (2016 - \$nil) from a company that is controlled, directly or indirectly by a former officer, director and shareholder.
- (d) As at September 30, 2017, the Company had amounts receivable of \$7,000 (2016 - \$nil) from Canadian Zeolite Corp. The amounts are receivable.

PROPOSED TRANSACTIONS

There are no proposed transactions that have not been disclosed herein.

SUBSEQUENT EVENTS

There are no subsequent events to report.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended September 30, 2017, and have not been applied in preparing these financial statements.

- New standard IFRS 9, “Financial Instruments” (January 1, 2018)
- Amendments to IFRS 2 “Share-based Payment” (January 1, 2018)
- IFRS 15 “Revenue from Contracts with Customers” (January 1, 2018)
- New standard IFRS 16, “Leases” (January 1, 2019)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

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

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company’s financial instruments consist of cash, amounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the quarters ended September 30, 2017 and 2016, the Company incurred the following expenses:

	Quarter Ended September 30, 2017	Quarter Ended September 30, 2016
Exploration costs	\$24,407	\$nil
General and administrative costs	\$1,202,723	\$nil

An analysis of material components of the Company’s general and administrative expenses is disclosed in the unaudited financial statements for the quarter ended September 30, 2017 to which this MD&A relates. An analysis of the material components of the mineral property acquisition costs and mineral exploration costs are disclosed in the notes to the unaudited financial statements for the quarter ended September 30, 2017 to which this MD&A relates.

The Company had one exploration property during the quarter ended September 30, 2017 pursuant to the plan of arrangement with Canadian Zeolite Corp., which completed on May 30, 2017. The Company has 100% interest in the Bullard Pass Property held through its wholly-owned subsidiary.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

The Company's common shares are listed on the TSX Venture Exchange under the symbol "CNG". The Company's authorized share capital consists of an unlimited number of common shares without par value. As at November 29, 2017 the Company had 26,055,487 common shares issued and outstanding.

Share Purchase Warrants

As at November 29, 2017, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
11,004,967	0.25	May 29, 2018
8,798,944	1.00	August 4, 2019
<u>19,803,911</u>		

As at September 30, 2017, the Company had 365,820 agent's options outstanding exercisable at \$1.00 until August 3, 2019.

Stock Options

The Company had 2,600,000 stock options outstanding as at September 30, 2017 which had the following characteristics:

Number of Options	Exercise Price	Expiry Date
1,200,000	\$0.25	June 9, 2022
1,600,000	\$0.55	August 18, 2022

RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

Risks Related to the Company's Business

Because of the unique difficulties and uncertainties inherent in mineral exploration ventures, the Company faces a high risk of business failure.

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration program that the

Company intends to undertake on its properties and any additional properties that the Company may acquire. These potential problems include unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Company in the exploration of its properties may not result in the discovery of mineral deposits. Any expenditures that the Company may make in the exploration of any other mineral property that it may acquire may not result in the discovery of any commercially exploitable mineral deposits. Problems such as unusual or unexpected geological formations and other conditions are involved in all mineral exploration and often result in unsuccessful exploration efforts. If the results of the Company's exploration do not reveal viable commercial mineralization, the Company may decide to abandon some or all of its property interests.

Loss of Interest in Properties

The Company's ability to maintain an interest in the properties optioned by the Company will be dependent on its ability to raise additional funds by equity financing. Failure to obtain additional financing may result in the Company being unable to make the periodic payments required to keep the property interests in good standing and could result in the delay or postponement of further exploration and or the partial or total loss of the Company's interest in the properties optioned by the Company, including the Qualifying Property.

Because of the speculative nature of the exploration of mineral properties, there is no assurance that the Company's exploration activities will result in the discovery of any quantities of mineral deposits on its current properties or any other additional properties the Company may acquire.

The Company intends to continue exploration on its current properties and the Company may or may not acquire additional interests in other mineral properties. The search for mineral deposits as a business is extremely risky. The Company can provide investors with no assurance that exploration on its current properties, or any other property that the Company may acquire, will establish that any commercially exploitable quantities of mineral deposits exist. Additional potential problems may prevent the Company from discovering any mineral deposits. These potential problems include unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. If the Company is unable to establish the presence of mineral deposits on its properties, its ability to fund future exploration activities will be impeded, the Company will not be able to operate profitably and investors may lose all of their investment in the Company.

The potential profitability of mineral ventures depends in part upon factors beyond the control of the Company and even if the Company discovers and exploits mineral deposits, the Company may never become commercially viable and the Company may be forced to cease operations.

The commercial feasibility of an exploration program on a mineral property is dependent upon many factors beyond the Company's control, including the existence and size of mineral deposits in the properties the Company explores the proximity and capacity of processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental regulation. These factors cannot be accurately predicted and any one or a combination of these factors may result in the Company not receiving an adequate return on invested capital. These factors may have material and negative effects on the Company's financial performance and its ability to continue operations.

Exploration and exploitation activities are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on the Company.

Exploration and exploitation activities are subject to federal, provincial, state and local laws, regulations and policies, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. Exploration and exploitation activities are also subject to federal, provincial, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment.

Environmental and other legal standards imposed by federal, provincial, state or local authorities may be changed and any such changes may prevent the Company from conducting planned activities or may increase its costs of doing so, which would have material adverse effects on its business. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on

the Company. Additionally, the Company may be subject to liability for pollution or other environmental damages that the Company may not be able to or elect not to insure against due to prohibitive premium costs and other reasons. Any laws, regulations or policies of any government body or regulatory agency may be changed, applied or interpreted in a manner which will alter and negatively affect the Company's ability to carry on its business.

Title to mineral properties is a complex process and the Company may suffer a material adverse effect in the event one or more of its property interests are determined to have title deficiencies.

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has either staked property or entered into property option agreements or joint venture agreements on its existing Project interests, the Company cannot give an assurance that title to such property will not be challenged or impugned. Further, the Company cannot give an assurance that the existing description of mining titles will not be changed due to changes in policy, rulings, or law in the jurisdiction where the property is located. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company does not have title to one or more of its properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

The properties optioned by the Company may now or in the future be the subject of first nations land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the properties optioned by the Company cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the properties optioned by the Company are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with first nations in order to facilitate exploration and development work on the properties optioned by the Company.

Because the Company's property interests may not contain mineral deposits and because it has never made a profit from its operations, the Company's securities are highly speculative and investors may lose all of their investment in the Company.

The Company's securities must be considered highly speculative, generally because of the nature of its business and its stage of operations. The Company currently has exploration stage property interests which may not contain mineral deposits. The Company may or may not acquire additional interests in other mineral properties but the Company does not have plans to acquire rights in any specific mineral properties as of the date of this report. Accordingly, the Company has not generated significant revenues nor has it realized a profit from its operations to date and there is little likelihood that the Company will generate any revenues or realize any profits in the short term. Any profitability in the future from the Company's business will be dependent upon locating and exploiting mineral deposits on the Company's current properties or mineral deposits on any additional properties that the Company may acquire. The likelihood that any mineral properties that the Company may acquire or have an interest in will contain commercially exploitable mineral deposits is extremely remote. The Company may never discover mineral deposits in respect to its current properties or any other area, or the Company may do so and still not be commercially successful if the Company is unable to exploit those mineral deposits profitably. The Company may not be able to operate profitably and may have to cease operations, the price of its securities may decline and investors may lose all of their investment in the Company.

As the Company faces intense competition in the mineral exploration and exploitation industry, the Company will have to compete with the Company's competitors for financing and for qualified managerial and technical employees.

The Company's competition includes large established mining companies with substantial capabilities and with greater financial and technical resources than the Company. As a result of this competition, the Company may have to compete for financing and be unable to acquire financing on terms it considers acceptable. The Company may also have to compete with the other mining companies for the recruitment and retention of qualified managerial and technical employees. If the Company is unable to successfully compete for financing or for qualified employees, the Company's exploration programs may be slowed down or suspended, which may cause the Company to cease operations as a company.

The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its exploration activities and investors could lose their entire investment.

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company requires additional financing in order to proceed with the exploration and development of its properties. The Company will also require additional financing for the fees it must pay to maintain its status in relation to the rights to the Company's properties and to pay the fees and expenses necessary to operate as a public company. The Company will also need more funds if the costs of the exploration of its mineral claims are greater than the Company has anticipated. The Company will require additional financing to sustain its business operations if it is not successful in earning revenues. The Company will also need further financing if it decides to obtain additional mineral properties. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

Risks Relating to the Company's Common Stock

A decline in the price of the Company's common stock could affect its ability to raise further working capital and adversely impact its ability to continue operations.

A prolonged decline in the price of the Company's common stock could result in a reduction in the liquidity of its common stock and a reduction in its ability to raise capital. Because a significant portion of the Company's operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to the Company's liquidity and its operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on the Company's business plan and operations, including its ability to develop new products and continue its current operations. If the Company's stock price declines, it can offer no assurance that the Company will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not be able to have the resources to continue its normal operations.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at <http://www.sedar.com>.

BOARD APPROVAL

The board of directors of the Company has approved this MD&A.

SCHEDULE "D"
MD&A OF 1145411 B.C. LTD.

(See attached)

1145411 B.C. Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the period from incorporation on December 15, 2017 to January 15, 2018

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and notes thereto for the period from incorporation on December 15, 2017 to January 15, 2018 of 1145411 B.C. Ltd. (the "Company"). Such consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

DATE

This MD&A is prepared as of March 26, 2018.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information provided in this MD&A, including information incorporated by reference, may contain "forward-looking statements" about the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of the party making the statement and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- (a) the regulation of the recreational cannabis industry in the State of California;
- (b) the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and
- (c) other risks described in this MD&A and described from time to time in documents filed by the Company with Canadian securities regulatory authorities.

With respect to the forward-looking statements contained herein, although the Company believe that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the availability of sources of income to generate cash flow and revenue; the dependence on management and directors; risks relating to the receipt of the required licenses, risks relating to additional funding requirements; due diligence risks; exchange rate risks; potential transaction and legal risks; risks relating to regulations applicable to the production and sale of marijuana; and other factors beyond the Company's control, as more particularly described under the heading "**Error! Reference source not found.**" below.

Consequently, all forward-looking statements made in this MD&A and other documents of the Company, as applicable, are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on its behalf may issue. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and notes thereto for the period from incorporation on December 15, 2017 to January 15, 2018. Such consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

OVERVIEW AND OUTLOOK

The Company was incorporated under the laws of the province of British Columbia on December 15, 2017 under the name 1145411 B.C. Ltd. The registered and head office of B.C. Ltd. is located at 1212 Austin Avenue, Coquitlam, British Columbia V3K 3P5. B.C. Ltd. is the owner of 100% of the issued and outstanding capital stock of Bonhomie Labs Inc. ("Bonhomie"). Bonhomie is the owner of 51% of the issued and outstanding capital stock of SAP Global ("SAP").

Based in Cathedral City, California, SAP is the holder of various cannabis licences that allow it to legally operate cannabis businesses in the State of California. SAP is committed to building a fast growing, lifestyle brand that offers high quality cannabis strains in California.

Bonhomie Labs Inc. Overview

Bonhomie was incorporated on December 8, 2017. Its address is located at 832 La Jolla Rd. La Jolla, CA 92037. Its sole purpose is to serve as a holding company that owns 51% of the issued and outstanding shares of SAP Global. On January 1, 2018, the Company purchased all of the issued and outstanding stock of Bonhomie for \$100 and issued a promissory note for USD \$750,000.

SAP Global Overview

SAP was incorporated on August 4, 2015. It is located at 1237 S. Gene Autry Trail, Palm Springs, CA 92264. 51% of the issued and outstanding shares of SAP are held by Bonhomie and the remaining 49% are held by Gemini Ventures LLC ("**Gemini**"). Based in Cathedral City, California, SAP is the owner or assignee of various entitlements that allow it to operate cannabis businesses in the State of California.

On December 1, 2017, SAP and Tomate Soleil, an affiliate of Gemini entered into the Management Agreement. Under the Management Agreement, SAP is entitled to operate a medical marijuana cultivation and manufacturing facility at the Premises (the "**Business**"), along with all marketing and sales of medical marijuana products arising from said cultivation and manufacturing. The Management Agreement additionally provides that Tomate Soleil will pay for the cost of all goods, all city excise taxes, and the base Franchise Tax Board tax from its revenues (the "**Product Costs**"). SAP is responsible for all operating expenses, including, but not limited to, rent, payroll, advertising, power, gas, electricity, security, water, and building insurance (the "**Operating Costs**"). SAP is entitled to receive a management fee from Tomate Soleil equal to the gross revenues from the Business less Product Costs and Operating Costs. Tomate Soleil has assigned to SAP all right, title, and interest in and to all intellectual property, branding rights, good will, customer lists, leasehold rights, and any and all other interests and rights associated with the operation of the Business and the Premises.

On January 1, 2018, each of SAP, Tomate Soleil, Yushin Wen, and Dr. Philip Wen entered into the Assignment of Rights pursuant to which the holders of all licenses, permits, and entitlements affecting the operation of all cannabis businesses upon the Premises have assigned all such licenses, permits, and entitlements to the sole and exclusive benefit of SAP.

To the best of SAP's knowledge, and as supported by the Department of Public Health, Manufactured Cannabis Safety Branch's grant of temporary manufacturing licenses for medical and adult use cannabis and by Cathedral City's grant of medical cannabis business local licences, SAP's proposed site and storage security measures are in place, are functional and comply with the requirements of all State of California regulatory authorities. To the best of SAP's knowledge, all zoning requirements as set out by the municipality of Cathedral City, California have been achieved and approved by the city inspectors and SAP abides by all city zoning ordinances with respect to operating a recreational cannabis facility on the currently leased property. To the best of SAP's knowledge, there are no outstanding work orders, non-compliance orders, deficiency notices or other such notices relative to the Facility.

SAP's management team has over 40 years of combined experience in all cannabis verticals, from industrial hemp to genetically modified cannabis strains designed to produce high concentrations of cannabinoids. Moreover, this expertise is being institutionalized into SAP's facility designs and operating procedures and is replicable, scalable, and franchisable.

SAP intends to commence commercial operations and be revenue producing at its Cathedral City facility in the first quarter of 2018 pursuant to its: (i) Conditional Use Permit (No. 17-004), approved and issued as of November 15, 2017; (ii) Medical Cannabis Business Local License for Cultivation (MCL 17-002-C), issued on May 18, 2017; and (iii) Medical Cannabis Business Local License for Manufacturing (MCL 17002-M), issued on July 12, 2016. Upon receipt of the certificate of occupancy for the facility, SAP anticipates the timely approval of the follow-on licenses for delivery and distribution by Cathedral City.

SELECTED ANNUAL INFORMATION

The following information sets out the Company's audited selected annual information for the period from incorporation on December 15, 2017 to January 15, 2018:

	For the Period from Incorporation on December 15, 2017 to January 15, 2018
	(\$)
Net Loss	(39,201)
Basic and Diluted Loss Per Share	(506)

	As at January 15, 2018
	(\$)
Total Assets	4,260,766

To date, the Company has not generated any revenues from its planned operations. The Company incurred a net loss of \$39,201 relating to bank charges of \$173, consulting fees of \$12,529, rent of \$22,445, and a foreign exchange loss of \$4,054 during the period from incorporation on December 15, 2017 to January 15, 2018. The Company anticipates that expenses will rise in connection with the Company's focus on its operations in California. See the discussion under the heading "Liquidity and Capital Resources" for more information.

RESULTS OF OPERATIONS

During the period, the Company acquired 100% of the issued and outstanding shares of Bonhomie for \$100.

Bonhomie holds a 51% controlling interest in SAP. At the date of the Company's acquisition of Bonhomie, a nominal \$1 was ascribed to the non-controlling interest in SAP.

Concurrent with this transaction, SAP acquired assets comprised of extraction equipment of \$365,472 and capitalized leasehold improvements aggregating \$208,556. Of these amounts, a total of \$124,109 was paid by the Company in cash prior to January 15, 2018 and the residual balance remains in accounts payable at that date.

During the period, the Company incurred expenses of \$39,201 relating to bank charges of \$173, consulting fees of \$12,529, rent of \$22,445, and a foreign exchange loss of \$4,054.

SUMMARY OF QUARTERLY RESULTS

The Company has completed one fiscal quarter, the financial results of which are detailed below:

	Quarter Ended January 15, 2018
	(\$)
Net Loss	(39,201)
Basic and Diluted Loss Per Share	(506)

LIQUIDITY & CAPITAL RESOURCES

The Company has not begun commercial operations in California and, accordingly, the Company does not generate cash from operations. The Company finances its activities by raising equity capital from private placements. The Company may encounter difficulty sourcing future financing.

The Company had cash of \$3,640,199 at January 15, 2018 and the Company had working capital of \$3,140,233 at January 15, 2018.

On December 22, 2017, the Company issued 100 shares at \$38,000 per share for gross proceeds of \$3,800,000.

The Company defines capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

If additional funds are required, the Company plans to raise additional capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements.

On November 1, 2017, SAP entered into a 36-month lease agreement to rent commercial space for the Company's production facility in Cathedral City, California. The remaining lease obligation at January 15, 2018 is \$749,457

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

Relationships

Nature of the relationship

Key management

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President and Chief Executive Officer, and Chief Financial Officer.

There were no related party transactions during the year.

PROPOSED TRANSACTIONS

On December 17, 2017, the Company entered into a Letter Agreement with Canadian Mining Corp. (“CMC”), pursuant to which CMC agreed to acquire all of the issued and outstanding share capital of the Company in exchange for issuing shares of its common stock equal to US\$20,000,000 at a price per share of CDN\$0.265. If the Proposed Transaction is completed, the Company will become a wholly-owned subsidiary of CMC and the acquisition will constitute a “change of business” by CMC. Concurrently with the completion of the Proposed Transaction, CMC will change its name to “Chemesis Biotech Inc.”. In addition, CMC has applied to voluntarily delist from the TSXV and to list on the CSE.

The valuation ascribed to the Company in the Proposed Transaction was determined by arm’s length negotiation between the Company and CMC. On January 16, 2018, a formal third-party valuation of Bonhomie’s investment in SAP was completed by Houlihan Capital Advisors, LLC. The estimated fair market it Bonhomie’s interest in SAP was estimated to approximately US\$81 million.

SUBSEQUENT EVENTS

There were no subsequent events.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended January 15, 2018, and have not been applied in preparing these financial statements.

New standard IFRS 9, “Financial Instruments”
IAS 28, “Investments in Associate and Joint Ventures

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

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

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company’s financial instruments consist of cash and accounts payable. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

The Company’s shares are privately held. The Company’s authorized share capital consists of an unlimited number of common shares without par value. As at March 26, 2018, the Company had 100 common shares issued and outstanding.

RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

Regulation of Marijuana in the United States

Unlike in Canada which has proposed to have federal legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis under the Access to Cannabis for Medical Purposes Regulations (Canada), investors are cautioned that in the United States, cannabis is largely regulated at the State level. To the Company's knowledge, there are to date a total of 29 States, plus the District of Columbia, that have legalized cannabis in some form. The State of California is among those States.

Notwithstanding the permissive regulatory environment of cannabis at the State level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act (the "CSA") in the United States and as such, remains illegal under federal law in the United States.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture.

As a result of the conflicting views between State legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in August 2013 when then Deputy Attorney General, James Cole, authored a memorandum (the "**Cole Memorandum**") addressed to all United States district attorney acknowledging that, notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several US States had enacted laws relating to cannabis for medical purposes.

The Cole Memorandum outlined the priorities for the Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the Department of Justice never provided specific guidelines for what regulatory and enforcement systems it deemed sufficient under the Cole Memorandum standard. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the Department of Justice should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority.

In March 2017, the newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit. However, on January 4, 2018, Mr. Sessions issued a new memorandum that rescinded and superseded the Cole Memorandum effective immediately (the "**Sessions Memorandum**"). The Sessions Memorandum stated, in part, that current law reflects "Congress' determination that cannabis is a dangerous drug and cannabis activity is a serious crime", and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress and to follow well-established principles when pursuing prosecutions related to marijuana activities. The inconsistency between federal and state laws and regulations is a major risk factor.

Federal law pre-empts state law in these circumstances, so that the federal government can assert criminal violations of federal law despite state law. The level of prosecutions of state-legal cannabis operations is entirely unknown, nonetheless the stated position of the current administration is hostile to legal cannabis, and furthermore may be changed at any time by the Department of Justice, to become even more aggressive. The Sessions Memorandum lays the groundwork for United States Attorneys to take their cues on enforcement priority directly from Attorney General Jeff Sessions by referencing federal law enforcement priorities set by the Attorney General Jeff Sessions. If the Department of Justice policy under Attorney General Jeff Sessions was to aggressively pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Company could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries, (ii) the arrest of its employees, officers, managers and investors, and charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis.

Notably, current federal law (in the form of budget bills) prevents the Department of Justice from expending funds to intervene with states' rights to legalize cannabis for medical purposes. The Ninth Circuit Court of Appeals, which governs California federal courts, has ruled that this federal law means that the Department of Justice cannot spend any federal funds to shut down state-law compliant medical cannabis operators. In the event Congress fails to renew this federal law in its next budget bill, the foregoing protection for medical cannabis operators will be void. Now that the Cole Memorandum has been repealed by Attorney General Jeff Session, the Department of Justice under the current administration or an aggressive federal prosecutor could allege that the Company and its Board and, potentially its shareholders, "aided and abetted" violations of federal law by providing finances and services to its portfolio cannabis companies. Under these circumstances, it is possible that the federal prosecutor would seek to seize the assets of the Company, and to recover the "illicit profits" previously distributed to shareholders resulting from any of the foregoing financing or services. In these circumstances, the Company's operations would cease, shareholders may lose their entire investment and directors, officers and/or shareholders may be left to defend any criminal charges against them at their own expense and, if convicted, be sent to federal prison.

Proceeds of Crime Statutes

The Company will be subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada.

In the event that any of the Company's license agreements, or any proceeds thereof, in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could be materially adverse to the Company and, among other things, could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

Regulatory Scrutiny of the Company's Interests in the United States

For the reasons set forth above, the Company's interests in the United States cannabis market, and future licensing arrangements, may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to carry on its business in the United States.

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the United States or elsewhere. A negative shift in the public's perception of cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. It has been reported by certain publications in Canada that The Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("CDS"), refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settlement hub settling trades in the Canadian equity, fixed income and money markets. CDS or its parent company has not issued any public statement in regard to these reports. However, if CDS were to proceed in

the manner suggested by these publications, and apply such a policy to the Company, it would have a material adverse effect on the ability of holders of Common Shares to make trades. In particular, the Common Shares would become highly illiquid as investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange.

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the United States or elsewhere. A negative shift in the public's perception of medical or recreational cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical and/or recreational cannabis, thereby limiting the number of new state jurisdictions into which the Company could expand. Any inability to fully implement the Company's expansion strategy may have a material adverse effect on the Company's business, financial condition and results of operations.

Our business is dependent on laws pertaining to the marijuana industry.

Continued development of the marijuana industry is dependent upon continued legislative authorization of the use and cultivation of marijuana at the State level. Any number of factors could slow or halt progress in this area. Further, progress, while encouraging, is not assured. While there may be ample public support for legislative action, numerous factors impact the legislative process. Any one of these factors could slow or halt use of marijuana, which would negatively impact our proposed business.

Currently, twenty-nine states and the District of Columbia allow its citizens to use medical marijuana. Additionally, nine states have legalized cannabis for adult use, including the State of California. The state laws are in conflict with the federal CSA, which makes marijuana use and possession illegal on the federal level. The Obama administration, pursuant to the Cole Memorandum, previously effectively stated that it is not an efficient use of resources to direct law federal law enforcement agencies to prosecute those lawfully abiding by state-designated laws allowing the use and distribution of medical marijuana. However, the Sessions Memorandum under the Trump administration has reversed this position which creates a risk of prosecution by a number of federal agencies. Additionally, there can be no assurance as to the position any new administration may take on cannabis and could decide to enforce the federal laws strongly. Any enforcement of current federal laws could cause significant financial damage to the Company and its shareholders.

Marijuana remains illegal under Federal law

Marijuana is a Schedule 1 controlled substance and is illegal under federal U.S. law. Even in those states in which the use of marijuana has been legalized, its use remains a violation of federal law. Since federal law criminalizing the use of marijuana pre-empts state laws that legalize its use, strict enforcement of federal law regarding marijuana would harm the Company's business, prospects, results of operation, and financial condition.

Unfavorable Tax Treatment of Cannabis Businesses

Under Section 280E of the U.S. Internal Revenue Code ("**Section 280E**"), "no deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted." This provision has been applied by the IRS to cannabis operations, prohibiting them from deducting expenses directly associated with the sale of cannabis. Section 280E therefore has a significant impact on the retail side of cannabis, but a lesser impact on cultivation and manufacturing operations. A result of Section 280E is that an otherwise profitable business may, in fact, operate at a loss, after taking into account its income tax expenses.

State Regulatory Uncertainty

The rulemaking process for cannabis operators at the state level in any state will be ongoing and result in frequent changes. As a result, a compliance program is essential to manage regulatory risk. The Company's legal team will provide guidance in regards to any rulemaking processes and resulting regulatory changes. All operating policies and procedures implemented in the operation will be compliance-based and derived from the state regulatory structure governing ancillary cannabis businesses and their relationships to state-licensed or permitted cannabis operators, if any. Notwithstanding the Company's efforts, regulatory compliance and the process of obtaining regulatory approvals can be costly and time-consuming. No assurance can be given that the Company will receive the requisite licenses, permits or cards to operate its businesses.

In addition, local laws and ordinances could restrict the Company's business activity. Although legal under California state law, local governments have the ability to limit, restrict, and ban cannabis businesses from operating within their jurisdiction. Land use, zoning, local ordinances, and similar laws could be adopted or changed, and have a material adverse effect on the Company's business.

Restricted Access to Banking

In February 2014, the Financial Crimes Enforcement Network ("FinCEN") bureau of the U.S. Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the Department of Justice, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the United States do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Company may have limited or no access to banking or other financial services in the United States. In addition, federal money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state it resides in permits cannabis sales. The inability or limitation in the Company's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Company to operate and conduct its business as planned or to operate efficiently.

Limited Trademark Protection

The Company will not be able to register any United States federal trademarks for its cannabis products. Because producing, manufacturing, processing, possessing, distributing, selling, and using cannabis is a crime under the CSA, the United States Patent and Trademark Office will not permit the registration of any trademark that identifies cannabis products. As a result, the Company likely will be unable to protect its cannabis product trademarks beyond the geographic areas in which it conducts business. The use of its trademarks outside the State of California by one or more other persons could have a material adverse effect on the value of such trademarks.

Potential FDA Regulation

Should the federal government legalize cannabis, it is possible that the U.S. Food and Drug Administration (the "FDA"), would seek to regulate it under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations including certified good manufacturing practices, related to the growth, cultivation, harvesting and processing of medical cannabis. Clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where medical-use cannabis is grown register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact would be on the cannabis industry is unknown, including what costs, requirements and possible prohibitions may be enforced. If Company is unable to comply with the regulations or registration as prescribed by the FDA it may have an adverse effect on the Company's business, operating results and financial condition.

Legality of Contracts

Because the Company's contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Company may face difficulties in enforcing its contracts in U.S. federal and certain state courts.

Nature of Licenses

Certain licenses, the rights to which are owned by or assigned to SAP, will be relied upon by the Company to operate its business. These licenses, which include two licenses for the manufacturing of medical and adult-use cannabis granted by the Department of Public Health, Manufactured Cannabis Safety Branch and two medical cannabis business local licenses granted by Cathedral City are temporary and their renewal is not guaranteed. The licenses granted by the Department of Public health, Manufactured Cannabis Safety Branch are set to expire on April 30, 2018 and the licenses granted by Cathedral City are set to expire on May 18, 2018. Due to the temporary nature of the licenses, there is a risk that the Company will be unable to renew these licenses and to continue to rely on their terms to operate its business.

The Company has no operating history

The Company has no operating history and may not succeed. The Company is subject to all risks inherent in a developing business enterprise. The Company's likelihood of continued success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the competitive and regulatory environment in which it operates. For example, the adult use marijuana industry is a relatively new industry which, as a whole may not succeed, particularly should the federal government of the United States decide to prosecute various parties under federal law.

The Company's products

As a relatively new industry, there are not many established players in the recreational cannabis industry whose business model the Company can follow or build on the success of. Similarly, there is no information about comparable companies available for potential investors to review in making a decision about whether to invest in the Company.

Shareholders and investors should further consider, among other factors, the Company's prospects for success in light of the risks and uncertainties encountered by companies that, like the Company, are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur and they may result in material delays in the operation of The Company's business. The Company may not successfully address these risks and uncertainties or successfully implement its operating strategies. If the Company fails to do so, it could materially harm the Company's business to the point of having to cease operations and could impair the value of the Company Shares to the point investors may lose their entire investment.

The Company has committed, and expects to continue to commit, significant resources and capital to develop and market existing products and new products and services. These products are relatively untested, and the Company cannot assure shareholders and investors that it will achieve market acceptance for these products, or other new products and services that The Company may offer in the future. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the business. In addition, new products and services may pose a variety of challenges and require the Company to attract additional qualified employees. The failure to successfully develop and market these new products and services could seriously harm the Company's business, financial condition and results of operations.

Unfavourable Publicity or Consumer Perception

Proposed management of the Company believes the recreational cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the recreational cannabis produced. Consumer perception of the Company's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of recreational cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the recreational cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's proposed products and the business, results of operations, financial condition and cash flows of the Company. The Company'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 Company, the demand for the Company's proposed products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of recreational cannabis in general, or the Company's proposed products specifically, or associating the consumption of recreational cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at <http://www.sedar.com>.

BOARD APPROVAL

The board of directors of the Company has approved this MD&A.

SCHEDULE "E"
CONSOLIDATED PROFORMA BALANCE SHEET OF THE RESULTING ISSUER

(See attached)

**Pro Forma Consolidated Financial
Statements**

Chemesis International Inc.

(unaudited)

As at December 31, 2017

(Expressed in Canadian dollars)

CHEMESIS INTERNATIONAL INC.
Pro-Forma Consolidated Statement of Financial Position
As at December 31, 2017
(Expressed in Canadian dollars)

	Canadian Mining Corp. as at December 31, 2017	1145411 B.C. Ltd. as at January 15, 2018	Notes	Pro Forma Adjustments	Pro Forma Combined
Assets					
Current assets					
Cash	\$ 2,350,961	\$ 3,640,199	2(b)	\$ (75,000)	\$ 5,916,160
Receivables	21,527	-		-	21,527
Deposits	25,000	-		-	25,000
Prepays	389	-		-	389
Due from related party	7,000	-		-	7,000
	2,404,877	3,640,199		(75,000)	5,970,076
Non-current assets					
Exploration and evaluation assets	83,354	-		-	83,354
Equipment	-	365,472		-	365,472
Leasehold improvements	-	255,095		-	255,095
	\$ 2,488,231	\$ 4,260,766		\$ (75,000)	\$ 6,673,997
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	\$ 152,655	\$ 499,966		\$ -	\$ 652,621
Shareholder's equity					
Share capital	3,012,489	3,800,000	2(a)	(4,569,658)	11,382,147
Contributed surplus	1,441,996	-	2(a)	(1,441,996)	-
Accumulated deficit	(2,118,909)	(22,064)	2(a), 2(b)	3,202,662	(5,343,635)
	2,335,576	3,777,936		-	6,038,512
Non-controlling interest	-	(17,136)		-	(17,136)
Total equity	2,335,576	3,760,800		-	6,021,376
Total liabilities and equity	\$ 2,488,231	\$ 4,260,766		\$ (75,000)	\$ 6,673,997

1. TRANSFER OF ASSETS AND BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated financial statements (the "Pro Forma Financial Statements") have been compiled for purposes of inclusion in the listing statement (the "Statement") of Canadian Mining Corp. ("CMC"), dated March 26, 2018, relating to its proposed listing on the Canadian Stock Exchange (the "CSE").

Transaction overview

Pursuant to the terms of the proposed transaction between CMC and 1145411 B.C. Ltd. ("B.C. Ltd.") dated December 17, 2017, it is proposed, among other things, that the following transaction will occur:

- The acquisition by CMC of all of the issued and outstanding B.C. Ltd. common shares (the "B.C. Ltd. Shares"), in exchange for the issuance of CMC common shares (the "CMC Shares") to shareholders of B.C. Ltd; and
- Following the completion of the transaction, holders of CMC Shares (which shall include all of the former holders of B.C. Ltd. Shares) shall become holders of Chemesis International Inc. ("Chemesis").

Completion of the transaction is subject to certain conditions, including among others: (i) the requirement for CMC to obtain approval of at least 51 percent of the votes cast by holders of CMC Shares; (ii) court approval of the transaction; and (iii) obtaining conditional approval of the CSE to the listing of the Chemesis common shares (the "Chemesis Shares"). Upon closing of the transactions, it is anticipated that Chemesis will become a publicly traded company, with an immediate focus on the cannabis industry in California.

Foreign Exchange

For the purposes of these Pro Forma Financial Statements, balances relating to the acquisition price, presented in United States dollars ("USD") were translated to Canadian dollars ("CAD"). The CAD/USD exchange rate of 0.8061 represents the CAD/USD exchange rate per the Bank of Canada on December 31, 2017. Rates of exchange on the closing date of the Transactions will impact the purchase price consideration.

2. PRO-FORMA ADJUSTMENTS

These Pro Forma Financial Statements have been prepared by management of Chemesis in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board from information derived from the financial statements of CMC, and B.C. Ltd.

The Pro Forma Financial Statements gives effect to the accounting continuation of Chemesis as described in the Listing Application, as if it had occurred as at December 31, 2017 for the purposes of the pro-forma consolidated statement of financial position.

It is management's opinion that these Pro Forma Financial Statements include all adjustments necessary for the fair presentation of the transaction, as described below. The unaudited pro forma consolidated financial statements are not intended to reflect the financial position of the Chemesis, which would have actually resulted had the transaction been effected on the dates indicated. Actual amounts recorded upon consummation of the transaction will differ from those recorded in the unaudited pro forma consolidated financial statements and the differences may be material.

The pro forma adjustments contained in these Pro Forma Financial Statements reflect estimates and assumptions by management of Chemesis based on currently available information. The Pro Forma Financial Statements are not necessarily indicative of Chemesis as at the time of closing of the transaction. The Pro Forma Financial Statements should be read in conjunction with the audited annual consolidated financial statements of B.C. Ltd. as at January 15, 2018, and for the period from incorporation on December 15, 2017 to January 15, 2018; the audited annual consolidated financial statements of CMC as at and for the years ended June 30, 2017 and 2016, and the unaudited interim consolidated financial statements of CMC as at and for the six-month period ended December 31, 2017. The Pro Forma Financial Statements have been prepared in accordance with CMC's and B.C. Ltd.'s accounting policies.

CHEMESIS BIOTECH INC.**Notes to Pro-Forma Consolidated Financial Statements**

As at September 30, 2017

(Expressed in Canadian dollars)

2. PRO-FORMA ADJUSTMENTS (CONTINUED)

The acquisition of B.C. Ltd. does not meet the definition of a business combination and is therefore accounted for as an acquisition of an asset. B.C. Ltd. has been identified as the acquirer for accounting purposes.

The following pro forma adjustments have been reflected herein:

- a) On December 17, 2017, CMC announced the proposed acquisition of 100% of the issued and outstanding B.C. Ltd. Shares by way of the proposed transaction. Under the proposed transaction, B.C. Ltd. shareholders will receive four hundred sixty-eight thousand seventy-six (468,076) CMC Shares for each B.C. Ltd. Share for a total of 46,807,547 CMC shares.

As at January 15, 2018, there were 100 B.C. Ltd. Shares outstanding, and there were 13,027,744 CMC Shares outstanding. As a result, CMC is expected to issue CMC Shares, to the shareholders of B.C. Ltd. at the effective time. For use in the preparation of the Pro Forma Financial Statements the value of the issuance of CMC Shares was calculated with reference to the trailing 30-day average share price of CMC at a price of \$0.582 per share. Accordingly, an amount of \$7,582,147, reflecting the purchase consideration for the net assets of \$2,335,576 and the listing expense of \$5,246,571 of CMC, has been recorded through share capital.

Pursuant to the determination that B.C. Ltd. is the accounting acquirer, the value of CMC's share capital of \$3,012,489, contributed surplus of \$1,441,996, and accumulated deficit of \$2,118,909 have been eliminated on consolidation.

- b) Transactions costs approximating \$75,000 have been included and comprise primarily legal, audit and advisory fees. The unaudited pro forma consolidated statement of financial position as at December 31, 2017 reflects the transaction costs as being paid on December 31, 2017.

3. PRO FORMA SHARES OUTSTANDING

The average number of shares used in the computation of pro forma basic and diluted loss per Chemesis Share has been determined as follows:

	<u>As at December 31,</u> <u>2017</u>
Basic and diluted	
Common shares issued and outstanding for the period	13,027,744
Common shares issued to B.C. Ltd.	<u>46,807,547</u>
Pro Forma balance – basic and diluted	<u><u>59,835,291</u></u>

4. INCOME TAXES

The pro forma effective tax rate for December 31, 2017 is nil. There is no tax effect of pro forma adjustments relating to CMC or B.C Ltd. because both entities have net deferred income tax assets which have not been recognised due to uncertainty as to whether those assets will be realised.

SCHEDULE "F"
AUDITOR REPORTING PACKAGE

(See attached)



Crowe MacKay LLP
Member Crowe Horwath International

Elveden House
1700, 717- 7 Avenue SW
Calgary, AB T2P 0Z3
+1.403.294.9292 Tel
+1.403.294.9262 Fax
+1.866.599.9292 Toll Free
www.crowemackay.ca

June 6, 2018

Alberta Securities Commission
British Columbia Securities Commission
TSX Venture Exchange

Dear Sirs/Mesdames:

Re: Canadian Mining Corp. – Notice of Change of Auditors

As required by National Instrument 51-102, we confirm that we have reviewed the information contained in the Notice of Change of Auditors ("the Notice") dated June 4, 2018 by Canadian Mining Corp. ("the Corporation") and, based on our knowledge of such information at this time, we do not disagree with the information contained in the Notice.

We understand that a copy of the Notice and this letter will be provided to the shareholders of the Corporation.

Yours very truly,

A handwritten signature in black ink that reads "Crowe MacKay LLP".

Crowe MacKay LLP
Chartered Professional Accountants



D&H Group LLP
Chartered Professional Accountants
10th Floor, 1333 West Broadway
Vancouver, BC V6H 4C1

dhgroup.ca
t 604.731.5881
f 604.731.9923

June 6, 2018

British Columbia Securities Commission
701 West Georgia Street
PO Box 10142, Pacific Centre
Vancouver, BC
V7Y 1L2

Alberta Securities Commission
Suite 600, 250 - 5th Street SW
Calgary, AB
T2P 0R4

TSX Venture Exchange
300 - 5th Avenue SW
10th Floor
Calgary, AB
T2P 3C4

Dear Sirs:

Re: Canadian Mining Corp. (the "Company")
Notice of Change of Auditors ("Notice")

As required by National Instrument 51-102, we confirm that we have reviewed the information contained in the Notice dated June 4, 2018 by the Company and, based on our knowledge of such information at this time, we agree with the information contained in the Notice.

We understand that a copy of the Notice and this letter will be provided to the shareholders of the Company and will be filed on SEDAR.

Yours truly,

"D&H Group LLP"

D&H GROUP LLP

CANADIAN MINING CORP.

NOTICE OF CHANGE OF AUDITORS

TO: Crowe MacKay LLP, Chartered Professional Accountants

AND TO: D&H Group LLP, Chartered Professional Accountants

TAKE NOTICE THAT:

(a) Crowe MacKay LLP, Chartered Professional Accountants, the former auditors of CANADIAN MINING CORP. (the "Corporation") tendered their resignation effective June 4th, 2018 and the Board of Directors of the Corporation on June 4, 2018 has appointed D&H Group LLP, Chartered Professional Accountants, as successor auditors in their place, effective as of June 4th, 2018;

(b) the former auditors of the Corporation were requested to resign by the Corporation;

(c) the resignation of Crowe MacKay LLP and the appointment of D&H Group LLP in their place have been approved by the Board of Directors of the Corporation;

(d) there have been no reservations contained in the former auditors' reports on any of the financial statements of the Corporation as at June 30, 2017 and June 30, 2016 and its financial performance and its cash flows for the years then ended; and

(e) there are no reportable events (as defined in section 4.11 (7) (e) of National Instrument 51102).

DATED at Vancouver, British Columbia on this 4th day of June, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

"Brian Thurston"

Brian Thurston, CEO