MJARDIN GROUP

CSE FORM 2A LISTING STATEMENT

In connection with the listing of MJardin Group, Inc., the entity formed upon the reverse take-over of Sumtra Diversified Inc. by MJAR Holdings Corp.

November 13, 2018

MJardin Group, Inc. currently derives substantially all of its current revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. MJardin Group, Inc. is directly involved (through licensed parties with whom it contracts) in the cannabis industry in the United States where local state laws permit such activities. Currently, its customers are directly, and MJardin Group, Inc. is indirectly through the services provided to such clients, engaged in the manufacture, possession, use, sale or distribution of cannabis in the legal and regulated recreational and/or medicinal cannabis marketplace in the States of Colorado and Nevada.

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. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration has not approved cannabis as a safe and effective drug for any indication.

In the United States, cannabis is largely regulated at the state level. 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 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. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and the federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

On January 4, 2018, U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the United States, including the Cole Memorandum (as defined herein). With the Cole Memorandum rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law. U.S. Attorney General Jeff Sessions resigned on November 7, 2018. As of his resignation, Matthew Whitaker is the acting U.S. Attorney General. It is unclear what impact this development will have on U.S. federal government enforcement policy

There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the Controlled Substances Act 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. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, MJardin Group, Inc.'s business, results of operations, financial condition and prospects would be materially adversely affected. See Section 17 of this Listing Statement – Risk Factors for additional information on this risk.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum discussed above, on February 8, 2018 the Canadian Securities Administrators published a staff notice (Staff Notice 51-352) setting out the Canadian Securities Administrator's disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

Please see Trends, Commitments, Events or Uncertainties in Section 3.3 for further information on the material facts, risks and uncertainties related to U.S. issuers with marijuana-related activities.

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1 About This Listing Statement

1.1 Glossary of Terms

Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the meanings set forth below when used in this Listing Statement.

"AAC" means the Arizona Administrative Code.

"ACMPR" means the *Access to Cannabis for Medical Purposes Regulations* (Canada).

"ADHS" means the Arizona Department of Health Services.

"**ADHS Regulations**" the regulations under the AMMA.

"Affiliates" has the meaning ascribed thereto in the OBCA.

"**Agent Options**" means the options in the capital stock of the Company issued to each of Canaccord, Cormark and KES 7 on October 19, 2018 with an expiry date of October 19, 2020, such options exercisable, in the aggregate, for up to 151,752 common shares of capital stock at an exercise price of C$12.00.

"Alpha" means Alpha Royalty Corp.

"AMMA" means the Arizona Medical Marijuana Act.

"Asset Manager" has the meaning ascribed thereto in Section 4.1.

"Audit Committee" means the Audit Committee of MJardin.

"AUMA" means the Adult Use of Marijuana Act.

"Base Amount" has the meaning ascribed thereto in Section 9.

"BCC" means the Bureau of Cannabis Control.

"Bridging" or **"Bridging Finance"** means Bridging Finance Inc.

"Bridging Loan" means the loan provided by Bridging Finance Inc. to the Company on December 29, 2017.

"**Bridging Canadian Note**" means that Promissory Note dated December 29, 2017 in the aggregate principle amount of C$5,500,000 in favour of Bridging Finance issued by MJardin Canada Inc. and MJardin Manitoba Inc. and certain of their respective affiliates.

"**Bridging U.S. Note**" means that Promissory Note dated December 29, 2017 in the aggregate principle amount of C$26,800,000 in favour of Bridging Finance issued by MJAR LLC and certain of its affiliates.

"**Bridging Warrant**" means the warrant in the capital stock of the Company issued to Bridging on January 17, 2018 with an expiry date of January 17, 2021, such warrants exercisable at an aggregate strike price of $1.00 for up to $775,200 worth of Common Shares at a price generally equal to the average price per share of the Resulting Issuer following the RTO Transaction.

"Buddy Boy Brands" has the meaning ascribed thereto in Section 3.1.

"Buddy Boy Transaction" means the purchase of certain economic interests in Buddy Boy Brands by a subsidiary of the Company on January 17, 2018.

"**C$**" means Canadian dollars

"**Canaccord**" means Canaccord Genuity Corp.

"CDS" means the Clearing and Depository Services Inc.

"CDSA" means the Controlled Drugs and Substances Act.

"CEO" means Chief Executive Officer.

"Certificate" means a Dispensary Registration Certificate.

"CFO" means Chief Financial Officer.

"Cheyenne Transaction" has the meaning ascribed thereto in Section 3.1.

"Class A Shares" means the Class A Shares in the capital of MJardin.

"Code" has the meaning ascribed thereto in Section 9.

"Cole Memorandum" means the memorandum authored by Deputy Attorney General, James Cole on August 29, 2013.

"Common Shares" means the common shares in the capital of MJardin.

"Company" means MJAR Holdings Corp.

"Company Common Shares" means the common shares in the capital of the Company.

"Company Debentures" means the 10% Secured Subordinated Convertible Debentures and Secured Convertible Debentures of the Company due on February 28, 2018.

"**Company Incentive Shares**" means shares in the capital of the Company issued pursuant to the 2018 Equity Incentive Plan of the Company.

"**Company Series A Preferred Shares**" means the Series A Preferred Shares in the capital of the Company.

"**Cormark**" means Cormark Securities Inc.

"CPA" means Certified Public Accountant.

"CSA" means the Controlled Substances Act of 1970 (21 U.S.C § 811).

"CSE" means the Canadian Securities Exchange.

"C&G Committee" means the Compensation and Governance Committee of MJardin.

“Dispensary” means a “nonprofit medical cannabis dispensary” as not-for-profit entity that acquires, possesses, cultivates, manufactures, delivers, transfers, transports, supplies, sells or dispenses cannabis or related supplies and educational materials to cardholders under the Rules.

“Dispensary License” means the Medical Marijuana Dispensary Registration Certificate.

“Dividend Equivalent” has the meaning ascribed thereto in Section 9.

“DOJ” means the United States Department of Justice.

“Dollars” means U.S. dollars.

“DOT” means the Nevada Department of Taxation

“Equity Incentive Plan” means the 2018 Equity Incentive Plan of the Company.

“Expanded Affiliated Group” has the meaning ascribed thereto in Section 3.1.

“FinCEN” means the Financial Crimes Enforcement Network.

“**FinCEN Memorandum**” means the memorandum issued by the Financial Crimes Enforcement Network of the Treasury Department in February 2014.

“F&L” means F & L Investments, LLC, a Nevada limited liability company.

“Form 51-102F6V” means National Instrument Form 51-102F6V - Statement of Executive Compensation – Venture Issuers.

“GreenMart” means GreenMart of Nevada, LLC, a Nevada limited liability company.

“GrowForce” means GrowForce Holdings Inc.

“Inversion” has the meaning ascribed thereto in Section 17.

“**Inversion Conditions**” means has the meaning ascribed thereto in Section 17.

“IPM” means Integrated Pest Management.

“ISOs” means incentive stock options.

“Issuer” means MJardin Group, Inc.

“IT” means information technology.

“ITA” means the *Income Tax Act* (Canada).

“**KES 7**” means KES 7 Capital Inc.

“KES 7 Warrant” means the warrant in the capital stock of the Company issued to KES 7 on December 22, 2017 with an expiry date of December 22, 2020, such warrants exercisable for up to 466,321 common shares of capital stock at an exercise price of $1.93 per share.

“Leahy Amendment” means the omnibus appropriations bill, SJ 1662 passed by the United States Congress.

“Listing Statement” means this Listing Statement.

“MAUCRSA” means the Medicinal and Adult-Use of Cannabis Regulation and Safety Act.

“MCRSA” means the Medical Marijuana Regulation and Safety Act (California).

“MCSB” means the California Manufactured Cannabis Safety Branch.

“MD&A” means Management Discussion & Analysis.

“MED” means the Marijuana Enforcement Division, a subdivision of the Colorado Department of Revenue.

“METRC” means Nevada Marijuana Enforcement Tracking Reporting and Compliance.

“MJardin Capital” means MJardin Capital LLC.

“MJAR LLC” means MJAR Holdings, LLC, a predecessor to the Company.

“MJardin” means MJardin Group, Inc. or the Resulting Issuer.

“MJardin Board” means the Board of Directors of MJardin.

“MJardin University” means MJardin’s proprietary learning management system.

“MMJ Program” means the Arizona Department of Health Services Medical Marijuana Program.

“MMPR’’ means the Marijuana for Medical Purposes Regulations (Canada).

“MMTC” means Medical Marijuana Treatment Centers.

“MSA” has the meaning ascribed thereto in Section 3.1.

“NEOs” means Named Executive Officers.

“New Equity Incentive Plan” has the meaning ascribed thereto in Section 9.

“NQSOs” means nonqualified stock options.

“Original Series A Investors” has the meaning ascribed thereto in Section 3.1.

“OBCA” means the *Business Corporations Act* (Ontario).

“Options” means NQSOs and ISOs collectively.

“OSHA” means the Occupational Safety and Health Administration.

“Participants” mean the employees, officers, directors, consultants who are eligible to participate in the New Equity Incentive Plan if selected by the C&G Committee of MJardin.

"Person" means an individual, corporation, partnership, joint venture, trust, unincorporated organization, the Crown or any agency or instrumentality thereof or any other juridical entity.

"Promoter" has the meaning ascribed to such term in Section 18.

"PTSD" means post-traumatic stress disorder.

"Regulations" means the Cannabis Act Regulations.

"Resulting Issuer" means MJardin.

"Revised Series A Purchase Price" has the meaning ascribed thereto in Section 3.1.

"RMDs" means Registered Marijuana Dispensaries.

"Rohrabacher-Blumenauer Amendment" means the Rohrabacher Amendment Title: H.R.2578 — Commerce, Justice, Science, and Related Agencies Appropriations Act, 2016.

"RTO Transaction" means the transactions contemplated by the RTO Agreement

"RTO Agreement" means the merger agreement and plan of reorganization, as amended, restated or supplemented from time to time, among Sumtra, Sumtra Merger Sub and MJAR Holdings Corp. dated September 7, 2018.

"Rules" means AAC Title 9 Chapter 17 ARS § 36-2801(11).

"SAR" means a stock appreciation right.

"Sessions Memorandum" means the memorandum authored by Attorney General Jeff Sessions on January 4, 2018 that rescinded the Cole Memorandum.

"Shares" mean collectively the Common Shares and the Class A Shares.

"SOPs" means standard operating procedures.

"Staff Notice 51-352" means CSA Staff Notice 51-352 (Revised) - Issuers with U.S. Marijuana-Related Activities.

"Sumtra" means Sumtra Diversified Inc.

"Sumtra Merger Sub" means Sumtra Diversified (USA) Inc., a Delaware corporation wholly-owned by Sumtra.

"Subscription Receipts" means the equity private placement offering of up to 2,167,890 subscription receipts pursuant to an agency agreement dated October 19, 2018 with Canaccord, KES 7 and Cormark.

"Tax Code" means the Internal Revenue Code of 1986, as amended.

"TMX MOU" means the Memorandum of Understanding signed by the TMX Group on February 8, 2018.

"Top Up Shares" has the meaning ascribed thereto in Section 3.1.

"TSX" means the Toronto Stock Exchange.

"US$" means U.S. dollars.

"We" means the Company.

1.2 General

Unless otherwise indicated:

(i) all dollar amounts are expressed in U.S. dollars, except as otherwise indicated. References to "**$**", "**US$**" or "**dollars**" are to U.S. dollars and references to "**C$**" are to Canadian dollars.

(ii) any statements in this Listing Statement made by or on behalf of management are made in such person's capacities as officers of the MJardin and not in their personal capacities;

(iii) the information contained or referred to herein relating to Sumtra and its subsidiaries has been furnished by Sumtra, without independent verification by MJardin. In preparing this Listing Statement, MJardin has relied upon Sumtra to ensure that this Listing Statement contains full, true and plain disclosure of all material facts relating to Sumtra and its subsidiaries;

(iv) no Person has been authorized to give any information or make any representation in connection with MJardin other than as contained in this Listing Statement, and if given or made, any such information or representation must not be relied upon as having been authorized by MJardin; and

(v) all information contained in this Listing Statement is given as of November 13, 2018, unless otherwise specifically stated.

(vi) neither the delivery of this Listing Statement nor any distribution of the securities referred to in this Listing Statement will, under any circumstance, create an implication that there has been no change in the information set forth herein since the date of such information given in this Listing Statement.

(vii) this Listing Statement does not constitute an offer to sell or a solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or a proxy solicitation.

(viii) this Listing Statement includes market and industry data that has been obtained from third-party sources, including industry publications. MJardin believes that the 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, MJardin 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.

1.3 Forward Looking Information

This Listing Statement includes estimates, projections, and other forward-looking statements, within the meaning of applicable Canadian Securities Laws or United States securities legislation. All estimates, projections, and other forward-looking statements have been prepared by MJardin on assumptions that management considers reasonable, but these estimates, projections, and statements involve a high degree of risk and may not prove accurate. No representation is made as to the accuracy of such estimates, statements, or projections or their attainability, and nothing in this Listing Statement shall be relied upon as a promise or representation as to MJardin's future performance. MJardin and its existing and proposed activities are subject to various risks and uncertainties, including, but not limited to, those described in the section titled "**Risk Factors**" in this Listing Statement.

Statements that are not historical facts or that describe MJardin's plans, beliefs, goals, intentions, objectives, projections, expectations, assumptions, strategies, or future events are forward-looking statements. In addition, terms such as "will," "believe," "anticipate," "estimate," "plan," "projects," "continuing," "ongoing," "expect," "intend," "potential," and similar expressions and discussions of MJardin's strategy or other intentions identify forward-looking statements. These statements involve estimates, assumptions and uncertainties that could cause actual results to differ materially from those expressed for the reasons described in this Listing Statement. Undue reliance should not be placed on these forward-looking statements. The forward-looking statements speak only as of the date on which they are made, and MJardin undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. In addition, MJardin cannot assess the impact of each factor on MJardin's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

This Listing Statement includes certain statements and estimates provided by MJardin with respect to the anticipated future performance of MJardin. Such statements and estimates reflect various assumptions by MJardin concerning anticipated results, which assumptions may or may not prove to be correct. No representations are made as to the accuracy of such statements and estimates, as well as the exercise of a substantial degree of judgment by management as to the scope and presentation of such information. Actual results achieved during projection periods may differ substantially from those projected.

Certain of the information contained in this Listing Statement concerning industry trends and performance is based upon or derived from information provided by third-party consultants, other industry sources and MJardin's research. MJardin believes such information is accurate and that the sources from which it has been obtained are reliable. However, MJardin cannot guarantee the accuracy of such information and has not independently verified the assumption upon which projections of future trends and performance are based.

Statements containing forward-looking information are made as of the date of this Listing Statement and include, but are not limited to, statements with respect to:

- The performance of MJardin's business and operations;

- MJardin's expectations regarding revenues, expenses and anticipated cash needs;

- The intention to grow MJardin’s business and operations;
- The growth in the number of cannabis growth and/or processing facilities under management by MJardin;
- The growth in the amount of cannabis-based products sold by growers and/or processors managed by MJardin;
- Industry growth trends, including with respect to projected sales of recreational cannabis products and number of patients using cannabis-based pharmaceutical products;
- The number of grams of cannabis used by each patient and each recreational cannabis user;
- The competitive conditions of the industry in which MJardin operates;
- The legalization of the use of cannabis for medical and/or recreational use in jurisdictions outside of the United States and Canada;
- The expected timing and completion of MJardin’s near-term objectives, including, without limitation, the acquisition of debt, real estate and/or equity interests in other cannabis operators;
- Laws and any amendments thereto applicable to MJardin;
- The competitive advantages and business strategies of MJardin;
- The medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis; and
- The legalization of cannabis for medical and/or recreational use in the United States and Canada, and the timing related thereof and MJardin’s intentions to participate in such market(s), if and when legalized.

Forward-looking statements are subject to known and unknown risks, uncertainties, assumptions, and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including risks, uncertainties and assumptions set out under the heading “**Risk Factors**” in Item 17. Although MJardin has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. MJardin does not undertake to update or revise any forward-looking statements that are included herein, except in accordance with applicable securities laws. *See Item 17 – Risk Factors.*

Throughout this Listing Statement various logos and trademarks will be used. These trademarks and logos are the property of their respective owners.

An investment in MJardin's securities should be considered highly speculative. There is no guarantee that an investment in MJardin will earn any positive return in the short or long term. An investment in MJardin is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. There are certain risk factors associated with an investment in MJardin’s securities.

2 Corporate Structure

2.1 Corporate Name and Head and Registered Office

This Listing Statement has been prepared in connection with the RTO Transaction and proposed listing on the CSE of MJardin Group, Inc. (the "**Resulting Issuer,**" or "**MJardin**" as the context requires).

The current registered office of MJAR Holdings Corp. (the "**Company**" or "**we**") is 3461 Ringsby Court, Unit 350, Denver, CO 80216.

Upon completion of the RTO Transaction, the head office of MJardin will be located at 1 Toronto Street, Suite 801, Toronto, ON M5C 2V6, Canada. The registered office of MJardin will be located at 1 Toronto Street, Suite 801, Toronto, ON M5C 2V6, Canada.

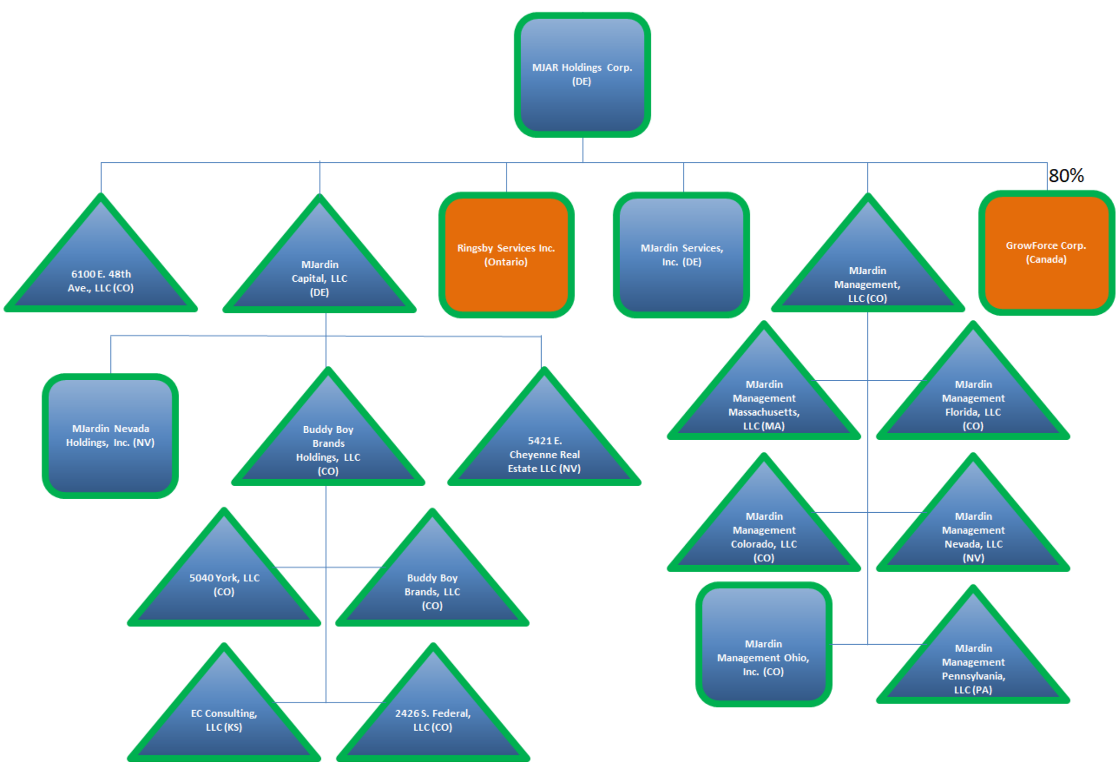
2.2 Incorporation

MJardin is incorporated under the Business Corporations Act (Ontario) (the "**OBCA**").

See Section 3.1 – General Development of the Business – The Company

2.3 Intercorporate Relationships

The organizational chart of the Company setting out the material subsidiaries is set forth below: [(1)]

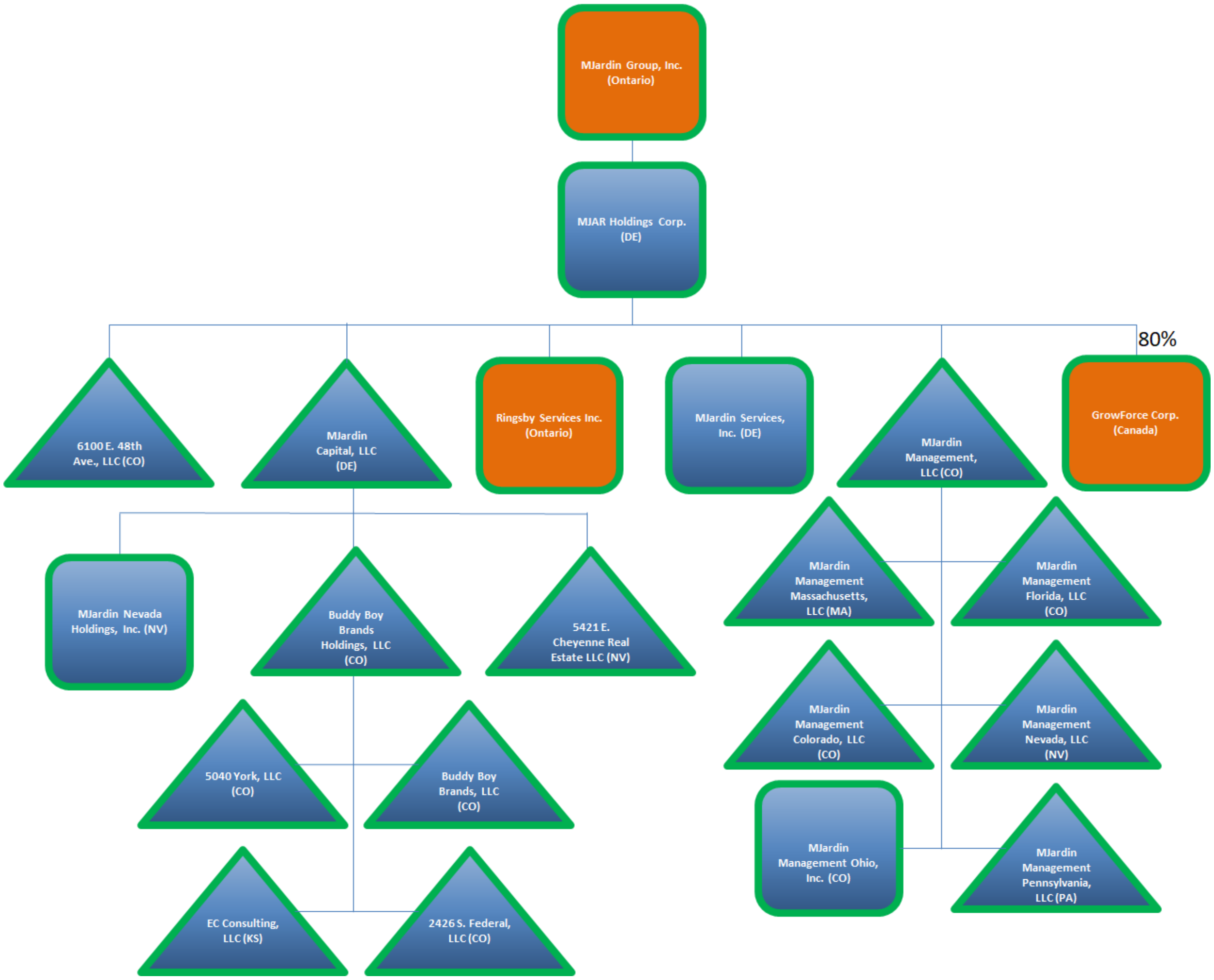


Notes:

(1) Subsidiaries are all wholly-owned unless otherwise indicated.

2.4 Intercorporate Relationships following RTO Transaction.

The organizational chart of MJardin, after the RTO Transaction setting out the subsidiaries is set forth below: [(1)]



Notes:

(1) Subsidiaries are all wholly-owned unless otherwise indicated.

2.5 Incorporation outside Canada.

Not Applicable.

3 General Development of the Business

3.1 General Business.

Sumtra

Sumtra was incorporated on August 30, 1978 under the OBCA. Sumtra operated as an investment holding company, with investments in real estate and publicly traded securities. In 2001, Sumtra was listed on the TSX Venture Exchange under the trading symbol "**SDV**" and in 2004, Sumtra failed to meet the ongoing listing standards of the TSX Venture Exchange and began trading on the NEX. Sumtra ceased active business operations in 2014 and on October 11, 2016 a trading halt was imposed on Sumtra's shares, which continues to remain in effect.

The Company

Inception through 2015

The business of the Company was initially carried out by MJAR Holdings, LLC, which was formed on March 19, 2014 in accordance with the Delaware Limited Liability Company Act. Since its inception, the Company has been in the business of cloning, growing, breeding, cultivating, harvesting, monitoring, processing and developing go-to-market strategies for licensed owners in the legal cannabis industry.

The general business model employed by the Company and its subsidiaries since inception is to utilize cannabis cultivation technologies developed and acquired by the Company to earn management and consulting fees by providing consulting, turnkey cannabis cultivation, processing solutions and operational support to licensed cannabis cultivators, processors and dispensaries throughout the United States. These services include licensure support, facility design, systems implementation, equipment leasing, facility ramp-up and day-to-day personnel management and operations of large scale production facilities.

On June 1, 2014, the Company raised an aggregate of $2,762,000 from the issuance of 1,532,792 Series A Preferred Shares ("**Series A Preferred Shares**") at a price of $1.9324 per share to a group of investors (the "**Original Series A Investors**"). On June 14, 2014, the Company pre-paid $150,000 plus interest on a $250,000 convertible promissory note issued to one of its initial investors, with the balance converted into 155,231 Series A Preferred Shares. On April 27, 2015 the Company issued an additional 3,216,943 Series A Preferred Shares at a price of $1.4493 per share (the "**Revised Series A Purchase Price**"), for aggregate proceeds of $4,558,090. Pursuant to the issuance of Series A Preferred Shares on April 27, 2015, the Original Series A Investors received the benefit of the April 27, 2015 revised investment terms, including without limitation the Revised Series A Purchase Price. The application of the Revised Series A Purchase Price to the Original Series A Investors resulted in the issuance by the Company of an aggregate 456,273 additional Series A Preferred Shares (the "**Top Up Shares**") to the Original Series A Investors (other than Rio Holdings, LLC) such that the total number of Series A Preferred Shares held by each such Original Series A Investor after the issuance of such Top Up Shares equaled the number of Series A Preferred Shares such Original Series A Investor would have received if the entirety of each Original Series A Investor's original investment had been made at the Revised Series A Purchase Price of $1.4493 per share.

As of December 31, 2015, the Company had 55 employees and managed 21 cultivation facilities for ten clients in seven different U.S. states. Total gross revenues for the Company for the year ended December 31, 2015 were $3,007,250.

2016

In 2016, with the continuing trend of legalization of both medicinal and adult use cannabis in a number of additional U.S. states, the Company continued its growth, in terms of headcount, number of clients and total revenues.

As of December 31, 2016, the Company had 155 employees and managed 18 cultivation facilities for 14 clients in seven different U.S. states. Total gross revenues for the Company for the year ended December 31, 2016 were $11,811,920.

2017

2017 was a transformative year for the Company, both in terms of transition in leadership to a more highly professionalized management team and adaptations in its core business model.

In June 2017, Rishi Gautam, a Series A Preferred Share investor and a member of the Company's board of directors since 2014, assumed the role of Chief Executive Officer. Shortly thereafter, Arthur J. Brown, an audit partner with experience at national accounting firms, funds and operating companies, also joined as Chief Financial Officer. With these management changes, the Company began to focus on more high-value service engagements with clients, and generally implemented more sophisticated and rigorous operational procedures.

In the second half of 2017, the Company commenced making direct and indirect investments (including through equity, debt and real estate) in client and non-client cannabis projects, with a view to diversifying its revenue and earnings from management and consulting fees into interest, rents, dividends and capital gains. This strategy allows the Company to strategically deploy its capital to existing and potential clients, potentially creating new client and facility management opportunities for the Company, and expanding existing client relationships. Through these investments, the business model of the Company began to transition from one of strictly a service provider to one that also includes being a partner/owner, thereby elevating the Company's position within the growing legal cannabis industry.

On December 15, 2017, the Company issued 5,407,282 new Company Common Shares to a combined feeder entity for several new investors at a price of $2.1740 per share, for aggregate proceeds of $11,755,431, with such feeder entity also purchasing 2,950,000 outstanding Company Common Shares from a founder of the Company and 530,993 outstanding Series A Preferred Shares from certain of the Original Series A Investors.

On December 22, 2017, the Company completed a brokered and non-brokered private placement offering of an aggregate of $21,400,000 of 10% Secured Subordinated Convertible Debentures and Secured Convertible Debentures due February 28, 2018 (the "**Company Debentures**"). The completion of the Buddy Boy Transaction (defined below) prior to February 28, 2018 automatically extended the maturity date of the Company Debentures to February 28, 2020. The proceeds of the Company Debenture offering were to fund the Company's expansion in the United States, including acquisitions of debt and equity interests in vertically integrated cannabis companies and related real estate investment opportunities.

On December 29, 2017, the Company entered into a demand loan provided by Bridging Finance Inc. for an aggregate amount of $25,623,590 (C$32,300,000) (the "**Bridging Loan**"). The Bridging Loan consists of two distinct loan facilities, a U.S. facility (with the Company and its US affiliates as loan parties) and a Canadian facility (with two newly formed Canadian affiliates as loan parties). The U.S. facility, in the amount of $21,259,893 (C$26,800,000), was specifically intended to partially finance the Buddy Boy Transaction (defined below).

As of December 31, 2017, the Company had 203 employees and managed 17 cultivation facilities for 14 clients in eight different U.S. states. Total gross revenues for the Company for the year ended December 31, 2017 were $15,387,951.

2018 to Present

On January 17, 2018, the Company, through a wholly-owned subsidiary, purchased certain assets, including debt receivables, real estate, intellectual property, and management service contracts solely serving a Colorado-based business comprised of TwoG Ventures, LLC, 3B Ventures, LLC and their respective subsidiaries and operating under the name "Buddy Boy Brands" ("**Buddy Boy Brands**"), a fully integrated cannabis business operating seven dispensary locations and five cultivation facilities in and around Denver, Colorado for approximately $40,000,000 (the "**Buddy Boy Transaction**") using proceeds from the Company Debenture offering and the Bridging Loan.

In February 2018, the Company incorporated a wholly-owned subsidiary, GrowForce Holdings Inc. ("**GrowForce**"), which was formed to own, operate and invest in cannabis projects outside of the United States, beginning principally in Canada, where cannabis production is scheduled to become legalized. See "Section 3.3 - Trends, Commitments, Events or Uncertainties". It is intended that the Company will serve as the exclusive cultivation manager for all GrowForce owned and/or operated projects outside of the United States. Based on developments in the cannabis sector in the U.S. and guidance from Canadian stock exchanges and securities regulatory authorities, the Company divested most of its interest in GrowForce on February 26, 2018. Pursuant to this spin-off, the Company implemented a rights offering, whereby existing Company securityholders received the right to subscribe for their pro-rata share of GrowForce common shares for aggregate proceeds to GrowForce of C$100,000. The Company currently owns less than one percent of GrowForce's issued and outstanding common shares.

On April 25, 2018, MJardin Management, LLC, a Colorado limited liability company and a wholly-owned subsidiary of the Company, entered into an exclusive license agreement with GrowForce pursuant to which GrowForce is the exclusive licensee in all jurisdictions outside of the United States where recreational and/or medicinal cannabis has been legalized for all cannabis-related intellectual property owned indirectly by the Company. Under this license agreement, GrowForce or its sub-licensees will pay a royalty to the Company equal to 3% of gross sales from all legal cannabis produced at all GrowForce owned and/or operated projects for a minimum of five years for each such project.

On May 8, 2018, Ringsby Services Inc. ("**Ringsby**"), an Ontario corporation and a wholly-owned subsidiary of the Company, entered into an exclusive Master Management Services Agreement (collectively, the "**MSA**") with GrowForce. The MSA represents an expansion of the Company's operations outside of the United States as well as a substantial potential increase in its revenue base. Pursuant to the terms and conditions of the MSA, GrowForce retains Ringsby as the exclusive cultivation manager for all GrowForce owned and/or operated projects, with principal services to include (i) design and operation of cultivation and related facilities; (ii) cultivation and harvest of legal cannabis; (iii) extraction, sale and commercialization of legal cannabis products; and (iv) recruitment, training and deployment of workforces in connection with legal cannabis operations. Per the MSA, GrowForce pays Ringsby the following fees: a) a flat fee equal to 8% of project build-out and facility improvement costs (capped at $2 million per facility project); and b) reimbursement of all costs plus 30% margin for all management work (including workforce members deployed) after completion of build-out. In addition to its existing operations in Canada, GrowForce is actively pursuing opportunities to expand globally in other federally legal cannabis markets.

Throughout 2018, the Company engaged in a series of internal reorganizations to simplify its corporate structure. Included in these reorganizations was a conversion of all but $200,000 of the Company

Debentures into Company Common Shares at an effective pre-money valuation of the Company of $60 million (or a per share value of $2.0989). Similarly, on April 13, 2018, the Company effected an internal merger pursuant to which each outstanding Series A Preferred Share was exchanged for 1.85 Company Common Shares. In addition, in June 2018, the Company effected an additional internal merger, as a result of which the Company became a Delaware C corporation (named MJAR Holdings Corp.)

As of June 30, 2018, the Company had 354 employees and managed approximately 36 cultivation facilities for 7 clients in 2 different U.S. states. Total gross revenues for the Company for the six months ended June 30, 2018 were approximately $9.8 million.

In August 2018, the Company and certain of its wholly-owned subsidiaries purchased certain assets, including debt receivables and real estate, solely serving F & L Investments, LLC, a Nevada limited liability company ("**F&L**"), and its wholly-owned subsidiary, GreenMart of Nevada, LLC, a Nevada limited liability company ("**GreenMart**"), a licensed cannabis cultivator in Nevada. At the time of the transactions, F&L was owned in equal parts by John Fritzel and James Lowe, each of whom owned more than 5% but less than 10% of the issued and outstanding Company Common Shares. In connection with the purchase of the assets, the Company, and a wholly-owned subsidiary of the Company, extended a loan, evidenced by a convertible promissory note, to F&L and entered into a membership interest purchase agreement with the equal owners of F&L (John Fritzel and James Lowe), pursuant to which the Company, and a wholly-owned subsidiary of the Company, would acquire 100% of the membership interests of F&L upon the approval of Nevada regulatory authorities. The aggregate purchase price for the various transactions (collectively, the "**Cheyenne Transaction**") was approximately $22 million, satisfied through cash (approximately $9.1 million) and Company Shares (approximately 3.6 million shares or US$13 million). The Cheyenne Transaction was carried out pursuant to a letter of intent entered into between the relevant parties in February 2018, which stated that the Company Common Shares issued as consideration were to be issued based upon an implied Company valuation of $150 million. To fund the cash portion of the Cheyenne Transaction, the Company and Bridging Finance Inc. amended the U.S. facility of the Bridging Loan and thereby increased the aggregate amount of the U.S. facility loan by C$15,330,962. In consideration for Bridging Finance Inc. entering into the amendment, Bridging Finance Inc. received cash and the right to receive, upon the occurrence of the RTO Transaction, $1 million in Company Common Shares at an implied Company valuation of C$12.00 per Company Common Share.

On September 7, 2018, Sumtra, Sumtra Merger Sub and MJAR Holdings Corp. entered into a merger agreement and plan of reorganization, as amended, restated or supplemented from time to time (the "**RTO Agreement**"), which sets out the terms and conditions pursuant to which the parties will complete a business combination (the "**RTO Transaction**"). The RTO Agreement contains various covenants, representations and warranties of and from each of the parties thereto and various conditions precedent. The terms of the RTO Transaction are the result of arm's length negotiations conducted between Sumtra and MJardin and their respective legal and financial advisors.

The RTO Transaction closed on November 13, 2018 and was implemented by way of a three-cornered amalgamation whereby the Company merged with Sumtra Merger Sub under Delaware General Corporation Law, with the Company continuing as the surviving corporation and securityholders of the Company received securities of Sumtra, which continued under the name MJardin Group, Inc. Through the RTO Transaction, the Company became a wholly-owned subsidiary of MJardin Group, Inc. (formerly Sumtra) and will continue MJardin's business.

In connection with the RTO Transaction, MJAR Holdings Corp. undertook an equity private placement offering of 2,167,890 subscription receipts in one or more tranches (the "**Subscription Receipts**") at a price of C$12.00 per Subscription Receipt for gross proceeds of C$26,014,680, pursuant to an agency agreement that entered into with Canaccord, KES 7 and Cormark (the "**Subscription Receipt Agency**

Agreement"). Each Subscription Receipt entitles the holder thereof, following the satisfaction of certain escrow release conditions (including the satisfaction or waiver of all of the conditions precedent to closing of the RTO Transaction, and the acceptance from the CSE to list the Common Shares) (collectively the "**Subscription Receipt Escrow Release**") and without the payment of any further consideration or the undertaking of any further action by the holders thereof, to receive one Company Common Share immediately prior to the completion of the RTO Transaction. In consideration for their roles as agents in connection with the Subscription Receipts offering, Canaccord, Cormark and KES 7 received the Agent Options and cash upon closing the RTO Transaction.

The gross proceeds from the offering, less the agents' commission, fees, and estimated costs and expenses, were held in escrow with Odyssey Trust Company and were released upon the satisfaction of the escrow release conditions).

3.2 Significant Acquisitions and Dispositions.

Please see Section 3.1 for a description of significant acquisition and dispositions.

3.3 Trends, Commitments, Events or Uncertainties.

United States Federal Overview

The United States federal government regulates drugs through the Controlled Substances Act of 1970 (21 U.S.C § 811) (the "**CSA**"), which categorizes controlled substances, including cannabis, on schedules. Cannabis is currently classified as a Schedule I controlled substance. 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.

Unlike in Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of cannabis, in the United States, cannabis is largely regulated at the state level. To the Company's knowledge, to date 33 states, the District of Columbia, Puerto Rico and Guam have legalized cannabis in some form. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a Schedule I controlled substance under the CSA and, as such, violates federal law in the United States.

The Supreme Court of the United States has previously ruled that Congress has the power to regulate cannabis.

As a result of the conflicting views between state legislatures and the United States federal government, cannabis businesses in the United States are subject to inconsistent legislation and regulation. In response to this inconsistency, on August 29, 2013, then Deputy Attorney General, James Cole, authored a memorandum (the "**Cole Memorandum**") addressed to all United States district attorneys (federal prosecutors) 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 certain 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. 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. Notably, however, the Department of Justice never provided specific guidelines for what regulatory and enforcement systems it deemed sufficient under the Cole Memorandum standard.

U.S. Attorney General Jeff Sessions, while acknowledging that much of the Cole Memorandum had merit, disagreed the Cole Memorandum had been implemented effectively and, on January 4, 2018, he issued a memorandum (the "**Sessions Memorandum**") that rescinded the Cole Memorandum. While this did not create a change in federal law, revoking the Cole Memorandum guidance rescinded previous nationwide guidance specific to the prosecutorial authority of United States Attorneys relative to cannabis enforcement on the basis that they are unnecessary, given the well-established principles governing federal prosecution already in place. Those principals are included in chapter 9.27.000 of the United States Attorneys' Manual and require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community.

As a result of the Sessions Memorandum, federal prosecutors are free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and as a result it is uncertain how actively federal prosecutors will be in relation to such activities. Further, the Sessions Memorandum did not discuss the treatment of medical cannabis by federal prosecutors. Medical cannabis is currently protected against enforcement by enacted legislation from United States Congress in the form of the Rohrabacher-Blumenauer Amendment (also described as the Leahy Amendment, as defined herein), which prevents federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to Congress restoring such funding. See *"US Enforcement Proceedings".* Due to ambiguity in the Sessions Memorandum in relation to medical cannabis, there can be no assurance that the United States federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law. See "*Risk Factors*".

Federal law pre-empts state law in these circumstances, therefore 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 the U.S. Attorney General by referencing federal law enforcement priorities set by Attorney General Jeff Sessions. If the Department of Justice policy 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 MJardin could face (i) seizure of its cash and other assets used to support or derived from its cannabis operations, (ii) the arrest of its employees, directors, 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. U.S. Attorney General Jeff Sessions resigned on November 7, 2018. As of his resignation, Matthew Whitaker is the acting U.S. Attorney General. It is unclear what impact this development will have on U.S. federal government enforcement policy

Additionally, under US federal law it may potentially be a violation of federal anti-money laundering statutes for financial institutions to take any proceeds from cannabis sales or any other Schedule I controlled substance. Banks are similarly reluctant to transact with cannabis companies, due to the uncertain legal and regulatory framework of the industry at present. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. Under US federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy. Despite these laws, in February 2014, the Financial Crimes Enforcement Network of the Treasury Department issued a memorandum (the "**FinCEN Memorandum**") providing instructions to banks seeking to provide services to cannabis-related businesses. The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal anti-money laundering laws. The FinCEN Memorandum also refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FinCEN Memorandum.

For the reasons set forth above, MJardin's existing operations in the United States, and any future operations, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, MJardin 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 MJardin's ability to operate in the United States or any other jurisdiction. See "*Risk Factors*".

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. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which MJardin could expand. Any inability to fully implement MJardin's expansion strategy may have a material adverse effect on MJardin's business, financial condition and results of operations. See "*Risk Factors*".

Further, 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 MJardin, including its reputation and ability to conduct business, 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 MJardin 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. See "*Risk Factors*".

US Enforcement Proceedings

The United States Congress has passed appropriations bills each of the previous three years that included the Rohrabacher Amendment Title: H.R.2578 — Commerce, Justice, Science, and Related Agencies Appropriations Act, 2016 (the "**Rohrabacher-Blumenauer Amendment**"), which by its terms does not appropriate any federal funds to the US Department of Justice for the prosecution of medical cannabis offenses of individuals who are in compliance with state medical cannabis laws. Subsequent to the issuance of the Sessions Memorandum, the United States Congress passed its omnibus appropriations bill, SJ 1662, which for the fourth consecutive year contained the Rohrabacher-Blumenauer Amendment language (referred to in 2018 as the "**Leahy Amendment**") and continued the protections for the medical cannabis marketplace and its lawful participants from interference by the Department of Justice up and through the 2018 appropriations deadline of September 30, 2018. The Rohrabacher-Blumenauer Amendment was renewed through December 7 as part of a short-term spending bill signed on September 28, 2018. American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state law. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business—even those that have fully complied with state law—could be prosecuted for violations of federal law. If Congress restores funding, the United States government will have the authority to prosecute individuals for violations of the law before it lacked funding under the CSA's five-year statute of limitations.

State-Level Overview

The following sections present an overview of market and regulatory conditions for the cannabis industry in those US states in which MJardin has an operating presence or an intention to operate, and is presented as of November 2018, unless otherwise indicated. Although MJardin's activities are compliant with applicable United States state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve MJardin of liability under United States federal law, nor provide a defense to any federal proceeding which may be brought against MJardin.

Colorado

Colorado has both medical and adult-use marijuana programs. Voters initially passed Amendment 20, a medical marijuana patient/caregiver initiative, in 2000 through a Colorado Constitution voter-initiative ballot. Colorado then became the first state in the country to pass for-profit cannabis business legislation through the statehouse in 2010. Voters subsequently passed adult-use marijuana legalization in 2012 with Amendment 64, and the first adult-use marijuana businesses opened on January 1, 2014. There is no limit on the number of statewide business licenses, although municipalities can and occasionally do enact restrictions.

During the summer of 2016, Colorado changed its ownership and investment requirements to permit individuals without Colorado residency to hold an equity stake in a marijuana business. On January 1, 2017, Colorado repealed its former two-year residency requirement for ownership of marijuana businesses and, subject to certain restrictions, non-residents of Colorado may now own equity in a Colorado licensed business (as well as non-citizens if they are residents). However, persons directly in control of day-to-day operations must still meet a one-year residency requirement. Vertical integration is required for medical cultivation and dispensing businesses but is not required or prohibited for medical products manufacturers or any adult-use business types.

The Marijuana Enforcement Division, a subdivision of the Colorado Department of Revenue (the "**MED**"), regulates and licenses both medical and adult-use marijuana businesses in the state along with applicable local regulatory authorities. Separate medical and adult-use licenses are issued for: cultivation, product manufacturing and extraction, retail sales, off-storage premises facilities, transportation, and testing. In addition, the state issues occupational licenses for owners and employees of marijuana businesses. There are no limits on the number of licenses issued statewide, but localities can prohibit or otherwise regulate the number of establishments within their jurisdiction. The MED has a rolling non-competitive application process and business operations require both a state and local license. Municipalities might have a competitive process depending on the locality.

The MED has developed two categories for investors, direct beneficial interest owners and indirect beneficial interest owners. They have also established categories of "Business Interests," grouped into Financial and Affiliated Interests.

Direct beneficial interest owners include: (1) any person with equity in a marijuana business who has been a resident of Colorado for at least a year prior to the application date *or* a U.S. citizen and have received a Finding of Suitability from the MED prior to the application; (2) a closely held business that owns equity in a marijuana business (note that such closely held business must consist of only natural persons or U.S. citizens prior to the application date); and (3) qualified limited passive investors (defined as a natural person who is a U.S. citizen and owns five percent (5%) or less of the equity in the marijuana business).

To become a direct beneficial interest owner, applicants must provide extensive disclosures, including employment history, prior arrests, and an exhaustive list of sources and amounts of all annual income. These disclosures must be made prior to acquiring such an ownership stake. Additionally, applicants may be asked to provide documentation of good moral character.

Indirect beneficial interest owners are not usually subject to the residency requirement and are not required to be natural persons or U.S. citizens. However, publicly traded companies may not be indirect beneficial interest owners. To become an indirect beneficial interest owner, applicants must provide extensive disclosures, but in most cases can avoid making such disclosures until the next scheduled license renewal for the business in question.

A Financial Interest includes direct beneficial interest owners and any other interest enabling control over or participation in the profits of the marijuana business. All business interest must be disclosed at the time of the initial and renewal applications. Financial Interests require preapproval from the MED before they may exercise their interest. Financial interest holders must submit an Associated Key Application and the marijuana business applying for the Financial Interest must submit the proper form with all disclosures.

An affiliated interest does not require preapproval from the MED. All affiliated interests need to be disclosed to the MED on applications for renewal and change of ownership or change of corporate structure.

Nevada

Nevada became a medical cannabis state in 2001. In 2013, the Nevada legislature passed SB374, which provided for state licensing of medical cannabis establishments. On November 8, 2016, Nevada voters passed NRS435D, allowing for the sale of cannabis for adult use beginning July 1, 2017.

In 2014, Nevada accepted medical cannabis business applications and a few months later the Division approved 182 cultivation licenses, 118 licenses for the production of edibles and infused products, 17 independent testing laboratories, and 55 medical cannabis dispensary licenses. The number of dispensary licenses was then increased to 66 by legislative action in 2015. The application process was merit-based, competitive, and is currently closed.

The Nevada Division of Public and Behavioral Health licensed medical cannabis establishments up to July 1, 2017, at which time the state's medical cannabis program merged with adult-use cannabis enforcement under the Nevada Department of Taxation (the "**DOT**"). The DOT licenses cannabis cultivation facilities, product manufacturing facilities, distributors, retail stores and testing facilities. Further, for the first 18 months, applications to the DOT for adult-use establishment licenses can only be accepted from existing medical cannabis establishments and existing liquor distributors for the adult-use distribution license.

All cannabis establishments must register with the DOT. If applications contain all required information and after vetting by officers, establishments are issued a medical cannabis establishment registration certificate. In a local governmental jurisdiction that issues business licenses, the issuance by the DOT of a medical cannabis establishment registration certificate is considered provisional until the local government has issued a business license for operation and the establishment is in compliance with all applicable local governmental ordinances. Final registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. Renewal requests are typically communicated through email from the DOT and include a renewal form. The renewal periods serve as an update for the DOT on the licensee's status toward active licensure.

Residency is not required to own or invest in a Nevada medical cannabis business. In addition, vertical integration is neither required nor prohibited. Nevada's medical law includes patient reciprocity, which permits medical patients from other states to purchase cannabis from Nevada dispensaries. Nevada also allows for dispensaries to deliver medical cannabis to patients.

<u>Nevada License and Regulations</u>

A retail dispensary license permits the purchase of cannabis from cultivation facilities, cannabis and cannabis products from product manufacturing facilities and cannabis from other retail stores and allows the sale of cannabis and cannabis products to consumers.

A medical cultivation licenses permits acquiring, possessing, cultivating, delivering, transferring, having tested, transporting, supplying or selling cannabis and related supplies to medical cannabis dispensaries, facilities for the production of edible medical cannabis products and/or medical cannabis-infused products, or other medical cannabis cultivation facilities.

A medical product manufacturing license permits acquiring, possessing, manufacturing, delivering, transferring, transporting, supplying, or selling edible cannabis products or cannabis-infused products to other medical cannabis production facilities or medical cannabis dispensaries.

<u>Nevada Reporting Requirements</u>

The state of Nevada uses METRC as the state's computerized system for seed-to-sale. Individual licensees whether directly or through third-party integration systems are required to push data to the state to meet all reporting requirements.

Arizona

In 2010, Arizona voters approved Proposition 203, the Arizona Medical Marijuana Act ("**AMMA**"), an initiative which legalized the medial use of cannabis. The Arizona Department of Health Services ("**ADHS**") established the Arizona Department of Health Services Medical Marijuana Program ("**MMJ Program**"), which includes a vertically integrated license, meaning if allocated a Medical Marijuana Dispensary Registration Certificate ("**Dispensary License**"), entities are authorized to dispense and cultivate medical cannabis. Each Dispensary License allows the holding entity to operate one on site cultivation facility, and one off site cultivation facility which can be located anywhere within the State of Arizona. An entity holding a Dispensary License is required to file an application to renew with the ADHS on an annual basis, which must also include audited annual financial statements. While a Dispensary License may not be sold, transferred or otherwise conveyed, Dispensary License holders are permitted to contract with third parties to provide various services related to the ongoing operation, maintenance and governance of its dispensary and/or cultivation facility so long as such contracts do not violate the requirements of the Act or the MMJ Program.

Regulatory Framework

The AMMA also authorized ADHS to promulgate, adopt and enforce regulations for the AMMA (the "**ADHS Regulations**"). These ADHS Regulations are embodied in the Arizona Administrative Code ("**AAC**") Title 9 Chapter 17 (the "**Rules**"). ARS § 36-2801(11) defines a "nonprofit medical cannabis dispensary" as not-for-profit entity that acquires, possesses, cultivates, manufactures, delivers, transfers, transports, supplies, sells or dispenses cannabis or related supplies and educational materials to cardholders (a "**Dispensary**").

Licensing Requirements

In order for an applicant to receive a Dispensary Registration Certificate (a "**Certificate**") they must: (i) fill out an application on the form proscribed by ADHS; (ii) submit the applying entity's articles of incorporation and by-laws; (iii) submit fingerprints for each principal officer or board member of the applicant for a background check to exclude felonies; (iv) submit a business plan and policies and procedures for inventory control, security, patient education, and patient recordkeeping that are consistent with the AMMA and the Rules to ensure that the Dispensary will operate in compliance; and (v) designate an Arizona licensed physician as the Medical Director for the Dispensary. Certificates are renewed annually so long as the Dispensary is in good standing with ADHS, pays the renewal fee and submits an independent third-party financial audit.

Approval to Operate

Once an applicant has been issued a Certificate, they are allowed to establish one physical retail dispensary location, one cultivation location which is co-located at the dispensary's retail site (if allowed by local zoning) and one additional off-site cultivation location. None of these sites can be operational, however, until the Dispensary receives an approval to operate from ADHS for the applicable site. This approval to operate requires: (i) an application on the ADHS form; (ii) demonstration of compliance with local zoning regulations; (iii) a site plan and floor plan for the applicable property; and (iv) an in-person inspection by ADHS of the applicable location to ensure compliance with the Rules and consistency with the Dispensary's applicable policies and procedures.

Security Requirements for Dispensary Facilities

Any Dispensary facility (both retail and cultivation) must abide by the following security requirements: (i) ensure that access to the facilities is limited to authorized dispensary agents who are in possession of a dispensary agent card; and (ii) equip the facility with, (a) intrusion alarms and surveillance equipment, (b) exterior and interior lighting to facilitate surveillance, (c) at least one 19-inch monitor for surveillance and a video capable of printing a high resolution still image, (d) high resolution video cameras at all points of sale, entrances, exits, and limited access areas, both in and around the building, (e) 30 days' video storage, (f) failure notifications and battery backups for the security system, and (g) panic buttons inside each building.

Transportation Requirements

Dispensaries may transport medical cannabis between their own sites or between their sites and another Dispensary's sites and must comply with the following Rules: (i) prior to transportation, the Dispensary's

Agent must complete a trip plan showing: (a) the name of the dispensary agent in charge of transporting the cannabis, (b) the date and start time of the trip, (c) a description of the cannabis, cannabis plants, or cannabis paraphernalia being transported; and (d) the anticipated route of transportation; (ii) during transport the dispensary agent shall: (a) carry a copy of the trip plan at all times, (b) use a vehicle with no medical cannabis identification, (c) carry a cell phone, and (d) ensure that no cannabis is visible, and (iii) Dispensaries must maintain trip plan records.

ADHS Inspections and Enforcement

ADHS may inspect a facility at any time upon five days' notice to the Dispensary. However, if someone has alleged that the Dispensary is not in compliance with the AMMA or the Rules, ADHS may conduct an unannounced inspection. ADHS will provide written notice to the Dispensary of any violations found during any inspection and the Dispensary then has 20 working days to take corrective action and notify ADHS.

ADHS must revoke a Certificate if a Dispensary: (i) operates before obtaining approval to operate a dispensary from the Department; (ii) dispenses, delivers, or otherwise transfers cannabis to an entity other than another dispensary with a valid dispensary registration certificate issued by the Department, a qualifying patient with a valid registry identification card, or a designated caregiver with a valid registry identification card; (iii) acquires usable cannabis or mature cannabis plants from any entity other than another dispensary with a valid dispensary registration certificate issued by the Department, a qualifying patient with a valid registry identification card, or a designated caregiver with a valid registry identification card; or (iv) if a principal officer or board member has been convicted of an excluded felony offense.

Furthermore, ADHS may revoke a Certificate if a Dispensary does not: (i) comply with the requirements of the AMMA or the Rules; or (ii) implement the policies and procedures or comply with the statements provided to the Department with the dispensary's application.

California

In 1996, California voters passed a medical cannabis law allowing physicians to recommend cannabis for certain conditions, including chronic pain. This law established a not-for-profit patient/caregiver system although no state licensing authority was established to oversee the businesses operating under this system. In September 2015, the California legislature passed three bills, collectively known as the "Medical Marijuana Regulation and Safety Act" ("**MCRSA**"). In 2016, California voters passed "The Adult Use of Marijuana Act" ("**AUMA**"), which legalized adult-use cannabis for those aged 21 and older, and also created a licensing system for commercial cannabis businesses. On June 27, 2017, SB-94 combined California's medicinal and adult-use cannabis regulatory frameworks into one licensing structure under the Medicinal and Adult-Use of Cannabis Regulation and Safety Act ("**MAUCRSA**").

Pursuant to MAUCRSA: (1) the California Department of Food and Agriculture, via CalCannabis, issues licenses to cannabis cultivators: (2) the California Department of Public Health, via the Manufactured Cannabis Safety Branch (the "**MCSB**"), issues licenses to cannabis manufacturers and (3) the California Department of Consumer Affairs, via the Bureau of Cannabis Control (the "**BCC**"), issues licenses to cannabis distributors, testing laboratories, retailers, and micro-businesses. These agencies also oversee the various aspects of implementing and maintaining California's cannabis landscape, including the statewide track and trace system. All three agencies released their emergency rulemakings at the end of 2017 and have begun issuing licenses.

To operate legally under state law, cannabis operators must obtain a state license and local approval. Local authorization is a prerequisite to obtaining state licensure, and local governments are permitted to prohibit or otherwise regulate the types and number of cannabis businesses allowed in their locality. The state license approval process is not competitive and there is no limit on the number of state licenses an entity may hold. Although vertical integration across multiple license types is allowed under MAUCRSA, testing laboratory licensees may not hold any other licenses aside from a laboratory license. There are also no residency requirements for ownership under MAUCRSA.

Regulatory Framework

California has implemented a robust regulatory system designed to ensure, monitor, and enforce compliance with all aspects of a cannabis operator's licensed operations. Compliance with local law is a prerequisite to obtaining and maintaining state licensure, and all three state regulatory agencies require confirmation from the locality that the operator is operating in compliance with local requirements and was granted authorization to continue or commence commercial cannabis operations within the locality's jurisdiction.

Under California state law, all state licensed cannabis businesses are entitled to rely on certain transition provisions until June 30, 2018. These provisions were included to ease the transition of businesses into the new regulatory regime introduced on January 1, 2018. The provisions grandfather the sale of certain products compliantly produced prior to January 1, 2018, and, among other things, also allow state licensees to transact with other state licensees regardless of the parties' adult-use (A) or medical (M) license until July 1, 2018.

Record-Keeping and Continuous Reporting Requirements

California's state license application process additionally requires comprehensive criminal history, regulatory history, financial and personal disclosures, coupled with stringent monitoring and continuous reporting requirements designed to ensure only good actors are granted licenses and that licensees continue to operate in compliance with the State regulatory program.

Operating Procedure Requirements

Applicants must submit standard operating procedures describing how the operator will, among other requirements, secure the facility, manage inventory, comply with the State's seed-to-sale tracking requirements, dispense cannabis, and handle waste, as applicable to the license sought. Once the standard operating procedures are determined compliant and approved by the applicable state regulatory agency, the licensee is required to abide by the processes described and seek regulatory agency approval before any changes to such procedures may be made. Licensees are additionally required to train their employees on compliant operations and are only permitted to transact with other legal and licensed businesses.

Site-Visits & Inspections

Operators will not be able to obtain or maintain state licensure, and thus engage in commercial cannabis activities in the state of California without satisfying and maintaining compliance with state and local law. As a condition of state licensure, operators must consent to random and unannounced inspections of the commercial cannabis facility as well as all of the facility's books and records to monitor and enforce compliance with state law. Many localities have also enacted similar standards for inspections, and the state has already commenced site-visits and compliance inspections for operators who have received state temporary or annual licensure.

Florida

The State of Florida Statutes 381.986(8)(a) provides a regulatory framework that requires licensed producers, which are statutorily defined as “Medical Marijuana Treatment Centers” (“**MMTC**”), to both cultivate, process and dispense medical cannabis in a vertically integrated marketplace.

Licensing Requirements

Licenses issued by the Department of Health, Office of Medical Marijuana Use may be renewed biennially so long as the licensee meets requirements of the law and pays a renewal fee. License holders can only own one license and MMTC’s can operate up to a maximum of 25 dispensaries throughout the State of Florida.

Applicants must demonstrate (and licensed MMTC’s must maintain) that: (i) they have been registered to do business in the State of Florida for the previous five years; (ii) they possess a valid certificate of registration issued by the Florida Department of Agriculture; (iii) they have the technical and technological ability to cultivate and produce cannabis, including, but not limited to, low-THC cannabis; (iv) they have the ability to secure the premises, resources, and personnel necessary to operate as an MMTC; (v) they have the ability to maintain accountability of all raw materials, finished products, and any by-products to prevent diversion or unlawful access to or possession of these substances; (vi) they have an infrastructure reasonably located to dispense cannabis to registered qualified patients statewide or regionally as determined by the Department of Health; (vii) they have the financial ability to maintain operations for the duration of the 2-year approval cycle, including the provision of certified financial statements to the department; (viii) all owners, officers, board members and managers have passed a Level II background screening, inclusive of fingerprinting, and ensure that a medical director is employed to supervise the activities of the MMTC; and (ix) they have a diversity plan and veterans plan accompanied by a contractual process for establishing business relationships with veterans and minority contractors and/or employees.

Upon approval of the application by the Department of Health, the applicant must post a performance bond of up to US$5 million, which may be reduced by meeting certain criteria.

Dispensary Requirements

An MMTC may not dispense more than a 70-day supply of cannabis. The MMTC employee who dispenses the cannabis must enter into the registry his or her name or unique employee identifier. The MMTC must verify that: (i) the qualified patient and the caregiver, if applicable, each has an active registration in the registry and active and valid medical cannabis use registry identification card; (ii) the amount and type of cannabis dispensed matches the physician certification in the registry for the qualified patient; and (iii) the physician certification has not already been filled. An MMTC may not dispense to a qualified patient younger than 18 years of age, only to such patient’s caregiver. An MMTC may not dispense or sell any other type of cannabis, alcohol, or illicit drug-related product, except a cannabis delivery device as specified in the physician certification. An MMTC must, upon dispensing, record in the registry: (i) the date, time, quantity and form of cannabis dispensed; (ii) the type of cannabis delivery device dispensed; and (iii) the name and registry identification number of the qualified patient or caregiver to whom the cannabis delivery device was dispensed. An MMTC must ensure that patient records are not visible to anyone other than the patient, caregiver, and MMTC employees.

Security Requirements for Cultivation, Processing and Dispensing Facilities

With respect to security requirements for cultivation, processing and dispensing facilities, an MMTC must maintain a fully operational alarm system that secures all entry points and perimeter windows, and is equipped with motion detectors, pressure switches, and duress, panic and hold-up alarms. The MMTC must also have a 24-hour video surveillance system with specified features. MMTCs must retain video surveillance recordings for at least 45 days, or longer upon the request of law enforcement. An MMTC's outdoor premises must have sufficient lighting from dusk until dawn.

An MMTC's dispensing facilities must include a waiting area with sufficient space and seating to accommodate qualified patients and caregivers and at least one private consultation area and such facilities may not display products or dispense cannabis or cannabis delivery devices in the waiting area and may not dispense cannabis from its premises between the hours of 9:00 p.m. and 7:00 a.m. but may perform all other operations and deliver cannabis to qualified patients 24-hours a day.

Transportation and Storage Requirements

Cannabis must be stored in a secured, locked room or a vault. An MMTC must have at least two employees, or two employees of a security agency, on the premises at all times where cultivation, processing, or storing of cannabis occurs. MMTC employees must wear an identification badge and visitors must wear a visitor pass at all times on the premises. An MMTC must report to law enforcement within 24 hours after the MMTC is notified of or becomes aware of the theft, diversion or loss of cannabis. A cannabis transportation manifest must be maintained in any vehicle transporting cannabis or a cannabis delivery device. The manifest must be generated from the MMTC's seed-to-sale tracking system and must include the: (i) departure date and time; (ii) name, address, and license number of the originating MMTC; (iii) name and address of the recipient; (iv) quantity and form of any cannabis or cannabis delivery device being transported; (v) arrival date and time; (vi) delivery vehicle make and model and license plate number; and (vii) name and signature of the MMTC employees delivering the product. Further, a copy of the transportation manifest must be provided to each individual, MMTC that receives a delivery. MMTCs must retain copies of all cannabis transportation manifests for at least three years. Cannabis and cannabis delivery devices must be locked in a separate compartment or container within the vehicle and employees transporting cannabis or cannabis delivery devices must have their employee identification on them at all times. Lastly, at least two people must be in vehicle transporting cannabis or cannabis delivery devices, and at least one person must remain in the vehicle while the cannabis or cannabis delivery device is being delivered.

Department Inspections

The Department of Health shall conduct announced or unannounced inspections of MMTCs to determine compliance with the laws and rules. The Department of Health shall inspect an MMTC upon receiving a complaint or notice that the MMTC has dispensed cannabis containing mold, bacteria, or other contaminants that may cause an adverse effect to humans or the environment. The Department of Health shall conduct at least a biennial inspection of each MMTC to evaluate the MMTC's records, personnel, equipment, security, sanitation practices, and quality assurance practices.

Massachusetts

On November 4, 2008, Massachusetts voters passed a ballot initiative that decriminalized the possession of small amounts of cannabis. The Massachusetts Sensible Marijuana Policy Initiative made the possession of less than one ounce of cannabis punishable by a fine of $100 without the possessor being reported to the state's criminal history board. Minors also had to notify their parents, take a drug awareness program, and complete 10 hours of community service. Before decriminalization, people charged faced up to six months in jail and a $500 fine.

Massachusetts became the eighteenth state to legalize medical cannabis when 63% of Massachusetts voters approved a ballot initiative (Question 3, the Massachusetts Medical Marijuana Initiative). The law took effect on January 1, 2013, eliminating criminal and civil penalties for the possessions and use of up to a 60-day supply of cannabis for patients possessing a state issued registration card. With a recommendation by a physician, patients with cancer, glaucoma, and other medical conditions can receive a registration card. The law allows for 35 state-licensed non-profit dispensaries.

In the November 8, 2016 election, Massachusetts voters passed a ballot initiative (Question 4) making recreational cannabis legal in the state. Governor Charles Baker signed legislation in December 2016 extending the start date for recreational sales by six months, to July 1, 2018. As of November 13, 2018, no adult use dispensaries have yet opened for business.

Provisions for home use and cultivation went into effect on December 15, 2016. Individuals are allowed to possess and purchase up to one ounce at a time, and if driving it must be locked up and not openly visible. Each household can grow up to six plants, or twelve for those with more than one adult, but the plants cannot be visible from the street. Households can store up to ten ounces, or more if harvested from a home crop. Smoking cannabis on public property, including parks and sidewalks, is illegal, as is smoking it while driving. An unlicensed sale (including barter) is illegal for the seller but not the buyer; giving away home-grown cannabis for free is allowed. Licensing of delivery services (other than for medical cannabis) was further delayed by the Cannabis Control Commission, as was that for on-site consumption.

Regulatory Framework

The Department of Public Health is the regulatory body that oversees the medical cannabis program, including all cultivation, processing and dispensary facilities. The Cannabis Control Commission, a regulatory body created in 2018, oversees the recreational program, including licensing of adult use cultivation, processing and dispensary facilities.

Cities and towns have the power to require permits, block recreational stores from locating in certain areas (through zoning bylaws) or from locating in the municipality at all. However, the law mandates that a ban must be approved by a local referendum if the majority of voters in the municipality were in favor of the statewide Question 4; otherwise, the city council can approve a ban on its own. Applicants must also hold a community meeting and negotiate an agreement with the host municipality in order to get a state license. As of March 2018, 59 municipalities had enacted a permanent ban, and 130 had enacted a temporary moratorium (all of which end sometime in 2018).

Retail sales will have a 10.75% excise tax on the cannabis, in addition to the general 6.25% state sales tax, and up to a 3% local option tax, for a total of 17%-20% tax.

Licensing Requirements

Registered Marijuana Dispensaries ("**RMDs**") are "vertically-integrated," which means RMDs grow, process, and dispense their own cannabis. Under certain conditions, RMDs are able to acquire up to 45% of their annual inventory of product from other RMDs. An RMD must have a retail facility, as well as cultivation and processing operations. Some RMDs elect to do cultivation, processing and retail operations all in one location, which is commonly referred to as a "colocated" operation. An RMD may also choose to have a retail dispensary in one location and grow cannabis at a remote cultivation location. It may conduct the processing of the cannabis at either the retail dispensary location or the remote cultivation location. The remote cultivation location need not be in the same municipality or even the same county as the retail dispensary.

Massachusetts uses the MMJ Online system through the Virtual Gateway portal as the state's computerized system for seed-to-sale. Individual licensees whether directly or through third-party integration systems are required to push data to the state to meet all reporting requirements.

Compliance with Applicable State Law in the United States

To the knowledge of MJardin, each of its clients that is involved in the U.S. cannabis industry hold licenses that are in good standing to cultivate, possess and/or distribute marijuana in its respective state in the United States. MJardin is not aware of: (i) any non-compliance by any of MJardin's clients with respect to its cannabis-related activities, or (ii) any notices of violation with respect to any of MJardin's clients' cannabis-related activities by its respective regulatory authority.

While MJardin's business activities are compliant with applicable state and local law, such activities remain illegal under United States federal law. See "*Risk Factors*".

Canada Overview

On August 24, 2016, the ACMPR replaced the Marijuana for Medical Purposes Regulations (the ''**MMPR''**) as the governing regulations in respect of the production, sale and distribution of medical cannabis and related oil extracts. The ACMPR effectively combined the regulations and requirements of the MMPR, the Marihuana Medical Access Regulations and the section 56 exemptions relating to cannabis oil under the Controlled Drugs and Substances Act (the ''**CDSA''**) into one set of regulations. However, due to the enactment of the *Cannabis Act* (Canada) (the "**Cannabis Act**"), as detailed below, the ACMPR has been repealed and the CDSA no longer governs cannabis and cannabis products, which is instead governed under the Cannabis Act.

On June 21, 2018, Bill C-45 received Royal Assent becoming the Cannabis Act, and came into force on October 17, 2018. The Cannabis Act regulates the production, distribution and sale of cannabis for unqualified adult use. The Cannabis Act also provides a licensing and permitting scheme for producing, testing, packaging, labelling, sending, delivering, transporting, selling, possessing and disposing of cannabis for non-medicinal (i.e. adult recreational) use, as implemented by regulations made under the Cannabis Act.

Health Canada released the *Cannabis Act Regulations* on July 11, 2018, which included the Cannabis Regulations and the Industrial Hemp Regulations, which came into effect concurrently with the Cannabis Act.

While the Cannabis Act provides for the regulation of the commercial production of cannabis for adult use purposes and related matters by the federal government, the Cannabis Act also provides that the provinces and territories of Canada have the authority to regulate other aspects of adult use cannabis (similar to what is currently the case for liquor and tobacco products), such as sale and distribution, minimum age requirements, places where cannabis can be consumed, and a range of other matters.

To date, the Governments of each of the provinces and territories of Canada have regulatory regimes for the distribution and sale of recreational cannabis within their respective jurisdictions.

The *Cannabis Act, 2017* (Ontario), regulates the lawful use, sale and distribution of cannabis for adult use in Ontario. Under the *Cannabis Act, 2017* (Ontario), a new provincial retailer named the Ontario Cannabis Store was created to manage the distribution of recreational cannabis and operate as the exclusive channel through which consumers in Ontario can legally purchase recreational cannabis. It is overseen by the Liquor Control Board of Ontario. In addition to the regulatory framework overseeing public sales of cannabis, the Government of Ontario announced its proposal for new legislation, projected to be enacted by April 1, 2019, that would allow for the private retail distribution of cannabis.

The Government of Manitoba implemented a ‘‘hybrid model’’ for cannabis distribution and consumption. Under this model, licensed private retailers will operate all cannabis retail locations in the province, with cannabis being supplied by the Manitoba Liquor and Lotteries Corporation. The Liquor, Gaming and Cannabis Authority of Manitoba provides regulatory oversight, including the licensing of cannabis retail stores and distributors and ensuring compliance with regulatory requirements.

The Government of Alberta implemented cannabis legislation and a framework providing for the purchase of cannabis products from privately operated licensed retailers that will receive their products from the Alberta Gaming and Liquor Commission (the "**AGLC**"). Online sales and the delivery of cannabis products are facilitated through a single website operated by the AGLC.

In the Province of New Brunswick, the purchase of cannabis can only be made from "Cannabis NB", a government owned enterprise. Cannabis NB operates both physical, stand-alone stores in addition to a website from which cannabis may be ordered and delivered within the province of New Brunswick. Under provincial legislation, all dispensaries are illegal, in addition to the purchase of cannabis from online retailers other than Cannabis NB.

The Government of Quebec created the Société québécoise du cannabis ("**SQDC**") to regulate cannabis sales as a parallel organization to its existing government-controlled alcohol sales regulator and chain of outlets commonly known in the province as the ‘‘SAQ’’. SDQC provides cannabis for purchase at physical stores and through its website.

Recreational cannabis in Newfoundland and Labrador will be sold through private stores, with the Newfoundland and Labrador Liquor Corporation ("**NLC**"), a crown-owned liquor corporation, controlling the possession, sale and delivery of cannabis, in addition to setting prices for cannabis products. Online sales of cannabis are also available through the NLC's website.

In the Yukon, the Yukon Liquor Corporation ("**YLC**") has opened a temporary retail cannabis location from which the purchase of cannabis can occur. In addition, YLC's online store is the only legal online non-medical cannabis retailer that can deliver cannabis products within the territory. Regulations and policies are currently still being developed to allow for private retail sales in the future.

In the province of Nova Scotia, the Nova Scotia Liquor Corporation ("**NSLC**") is the only authorized retailer of cannabis in Nova Scotia. Consumers can purchase cannabis at a designated NSLC store or online through its website.

Legislation in Prince Edward Island created the Prince Edward Island Cannabis Management Corporation, which oversees the operation of three cannabis retail locations in the province, with a fourth under construction. It also oversees an e-commerce platform through which purchased can be made.

According to the regulatory framework of the government of the Northwest Territories, the Northwest Territories Liquor and Cannabis Commission ("**NLTCC**") is responsible for the sale of and distribution of cannabis. Purchase of cannabis can also be made online through NTLCC website. Communities without an existing cannabis store may restrict or ban cannabis by holding a plebiscite.

In Nunavut, legislation allows the Nunavut Liquor and Cannabis Commission to sell cannabis online, by phone, in physical stores and via an agent. The legislation allows the government of Nunavut to license establishments that sell cannabis; however community consultations are required before opening a cannabis store or lounge.

The distribution and retail sale of non-medicinal cannabis in Saskatchewan operates within a private model and is regulated by the Saskatchewan Liquor and Gaming Authority.

In British Columbia, recreational cannabis is sold in through both public and privately operated stores, with the provincial Liquor Distribution Branch handling wholesale distribution and the Liquor and Cannabis Regulations Branch responsible for licensing private stores and monitoring the retail sector.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding (the "**TMX MOU**") with Aequitas NEO Exchange Inc., the Canadian Securities Exchange, the Toronto Stock Exchange (the "**TSX**") and the TSX Venture Exchange. The TMX MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis related activities in the United States. The TMX MOU confirms, with respect to the clearing of listed securities, that CDS Clearing and Depository Services Inc. ("**CDS**") relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis related activities in the United States. However, there can be no guarantee that this approach to regulation will continue in the future.

4 Narrative Description of the Business

4.1 General.

BUSINESS OF MJARDIN

We believe MJardin is one of the most experienced operators of legal cannabis facilities in North America. Our managed facilities have produced and sold over 100,000 kg of legal cannabis product since our inception, through cultivation, processing and retail operations. We endeavor to optimize and de-risk cannabis operations through our proven turnkey management system.

MJardin was established in 2014 and currently has approximately 350 employees and approximately thirty-six (36) cultivation, processing and retail facilities under management, spanning multiple U.S. states and Canada. MJardin Group is headquartered in Denver, Colorado with an additional management office in Toronto, Ontario (Canada).

MJardin's senior team has deep commercial cannabis management experience and advanced education, including in the fields of horticulture, botany, floriculture, nursery production, chemistry, molecular biology, organic agriculture, construction and project management and greenhouse design. Several senior members of MJardin have been working in the legal cannabis industry for more than 5 years, and several other executives with non-cannabis professional backgrounds have been involved with MJardin since inception.

MJardin is a true commercial cannabis management company that operates cultivation, processing and retail facilities on a day-to-day basis. We believe MJardin's operational experience, proven track record, technical expertise, innovative approach, and commitment to best practices allows us to deliver best-in-class execution across multiple U.S. states and international markets.

We apply a comprehensive data-driven approach toward the entire spectrum of legal cannabis operations. Based upon publicly available data on our competitive landscape, we believe MJardin is one of the most experienced operators of legal cannabis facilities in North America. Our managed facilities have produced and sold over 100,000 kg of legal cannabis products since our inception, through cultivation, processing and retail operations. We also have an excellent track record in securing cannabis licenses in limited-license, merit-based jurisdictions, such as Texas, Maryland and Florida. Our team understands the nuances of growing cannabis in different climatic regions and types of facilities (indoor, greenhouses of various types, and outdoor) and has the in-house scientific knowledge to navigate those differences effectively. Our data-driven approach has enabled us to consistently achieve annual production yields of over 360 grams per square foot of growing space, with six (6) harvest turns per year on average over the last 3 years.

Historically, MJardin earned income primarily from our management operations provided on an agency basis, whereby our contractual obligations were based on specific performance criteria agreed to by the licensed facility owner. Under such management agreements, we generally oversee all aspects of the day-to-day operations of each facility. In addition, we provide license owners with advice with respect to the design, construction, equipment purchases and build-out of new or renovated facilities, assistance with the refurbishment of facilities, support and advice with respect to information technology systems and database applications, and a centralized purchasing system for goods and services. For providing these services, we typically receive a variety of fees, including baseline management fees, performance-based incentive fees (where legally permissible), and other administrative support fees including staffing fees, technology fees, and reimbursable costs. The base fee usually is calculated as the total cost of production and operations – namely, labor and materials. Incentive fees typically are based on the facility's production volume or other royalty mechanisms and are charged to the extent permitted under State and local laws, rules and regulations.

During the second half of 2017, our management team and select stakeholders carefully evaluated all existing management contractual relationships to assess their long-term value to MJardin, focusing on sustainable profitability, human capital requirements, and the counterparty relationship. As a result, we decided to focus our portfolio on select license owners who could benefit from an expansive MJardin offering, including but not limited to strategic capital and financing, construction oversight, and project management services for cultivation, processing and retail facilities. In this enhanced role, MJardin assumes significantly more responsibility in terms of economic importance and execution, which in turns greatly improves our ability to enhance and operate the facilities long-term.

A significant benefit of taking a strategic principal position in facilities we manage is our ability to independently evaluate and make investments in, or advances in respect of or to owners of, cannabis licenses and licensed facilities. We operate our investment arm through MJardin Capital LLC ("**MJardin Capital**"), a wholly-owned subsidiary of the Company, whereby 100% of the economics flow to our parent organization. The fluid collaboration amongst our senior cannabis management team and our investment professionals at MJardin Capital allows for unique investment deal access, expert evaluation and ongoing professional management of licensed facilities. We believe that by injecting strategic growth capital into licensed facilities that we can professionally operate on a turnkey basis, the Company can achieve an enhanced revenue stream for our parent organization**.** The aforementioned financial return may be in the form of interest, dividends, management fees or other streams of cash flow, adding significant value to each facility location, in turn adding significant value to the Company's overall enterprise value.

To further capitalize on our value in legal cannabis markets outside of the U.S., we licensed our intellectual property and entered into a management services agreement with GrowForce to operate and manage their cultivation, processing and retail facilities on an exclusive basis globally outside of the United States. In addition to fees for site design, construction oversight, equipment purchases, and the build-out of new or renovated facilities, we will receive license fees, staffing fees and production-based royalty fees from GrowForce for services provided in the ongoing management and operation of their facilities.

KEY ACCOMPLISHMENTS TO DATE

- Successful track record managing numerous large-scale licensed cannabis facilities across multiple U.S. states and countries with varying regulatory environments. Our licensed facilities have produced and sold over 100,000 kg of legal cannabis product since our inception.

- Ability to deploy strategic capital into the acquisition of cultivation and retail facilities, via MJardin Capital. We have deployed over $60 Million of strategic capital with an active pipeline of an additional $130 Million worth of potential acquisitions.

- Experienced and centralized management team with the ability to scale local operating teams. Includes strong staffing capacity supported by well-developed company infrastructure – staffing plans, talent acquisition and in-house training through MJardin University, our proprietary learning management system.

- Rigorous focus on auditing quality, compliance, and efficiency at each level of operations. Dedicated in-house corporate auditing program and customized reporting metrics to monitor each licensed facility.

- Large library of proprietary processes and products: standard operating procedures, nutrient engineering, pro forma modeling, facility design, extraction design and processes, cultivation optimization, retail design and staffing, materials procurement, strain acquisition & development, integrated pest management and in-house training (via MJardin University).

- Deep experience in the cultivation of hundreds of cannabis varieties: experience in assessing relative growth performance of each variety and catering to the different horticultural needs of each, to include light management, pest and disease susceptibility, and irrigation and fertility strategies.

- Continuous extensive research to maximize the quality and quantity of cannabis products produced, minimize the cost of large-scale production, and ultimately improve patient access and health, including: LED lighting, sustainable energy innovation, production automation, sensors & integrated climate control systems, product hygiene, etc.

- Successful utilization of natural production techniques with no harsh chemicals and using organically-certified pest control products.

As the global legal cannabis industry expands and matures, MJardin believes it will be one of the few winners to emerge as a standard setter for optimal performance and professional cannabis management operations. With our successful track record in the United States and Canada, data-driven approach to operations and exceptional human capital resources, MJardin is uniquely positioned to further its geographic footprint and continue to deliver premium cannabis on a large-scale as additional legal jurisdictions open and further advance their respective programs.

Through MJardin Capital, we invest strategic capital and capitalize on our operational experience and existing superior network in the industry. This wholly-owned endeavor provides us with a diversified industry exposure and monetizes our significant information edge on strategic investment opportunities in the legal cannabis market in North America and elsewhere.

MJARDIN'S TECHNICAL SCOPE OF EXPERTISE

Intellectual Property & Operational Experience

Through our ever-expanding intellectual property portfolio, we are able to maximize production output while minimizing labor and material inputs. This ensures that our licensed facilities stay competitive in an increasingly competitive marketplace. Our robust IP portfolio includes proprietary standard operating procedures (SOPs):

Proprietary systems:

- Cannabis management software, including but not limited to:
    - Cultivation Management
    - Facility Audits
    - Compliance
- *MJardin University*: Staff training and continuing education at all levels of the organization
- Specifically-engineered nutrient formulations
- Proprietary genetics
- Patented production processes and procedures

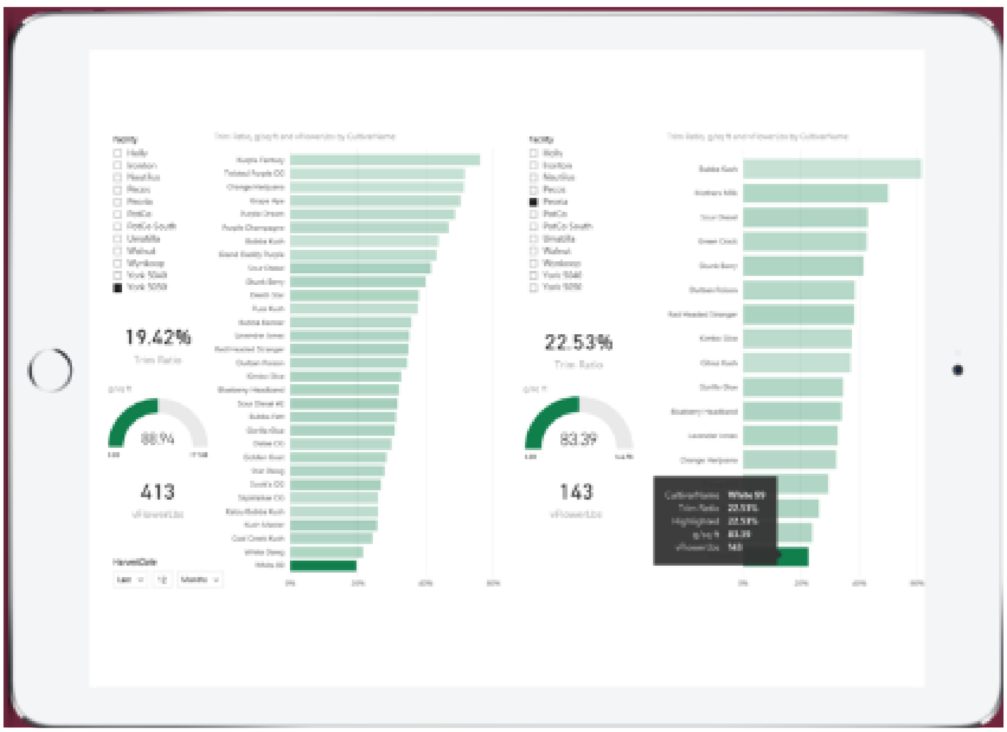
Operational Experience:

- Cannabis Strain Selection

- Environmental Controls
- Facility Design
- HR Management
- Integrated Pest Management
- Nutrient Engineering
- Real-time Proprietary Management Reporting (see following sample reports)

The graphics in this section below depict internally developed user interfaces, learning and development tools and operational reports, which are proprietary in nature based upon MJardin's cultivation methodologies, systems and other intellectual property.

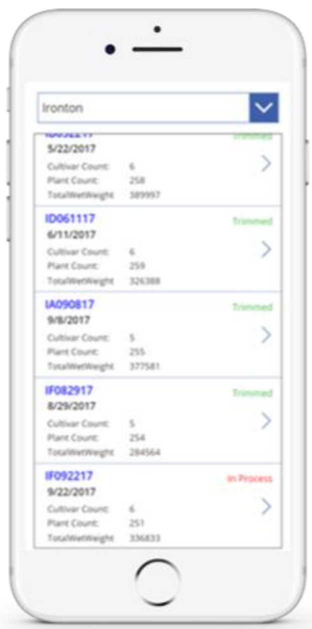
Sample Production Report – by Facility Location



Post-Harvest Report revealing production results on a grams-per-square-foot basis

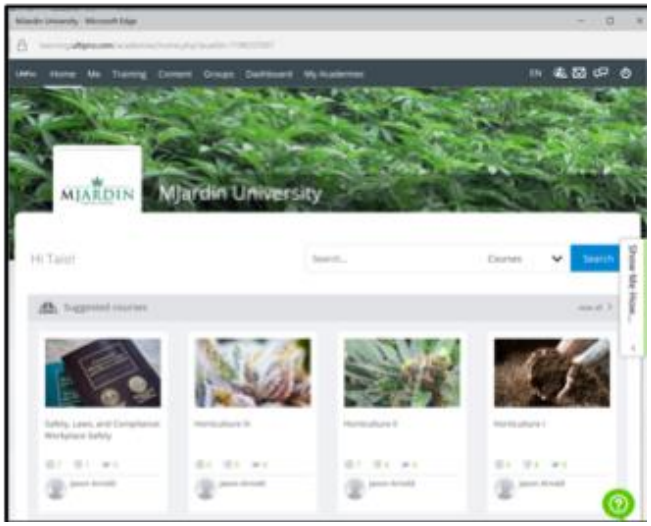
Sample View Of Hand-Held Device Reporting And Data Input User Interface

Field output -Average trim to flower ratio for specific grow

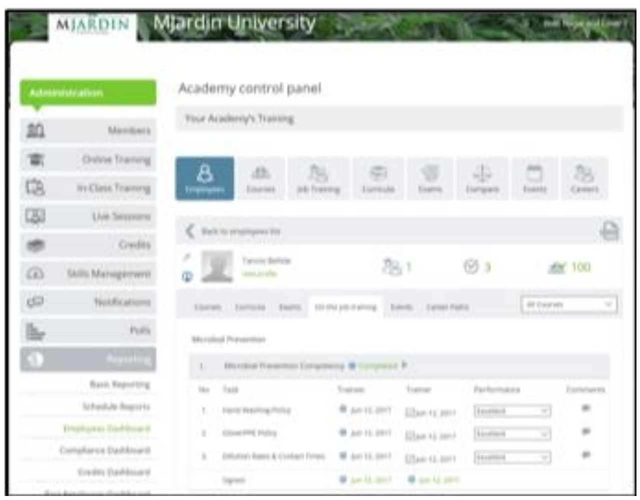


Field input – Harvest Data for transmission to centralized data repository

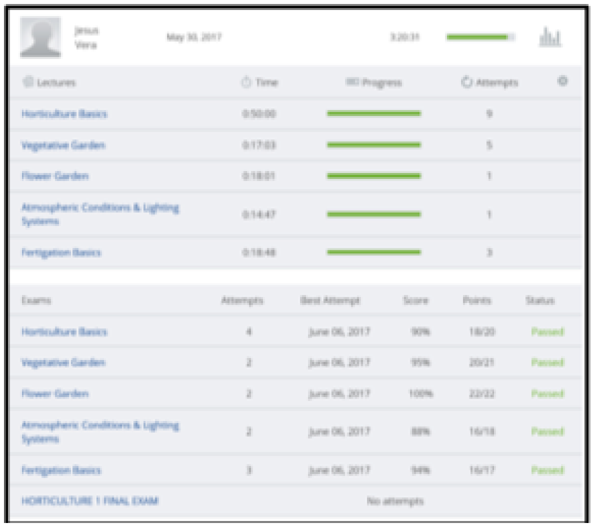
In-Class Training



On-Line Training



Continuing Education



Cannabis Strain Selection

When analyzing large-scale commercial cannabis facilities, the cultivar (i.e., "strain") selection plays a pivotal role in the overall efficiency and profitability of that facility. We work within each facility to select cultivars that are high-quality and fit into a high-yield premium production model. Regardless of the varieties chosen, we are able to maximize cultivation yields and decrease cultivation costs through our proven operational experience.

Environmental Controls

We believe that installing the proper control systems in a commercial cannabis facility is imperative to plant productivity, pest/disease mitigation, and the overall goal of maximizing facility efficiency. A lack of investment in control systems could lead to an increase in microbial contamination and deterioration of the general product quality and yield. We believe that investing in control systems upfront rewards operators with long-term plant health care by proactively providing optimal growing conditions. The systems that we implement allow not only for adherence to best practices today but also for the adaptability to future technologies and changes in methodology as the industry evolves.

Some of the systems that we are able to recommend and provide guidance on include:

- Fertigation – which is a combined system of irrigation and delivery of plant nutrients
- Lighting
- HVAC
- Supplementing CO2
- Air Circulation
- Air Filtration

- Integrated Climate Control – including humidification and dehumidification
- Water Filtration

Facility Design

When looking at aspects that have an impact on the overall productivity and efficiency of a commercial cannabis production facility, we believe one of the influences, if not the largest influence, is in the facility design. By having a properly designed facility, as well as adhering to proven SOPs and using the most up-to-date technologies, we believe a cultivator can increase flowering square footage, obtain more harvests per year and increase yields. We believe the combination of increased flower space, additional numbers of annual harvests, and improved yields should amount to a material increase in facility productivity.

Variable factors that can influence a facility's design include:

- Type of facility – indoor, greenhouse, outdoor
- Financial budget
- Facility layout
- Support column placement
- Room dimensions
- Variable costs by location/region – energy, water, real estate, etc.
- Minimizing pest and microbial pressures

HR Management

Professional human resources management in the cannabis industry is a highly-valuable and institutional knowledge base that helps set us apart from its peers. We provide turnkey HR Management and oversight for the staff needed to operate in a cultivation, processing and retail cannabis facility. This includes:

- Recruiting and hiring
- Initial and ongoing training via MJardin University
- Day-to-day oversight of production and post-production employees
- Performance management
- Employee Relations
- Payroll services
- Benefit Administration
- Insurance services

- US and Canadian State/Provincial/Federal labor law compliance

Cannabis cultivation is a labor-intensive process that requires very specific, skilled employees. Our cultivation management services include providing qualified, trained, and licensed staff throughout all stages of the growing process. This includes:

- Tending, maintaining, and cultivating the plants
- Harvesting, curing, and trimming the flower
- Sorting, weighing, wholesale packaging, sealing, and preparing finished product for delivery to designated location(s)

Integrated Pest Management

We believe that a well-planned Integrated Pest Management ("**IPM**") program is crucial to maintaining proper plant health, product quality, and the profitability of a cultivation facility. Comprehensive IPM requires expert-level knowledge of the cultivation environment, the pests, pathogens, and molds that attack the cannabis plant and environmental control strategies that are both effective and compliant.

Failure to comply with applicable US and Canadian federal, provincial, state, and local IPM regulations can result in fines, forced destruction of product, or even loss of license. While cannabis is still illegal on a federal level in the U.S., there are federal pesticide laws that do apply to cannabis cultivation. Federal and state pesticide laws are typically enforced at the state level by the United States Departments of Agriculture and Health and focus on:

- Worker Protection Standard compliance
- OSHA respiratory protection standards
- Pesticide product selection
- Pesticide residue testing standards
- Other local specific pesticide laws that may apply

Pest, pathogen, and residue testing is becoming increasingly more stringent. Having the science knowledge and cultivation know-how to proactively maintain controls over pests and disease infestations can provide immense value to the overall productivity of a facility.

Integrated Pest Management involves:

- Installing proper environmental systems and controls
- In-depth plant science knowledge when analyzing plant health care
- Adherence to proper cultivation SOPs
- Proper pest identification and treatment protocols
- Facility specific regulatory compliance plans

- Understanding a constantly changing regulatory landscape

We maintain our own cannabis-specific IPM department that works to devise IPM solutions that are customized to each licensed facility. Each member of the IPM department must have passed scientific knowledge and practical tests by various jurisdictions' agricultural departments so that in every jurisdiction we operate we are licensed as a commercial pesticide applicator. Our IPM programs are designed to proactively maintain proper plant health care, aid in compliance with state and federal pesticide laws, and remove significant potential liability from licensed facilities.

Nutrient Engineering

Many nutrient manufacturers place portions of their fertilizer profile in a variety of different products, despite the fact that the components are chemically compatible with one another in a single concentration solution. By eliminating the costs associated with branding, wasteful packaging, and shipping liquids across long distances, we are able to achieve substantial cost savings by manufacturing its own proprietary mix of nutrients. This is done by using a nutrient profile for engineering a fertilizer with fewer parts, thus saving on the cost to manufacture, reducing the necessary labor, and saving on valuable storage space. It also allows for the use of fertilizer injector systems, while minimizing costs associated with these systems.

Manufacturers of liquid fertilizers targeted to the cannabis industry frequently upcharge clients in excess of 1,000% for their fertilizer products. Additionally, they create fertilizer systems with too many products, which make it difficult to utilize fertilizer injector systems.

We are able to achieve substantial cost savings by manufacturing our own liquid fertilizer from raw components. Additionally, we are able to use fewer fertilizer solutions, which allows the use of high tech fertilizer injection equipment. Both of these approaches drastically reduce the cost to fertilize the crop. Additionally, this approach allows us to tailor the fertilizer recipes to individual strains, to maximize quality and yield.

Extract from the Colorado processing facility operated by the Company

MANAGEMENT OPERATIONS

Historically, we operated our business principally as a management company, on an agency basis. We typically manage licensed cannabis facilities on behalf of their respective owners pursuant to separate management agreements for each facility, or groups of facilities under common control. Under our management agreements, we generally oversee, as agent for the owner(s), all aspects of the day-to-day operations of the facilities, including cultivation, processing and retail activities, purchasing, budgeting and the hiring, training and supervising of staff. In addition, we generally provide owners with advice with respect to information technology systems and development of certain database applications, as well as, advice with respect to the design, construction, equipment purchases and build-out of new or renovated facilities. We also provide a centralized purchasing system for goods and services. We generally perform these services within the guidelines contained in annual operating and capital plans that are submitted to the owners of the facilities for their review and approval. For providing these services, we typically receive a variety of fees, comprised of management fees, including a base fee and an incentive fee, other fees including staffing fees, technology fees, and reimbursable costs. The base fee is usually calculated as the total cost of production and operations – namely, labor and materials. Incentive fees typically are based on the facility's production volume or other royalty mechanisms.

We currently have the ability to earn incentive fees in virtually all of the facilities that we manage. Incentive fees are based on the facility's production volume or other royalty mechanisms as determined in accordance with the relevant management agreement and regulated jurisdiction.

We generally supervise purchasing at the facilities that we manage to maintain a uniform quality of goods purchased and to control operating costs. We maintain a centralized purchasing system and receive a fee generally calculated as a percentage of the cost of goods purchased when this system is utilized by the facilities under management.

Although the license owners are generally responsible for financing and managing the development of the facilities, we typically play a significant pre-opening role. We provide advice with respect to the design, construction and fitting out specifications of the facilities during the development stage to ensure that they meet our operating and professional standards, and we earn fees for these pre-opening services. We may also assist owners in connection with the refurbishment of the facilities after opening.

Under our management agreements, the license owner is responsible for funding the facility's operating costs, capital expenditures and working capital requirements, including the salaries and benefits of all employees. Often times we propose an operating plan and capital expenditure budget to the owner for approval on an annual basis. All structural changes, major refurbishing programs and major repairs generally require the separate approval of owners prior to implementation and may be carried out by us or a third-party.

Total fee revenues are geographically diversified across North America. The diversification of our fee revenues has increased significantly over the past 2 years and we believe it will continue to do so as we deploy capital and further embark on our principal owner-operator business model. With the opening of cultivation, processing and retail facilities currently under construction and development outside of the U.S. through our exclusive management agreement with GrowForce, we expect geographical diversification of our fee revenues to continue in the future.

Management Resources

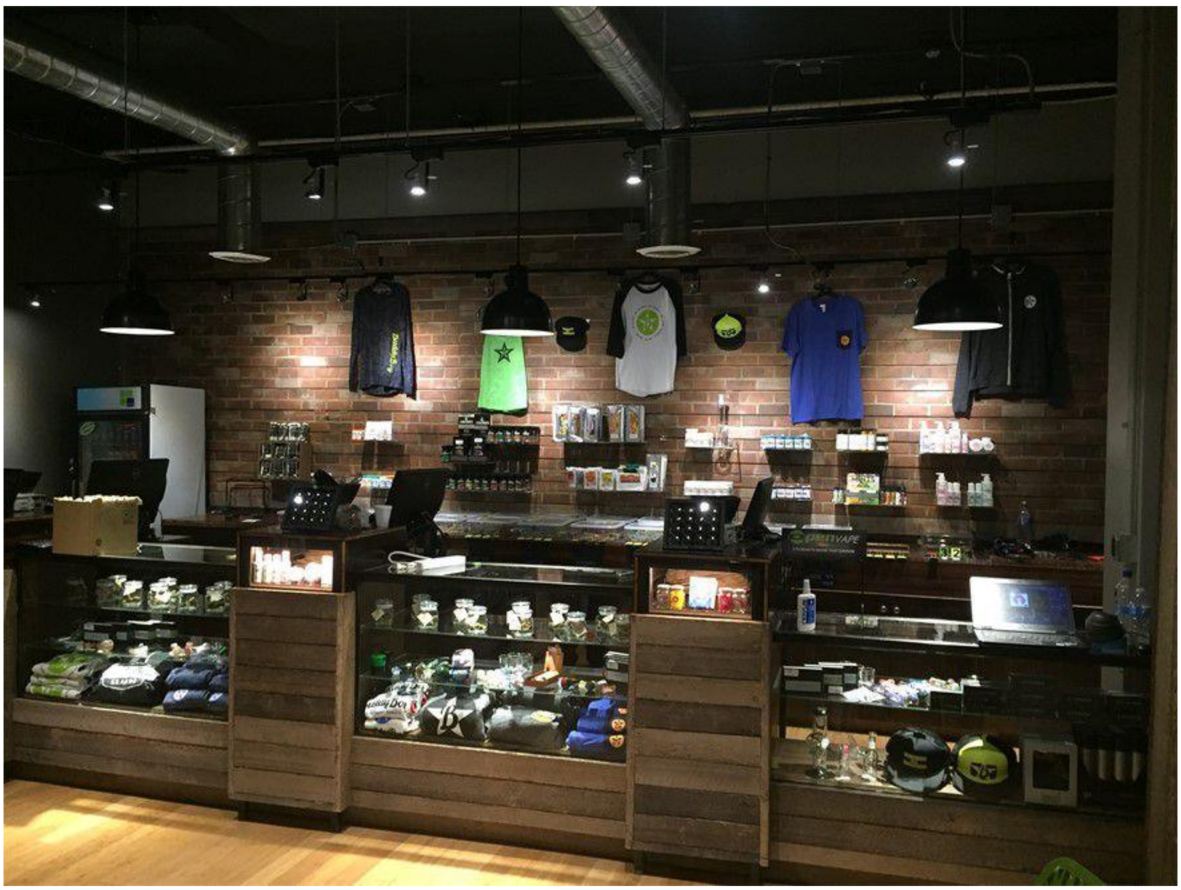
Each of our cultivation, processing and retail facilities is managed by an asset manager (an "**Asset Manager**") and supported by our centralized management team in Denver and other technical experts. The size of each facility's management team and hourly staff varies, based on the size and production volume of the particular facility. These management teams monitor staffing levels on an ongoing basis to optimize service standards and labor productivity.

An Asset Manager is responsible for supervising the day-to-day operations of a single facility, is a full-time Company employee stationed at that facility, and is compensated in part based on the operational performance of that facility so long as performance-based compensation is an approved method of pay in the regulated jurisdiction. Our Asset Managers report directly to either our Chief Operating Officer for the U.S., or our Chief Operating Officer for Canada. Additionally, our centralized internal audit department proactively reviews the performance and facility standards with each Asset Manager either monthly or quarterly, depending upon the size and complexity of each facility. We believe that our flat management structure combined with our rigorous internal audit standards is a key component in our ability to deliver and maintain the highest and most consistent standards of product quality and service at each of our facilities in a cost-effective manner, particularly as we continue to expand throughout North America and globally through our exclusivity agreement with GrowForce.

From the corporate level, we provide each of our facilities with the benefits of management services delivered by our network of highly experienced executives, corporate personnel and technical experts. We also provide, or arrange for the provision of, assistance and training to each facility's employees for administration, operations, compliance, human resources and benefits. Other services arranged by us include assistance with accounting, tax, legal, risk management, treasury, information technology, internal audit and other services.

Employees

We directly employ and manage third-party staffing entities for approximately 350 individuals at the various corporate offices and facility-level staff based in the U.S. and Canada. All costs relating to facility-based employees, including wages, salaries and health and insurance benefits, are the responsibility of the license owners and are generally paid out of the operating cash flow of the facility. Our corporate staff share responsibility with the license owners for the selection and training of facility-based employees and for ensuring, through progressive career development, an adequate supply of mobile, qualified and experienced staff to match the growth of our operations throughout the U.S. and internationally through our exclusive management agreement with GrowForce. Maintenance of employee communication, motivation and morale at high levels is necessary to meet the expectations of our business, the license owners, and overall stakeholders. In this context, we have devoted significant effort to developing customized hiring practices, training and career development programs and approaches.



Recreational Cannabis facility in Colorado operated by the Company

OWNERSHIP OPERATIONS

Through MJardin Capital, we invest strategic capital and capitalize on our operational experience and existing network in the industry. This wholly-owned endeavor provides us with a diversified industry exposure and monetizes our significant information edge on strategic investment opportunities in the legal cannabis market in North America and elsewhere.

INTELLECTUAL PROPERTY

In the highly competitive and emerging industry in which we operate, trademarks, standard operating procedures and proprietary methods are very important in the growth and scale of our business. We have a significant number of intellectual property assets in our portfolio, and significant time and effort are expended each year on surveillance, registration and protection of such portfolio, which we believe will be a pillar to our success in the cannabis industry.

BUSINESS AND GROWTH STRATEGY

Our foremost goal is to be recognized as the undisputed global leader in the legal cannabis industry. A core strategy underlying that goal is to enhance our industry position through a focused, principal owner-operator portfolio expansion and refinement program that capitalizes on the strengths of our core management operations and the value of our brand name. We intend to continue to focus on sustainable growth and seek to utilize our competitive strengths to increase earnings, cash flow, license owners' returns, and shareholder value. We expect to do this by continuing to improve the operating performance of the portfolio of facilities that we manage, by acquiring new management contracts, by pursuing strategic enhancements to established facilities and strategic investments into licensed facilities where appropriate opportunities arise, and by capitalizing on opportunities to leverage our brand name through complementary business extensions. We may also explore appropriate opportunities for strategic investments that otherwise complement our business.

GROWTH FROM EXISTING FACILITIES

We believe opportunities will exist for growth within our existing and newly opened facilities by increasing overall production volume and retail sales, thereby improving the facilities' profitability and, in turn, our management fee revenues and ownership earnings. We currently have a strong and diversified portfolio of managed facilities of which certain facilities will be converted over time to our owner-operated model, which in effect increases our earnings per facility.

NEW FACILITY OPPORTUNITIES

Having established a network of facilities in many of the key legal cannabis jurisdictions, we expect our future expansion to occur primarily in locations that satisfy our objectives of achieving growth in cannabis markets that are cash-flowing and beyond the nascent stage of licensure and early regulations. We expect that future growth will primarily be in the form of new facilities, or the conversion of existing facilities in markets such as Arizona, California, Massachusetts and Nevada. We currently have over 5 new properties under construction or development and are evaluating numerous other management opportunities in various locations around the U.S. and internationally through our exclusive management agreement with GrowForce**.** We believe that we will continue to have the opportunity to consider and enter into appropriate new facility management agreements as a result of our competitive strengths.

CAPITAL DEPLOYMENT

Consistent with our business strategy, our managed operations do not generally require large amounts of capital to maintain existing management agreements. To the extent required, we will make investments or advances to secure long-term management contracts with a view to expanding or enhancing our management business where we believe the overall returns will justify the investment or advance.

For our principal owner-operator model through MJardin Capital, we will continue to invest strategic capital and capitalize on our operational experience and existing superior network in the industry. This wholly-owned endeavor provides us with a diversified industry exposure and monetizes our significant information edge on strategic investment opportunities in the legal cannabis market in North America and elsewhere.

We work closely with license owners and investors in developing new facilities and acquiring existing facilities that we will manage.

Grow facility in Nevada operated by the Company

COMPETITIVE STRENGTHS

The legal cannabis industry is a highly competitive emerging industry. We believe that our competitive position is strengthened by our well-recognized and respected brand name and our broad network of management contracts for facilities in strategic markets throughout the U.S., and internationally through our exclusive intellectual property and management services agreement with GrowForce. We also believe that we have developed a unique industry network, depth of management expertise, and multiple capital sources over our more than 10-year history since our founders first entered the legal cannabis industry.

DATA-DRIVEN RESULTS

We strive to achieve operating results for facilities that we manage that are above the average achieved in the legal cannabis industry. We believe that we attract license owners and developers of cannabis facilities as a result of the generally superior financial performance of the facilities that we manage.

We apply a comprehensive data-driven approach toward the entire spectrum of legal cannabis operations. With 36 facilities currently under management, we believe we are one of the largest operators in the legal cannabis market in the U.S**.** We also have an excellent track record in securing cannabis licenses in limited-license, merit-based jurisdictions, such as Texas, Maryland and Florida. Our team understands the nuances of growing cannabis in different climatic regions and types of facilities (indoor, greenhouses of various types, and outdoor) and has the in-house scientific knowledge to navigate those differences effectively. Our data-driven approach has enabled us to consistently achieve annual production yields of over 360 grams per square foot of growing space, with six (6) harvest turns per year for the last 3 years.

STRATEGIC RELATIONSHIPS

Strategic relationships are an important source of financing for the development opportunities required to expand our management operations. We have established relationships with numerous institutional and private equity sources that invest in MJardin.

On December 11, 2017, we announced a strategic partnership with Bridging Finance to establish an infrastructure fund with a particular focus on private debt lending related to infrastructure and consolidation of entities within the legal cannabis space. The partnership with Bridging Finance brings together two respected names in the private debt lending field and the cannabis sector. Bridging Finance is known as a provider of non-distressed private debt financing in Canada.

STRONG MANAGEMENT TEAM

Our corporate executive management team consists of five individuals who are responsible for our strategic direction and who have an average tenure of approximately 15 years within their respective area of skills. This team is supported by more than 20 members of our corporate staff who are responsible for various aspects of our daily operations, as well as our Asset Managers, internal audit department and technical experts who together have experience in the legal cannabis industry. We have a fundamental strategy of developing our senior management team, to the extent possible, from within in order to ensure consistency of our culture and work ethic.

4.2 Companies with Asset-backed Securities Outstanding

Not applicable.

4.3 Issuers with Mineral Projects

Not Applicable.

4.4 Issuers with Oil and Gas Operations

Not Applicable.

5 Selected Consolidated Financial Information

5.1 Selected Consolidated Financial information

The Company's Annual Information

The following table sets forth selected financial information for the Company as at and for the years ended December 31, 2017 and December 31, 2016. Such information is derived from the financial statements of the Company and should be read in conjunction with such financial statements attached hereto as Schedule "A".

	As at and for the year ended December 31, 2017 (audited)	**As at and for the year ended December 31, 2016 (audited)**
Statement of Operations		
Total Revenue	15,387,951	11,811,920
Net income (loss) from operations	1,229,534	(663,132)
Net income (loss)	1,106,940	(900,350)
Statement of Financial Position		
Total Assets	58,977,307	1,777,302
Total Liabilities	46,146,856	703,874

5.2 Quarterly Information.

The Company's Quarterly Information

The following table sets forth selected financial information for the Company as at and for the six month period ended June 30, 2018. Such information is derived from the financial statements of the Company and should be read in conjunction with such financial statements attached hereto as Schedule "B".

	As at and for the 6 month period ended June 30, 2018 (unaudited)
Statement of Operations	
Total Revenue	4,496,597
Net income (loss) from operations	336,472
Net income (loss)	(4,216,725)
Statement of Financial Position	
Total Assets	10,739,820
Total Liabilities	24,456,470

5.3 Dividends.

MJardin does not intend, and is not required to pay any dividends on the Shares. Any decision to pay dividends will be made on the basis of MJardin's earnings, financial requirements and other conditions existing at the time. See "*Risk Factors*".

5.4 Foreign GAAP.

Not Applicable.

6 Management's Discussion and Analysis

Annual MD&A

Please see the attached MD&A for the Company for the years ended December 31, 2016 and December 31, 2017, attached hereto as Schedule "C."

Interim MD&A

Please see the attached MD&A for the Company for the three and six month periods ended June 30, 2018, attached hereto as Schedule "D."

7 Market for Securities

The Common Shares of the Resulting Issuer will be traded on the CSE under the symbol "MJAR". In 2001, Sumtra was listed on the TSX Venture Exchange under the trading symbol "SDV" and in 2004, Sumtra failed to meet the ongoing listing standards of the TSX Venture Exchange and began trading on the NEX. Sumtra ceased active business operations in 2014 and on October 11, 2016 a trading halt was imposed on Sumtra's shares. In connection with the RTO Transaction, Sumtra's shares were de-listed from the NEX on November 12, 2018.

8 Consolidated Capitalization

The following table sets forth the share and loan capital of the Company as of December 31, 2017, the year end for the Company's most recently completed financial year, and of MJardin, the Resulting Issuer as of the date of this Listing Statement, after giving effect to the RTO Transaction and the Subscription Receipt Escrow Release:

<u>The Company as of December 31, 2017</u>

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding as of December 31, 2017
Company Common Shares	27,507,615	18,832,282
Company Series A Preferred Shares	5,206,008	5,206,008
Company Incentive Shares	1,944,444	1,944,444
KES 7 Warrant	N/A	466,321[(1)]
Company Debentures	$21,400,000 aggregate principal amount	$21,400,000 aggregate principal amount
Bridging U.S. Note	C$26,800,000	C$26,800,000
Bridging Canadian Note	C$5,500,000	C$5,500,000

Notes:

(1) Issued to KES 7 Capital Inc. and exercisable for 466,321 Company Common Shares at an exercise price of $1.93 per share

<u>MJardin as of November 13, 2018 and after giving effect to the RTO Transaction and the Subscription Receipt Escrow Release</u>

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding
Common Shares	Unlimited	35,639,603
Class A Shares	Unlimited	10,853.568
KES 7 Warrant(1)	N/A	466,321
Agent Options(2)	N/A	151,752
Bridging U.S. Note(3)	C$42,130,962	C$42,130,962 principal

In connection with the Cheyenne Transaction, John Fritzel and James Lowe hold the right to receive 1,582.676 Company Class A Shares, in the aggregate, if the State of Nevada grants the necessary regulatory approval for MJardin Nevada Holdings, Inc., a wholly-owned subsidiary of the Company, to be the sole member of F&L. In the event the necessary regulatory approval is not granted by August 28, 2019, and such lack of approval is due solely to the failure of the Company to comply with the relevant laws, rules and procedures of the approval process, then 1,582.676 Company Class A Shares, in the aggregate, shall nevertheless be issued to John Fritzel and James Lowe.

Notes:

(1) Issued to KES 7 – exercisable for 466,321 Common Shares at an exercise price of $1.93 per Common Share.

(2) Issued to Canaccord, Cormark and KES 7 – exercisable for 151,752 Common Shares at an exercise price of C$12.00 per Common Share.

(3) To fund the cash portion of the Cheyenne Transaction, the Company and Bridging Finance Inc. amended the Bridging U.S. Note and thereby increased the aggregate amount of the U.S. facility loan by C$15,330,962.

9 Options to Purchase Securities

As of the date hereof, the Company authorized 5,000,000 Company Common Shares to be granted pursuant to its existing equity incentive plan, which plan was amended and restated in connection with the RTO Transaction as further described below. No Awards other than 585,301 compensatory share awards have been granted to date under such plan.

In connection with the RTO Transaction, MJardin will adopt a new equity incentive plan (the "**New Equity Incentive Plan**"). Following completion of the RTO Transaction, it is anticipated that Awards will be made out of the New Equity Incentive Plan to certain officers, directors, employees and consultants in the near future, which Awards may, in aggregate, account for a substantial portion of Awards issuable under the New Equity Incentive Plan.

In consideration for their roles as agents in connection with the Subscription Receipts offering, Canaccord, Cormark and KES 7 received cash and the Agent Options, which remain outstanding as of the date hereof.

Summary of New Equity Incentive Plan

The principal features of the New Equity Incentive Plan are summarized below.

Purpose

The purpose of the New Equity Incentive Plan will be to enable MJardin and its affiliated companies to: (i) promote and retain employees, officers, consultants, advisors and directors capable of assuring the future success of MJardin, (ii) to offer such persons incentives to put forth maximum efforts, and (iii) to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership, thereby aligning the interests of such persons and MJardin shareholders.

The New Equity Incentive Plan permits the grant of (i) nonqualified stock options ("**NQSOs**") and incentive stock options ("**ISOs**") (collectively, "**Options**"), (ii) restricted share awards, and (iii) compensatory share awards, (iv) stock appreciation rights, (v) restricted stock units and (vi) other equity incentives, each of which are referred to herein collectively as "**Awards**" as more fully described below.

To the extent that MJardin has not appointed a C&G Committee, all rights and obligations noted below of a C&G Committee in respect of the New Equity Incentive Plan shall be those of the full MJardin Board.

Eligibility

Any of MJardin's employees, officers, directors, consultants (who are natural persons) are eligible to participate in the New Equity Incentive Plan if selected by the C&G Committee of MJardin (the "**Participants**"). The basis of participation of an individual under the New Equity Incentive Plan, and the type and amount of any Award that an individual will be entitled to receive under the New Equity Incentive Plan, will be determined by the C&G Committee based on its judgment as to the best interests of MJardin and its shareholders, and therefore cannot be determined in advance.

The maximum number of Shares that may be issued under the New Equity Incentive Plan shall be determined by the MJardin Board from time to time. Any Shares subject to an Award under the New Equity Incentive Plan that are forfeited, cancelled, expire unexercised, are settled in cash, or are used or withheld to satisfy tax withholding obligations of a Participant shall again be available for Awards under the New Equity Incentive Plan.

In the event of any dividend, recapitalization, forward or reverse stock split, reorganization, merger, amalgamation, consolidation, split-up, split-off, combination, repurchase or exchange of Shares or other securities of MJardin, issuance of warrants or other rights to acquire Shares or other securities of MJardin, or other similar corporate transaction or event, which affects the Shares, or unusual or nonrecurring events affecting MJardin, or the financial statements of MJardin, or changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation system, accounting principles or law, the C&G Committee may make such adjustment, which is appropriate in order to prevent dilution or enlargement of the rights of Participants under the New Equity Incentive Plan, to (i) the number and kind of Shares which may thereafter be issued in connection with Awards, (ii) the number and kind of Shares issuable in respect of outstanding Awards, (iii) the purchase price or exercise price relating to any Award or, if deemed appropriate, make provision for a cash payment with respect to any outstanding Award, and (iv) any share limit set forth in the New Equity Incentive Plan.

Awards

Options

The C&G Committee is authorized to grant Options to purchase Shares that are either ISOs meaning they are intended to satisfy the requirements of Section 422 of the United States Internal Revenue Code of 1986, as amended (the "**Code**"), or NQSOs, meaning they are not intended to satisfy the requirements of Section 422 of the Code. Options granted under the New Equity Incentive Plan will be subject to the terms and conditions established by the C&G Committee. Under the terms of the New Equity Incentive Plan, unless the C&G Committee determines otherwise in the case of an Option substituted for another Option in connection with a corporate transaction, the exercise price of the Options will not be less than the fair market value (as determined under the New Equity Incentive Plan) of the Shares at the time of grant. Options granted under the New Equity Incentive Plan will be subject to such terms, including the exercise price and the conditions and timing of exercise, as may be determined by the C&G Committee and specified in the applicable award agreement. The maximum term of an option granted under the New Equity Incentive Plan will be ten years from the date of grant (or five years in the case of an ISO granted to a 10% shareholder). Payment in respect of the exercise of an Option may be made in cash or by check, by surrender of unrestricted Shares (at their fair market value on the date of exercise) or by such other method as the C&G Committee may determine to be appropriate.

Restricted Stock

A restricted stock award is a grant of Shares, which are subject to forfeiture restrictions during a restriction period. The C&G Committee will determine the price, if any, to be paid by the Participant for each Share subject to a restricted stock award. The C&G Committee may condition the expiration of the restriction period, if any, upon: (i) the Participant's continued service over a period of time with MJardin or its affiliates; (ii) the achievement by the Participant, MJardin or its affiliates of any other performance goals set by the C&G Committee; or (iii) any combination of the above conditions as specified in the applicable award agreement. If the specified conditions are not attained, the Participant will forfeit the portion of the restricted stock award with respect to which those conditions are not attained, and the underlying Shares will be forfeited. At the end of the restriction period, if the conditions, if any, have been satisfied, the restrictions imposed will lapse with respect to the applicable number of Shares. During the restriction period, unless otherwise provided in the applicable award agreement, a Participant will have the right to vote the Shares underlying the restricted stock; however, all dividends will remain subject to restriction until the stock with respect to which the dividend was issued lapses. The C&G Committee may, in its discretion, accelerate the vesting and delivery of Shares of restricted stock. Unless otherwise provided in the applicable award agreement or as may be determined by the C&G Committee, upon a Participant's termination of service with MJardin, the unvested portion of a restricted stock award will be forfeited.

Compensatory Stock

A compensatory stock award is a grant of Shares which are not subject to forfeiture restrictions. The C&G Committee will determine the price, if any, to be paid by the Participant for each Share subject to a compensatory stock award. Upon the granting of the compensatory stock award, unless otherwise provided in the applicable award agreement, a Participant will have the right to vote the Shares underlying the compensatory stock and receive all dividends and other distributions with respect to the compensatory stock. The C&G Committee may, in its discretion, accelerate the vesting and delivery of Shares of compensatory stock. Unless otherwise provided in the applicable award agreement or as may be determined by the C&G Committee, upon a Participant's termination of service with MJardin, the unvested portion of a compensatory stock award will be forfeited.

Stock Appreciation Rights

Stock appreciation rights may be granted to Participants at such time or times determined by the C&G Committee. A "**stock appreciation right**" or "**SAR**" means a right to receive a payment in cash, Shares, or a combination thereof, in the sole discretion of the C&G Committee, in an amount equal to the excess of (i) the fair market value of the underlying Shares on the date the right is exercised over (ii) the Base Amount (defined below), as specified in the respective SAR agreement. Each SAR shall be evidenced by a SAR agreement containing such terms and conditions and in such form, not inconsistent with the New Equity Incentive Plan, as the C&G Committee shall, in its sole discretion, provide. Each SAR agreement shall specify the base price of Shares above which a Participant shall be entitled to share in the appreciation in the value of such Shares (the "**Base Amount**"). The per share Base Amount shall not be less than the fair market value of a Share on the grant date. Each SAR agreement shall specify how all or any portion of a SAR shall be exercisable. The C&G Committee, in its sole discretion, may provide in a SAR agreement for settlement of any SAR to be in Shares or in cash. Each SAR agreement shall state the term of each SAR (including the circumstances under which such SAR will expire prior to the stated term thereof) which shall not exceed ten (10) years from the grant date. Unless otherwise determined by the C&G Committee, no SAR granted to an employee of the Company that is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, shall be first vested until at least six months following the grant date of the SAR. The foregoing is intended to operate so that any income derived by a non-exempt employee in connection with the exercise of a SAR will not be included as a portion of his regular rate of pay for purposes of the Fair Labor Standards Act of 1938. Unless otherwise provided in the applicable SAR agreement or as may be determined by the C&G Committee, upon a Participant's termination of service with MJardin, the unvested portion of a SAR will be forfeited.

Restricted Stock Units

Restricted stock units may be granted to Participants at such time or times as determined by the C&G Committee. Restricted stock units shall be credited as a bookkeeping entry in the name of the Participant in an account maintained by the C&G Committee. No Shares are actually issued in respect of restricted stock units on their grant date. Each restricted stock unit shall be evidenced by an award agreement containing such terms and conditions and in such form not inconsistent with the New Equity Incentive Plan, as the C&G Committee shall, in its sole discretion, provide. Unless otherwise provided in an award agreement, upon meeting the applicable vesting criteria, the Participant shall be entitled to receive a payout as specified in the restricted stock unit award agreement. The C&G Committee, in its sole discretion and as set forth in the award agreement, may settle restricted stock units in cash or in Shares (or in a combination thereof) that have an aggregate fair market value equal to the value of the vested restricted stock units. At the discretion of the C&G Committee, a Participant may be awarded the right to receive an amount equivalent to cash dividends paid on one Share for each Share represented by an outstanding restricted stock unit ("**Dividend Equivalent**"). Dividend Equivalents may be paid currently or credited to an account for the Participant and may be settled in cash and/or Shares, as determined by the C&G Committee in its sole discretion, subject in each case to such terms and conditions as the C&G Committee shall establish. On the date set forth in the award agreement, all unvested restricted stock units shall be forfeited to the Company without payment therefor.

Other Equity Incentives

The C&G Committee may grant other stock-based awards that are denominated in, valued in whole or in part by reference to, or otherwise based on or related to, Shares. The purchase, exercise, exchange or conversion of other stock-based awards and all other terms and conditions applicable to such awards will be determined by the C&G Committee in its sole discretion and set forth in an award agreement. Such awards may be settled in Shares, cash or any combination thereof, as determined by the C&G Committee.

General

The C&G Committee may impose restrictions on the grant, exercise or payment of an Award as it determines appropriate. Generally, Awards granted under the New Equity Incentive Plan shall be nontransferable except by will or by the laws of descent and distribution.

No Participant shall have any rights as a shareholder with respect to Shares covered by Options, SARs, restricted stock units, compensatory stock or restricted stock awards, unless and until such Awards are settled in Shares.

No Option (or, if applicable, SARs) shall be exercisable, no Shares shall be issued, no certificates for Shares shall be delivered and no payment shall be made under the New Equity Incentive Plan except in compliance with all applicable laws.

The MJardin Board may amend, alter, suspend, discontinue or terminate the New Equity Incentive Plan and the C&G Committee may amend any outstanding Award at any time; provided that (i) such amendment, alteration, suspension, discontinuation, or termination shall be subject to the approval of MJardin's shareholders if such approval is necessary to comply with any tax or regulatory requirement applicable to the New Equity Incentive Plan (including, without limitation, as necessary to comply with any rules or requirements of applicable securities exchange), and (ii) no such amendment or termination may adversely affect Awards then outstanding without the Award holder's permission.

In the event of any reorganization, merger, consolidation, split-up, spin-off, combination, plan of arrangement, take-over bid or tender offer, repurchase or exchange of Shares or other securities of MJardin or any other similar corporate transaction or event involving MJardin (or MJardin shall enter into a written agreement to undergo such a transaction or event), the C&G Committee or the MJardin Board may, in its sole discretion, provide for any (or a combination) of the following to be effective upon the consummation of the event (or effective immediately prior to the consummation of the event, provided that the consummation of the event subsequently occurs):

- termination of the Award, whether or not vested, in exchange for cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Award or realization of the Participant's vested rights,

- the replacement of the Award with other rights or property selected by the C&G Committee or the MJardin Board, in its sole discretion,

- assumption of the Award by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of Shares and prices,

- that the Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the applicable award agreement, or

- that the Award cannot vest, be exercised or become payable after a date certain in the future, which may be the effective date of the event.

Tax Withholding

MJardin may take such action as it deems appropriate to ensure that all applicable federal, state, local and/or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant.

10 Description of the Securities

10.1 General

The authorized share capital of MJardin will consist of: (i) an unlimited number of Common Shares without par value, (ii) an unlimited number of Class A Shares and (iii) an unlimited number of preferred shares, issuable in series, with such rights privileges, restrictions and conditions as may be fixed by the MJardin Board. As of the date of this Listing Statement, there are 35,639,603 Common Shares and 10,853.568 Class A Shares issued and outstanding (taking into account the RTO Transaction and the Subscription Receipt Escrow Release).

The ability to convert the Class A Shares is subject to a restriction that the aggregate number of Common Shares and Class A Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Securities Exchange Act of 1934, as amended, may not exceed forty percent (40%) of the aggregate number of the Common Shares and Class A Shares issued and outstanding after giving effect to such conversions, subject to the Company's discretion.

Common Shares

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of MJardin and each of the Common Shares shall confer the right to one vote in person or by proxy at all meetings of the shareholders of MJardin. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of Issuer, are entitled to receive such dividends in any financial year as the MJardin Board may by resolution determine. In the event of the liquidation, dissolution or winding-up of MJardin, whether voluntary or involuntary, the holders of the Common Shares are entitled to share rateably, together with holders of the Class A Shares, in such assets of MJardin as are available for distribution.

Class A Shares

The holders of the Class A Shares are entitled to receive notice of and to attend and vote at all meetings of the holders of Common Shares and each holder of Class A Shares shall have the right to one vote for each Common Share into which such Class A Share could then be converted (one thousand (1,000) Common Shares) in person or by proxy at all meetings of the shareholders of MJardin. The holders of the Class A Shares are entitled to receive such dividends as may be granted to holders of the Common Shares in any financial year as the MJardin Board may by resolution determine, on an as-converted basis. In the event of the liquidation, dissolution or winding-up of MJardin, whether voluntary or involuntary, the holders of the Class A Shares are entitled to receive the remaining property and assets of MJardin together with the holders of the Common Shares, on an as-converted basis.

The Class A Shares each have a restricted right to convert into one thousand (1,000) Common Shares without payment of additional consideration. The ability to convert the Class A Shares is subject to a restriction that the aggregate number of Common Shares and Class A Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the *Securities Exchange Act of 1934*, as amended, may not exceed forty percent (40%) of the aggregate number of the Common Shares and Class A Shares issued and outstanding after giving effect to such conversions. In addition, each Class A Share may be converted into one thousand (1,000) Common Share at any time and from time to time at the option of MJardin upon notice to the holder thereof.

The aforementioned is only a summary of the terms of the Class A Shares.

Take-Over Bid Protection

Under applicable Canadian securities laws, an offer to purchase Class A Shares would not necessarily require that an offer be made to purchase the Common Shares. The holders of all the outstanding Class A Shares, will therefore enter into a customary coattail agreement with the MJardin and a trustee (the "**Coattail Agreement**"). The Coattail Agreement will contain provisions customary for dual class, listed corporations designed to prevent transactions that otherwise would deprive the holders of the Common Shares of rights under applicable provincial take-over bid legislation to which they would have been otherwise entitled.

The undertakings in the Coattail Agreement will not apply to prevent a sale by any holder of Class A Shares if concurrently an offer is made to purchase Common Shares that:

a) offers a price per Common Share (on an as converted basis) at least as high as the highest price per share paid pursuant to the take-over bid for the Class A Shares (on an as converted basis);

b) provides that the percentage of outstanding Common Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Class A Shares to be sold (exclusive of Class A Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);

c) has no condition attached other than the right not to take up and pay for Common Shares tendered if no shares are purchased pursuant to the offer for Class A Shares; and

d) is in all other material respects identical to the offer for Class A Shares.

Under the Coattail Agreement, any disposition of Class A Shares (including a transfer to a pledgee as security) by a holder of Class A Shares party to the agreement will be conditional upon the transferee or pledgee becoming a party to the Coattail Agreement, to the extent such transferred Class A Shares are not automatically converted into Common Shares in accordance with the articles of incorporation.

The Coattail Agreement will contain provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Common Shares. The obligation of the trustee to take such action will be conditional on MJardin or holders of the Common Shares, as the case may be, providing such funds and indemnity as the trustee may require. No holder of Common Shares, as the case may be, will have the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Common Shares, as the case may be, and reasonable funds and indemnity have been provided to the trustee. The Corporation will agree to pay the reasonable costs of any action that may be taken in good faith by holders of Common Shares, as the case may be, pursuant to the Coattail Agreement.

The Coattail Agreement will provide that it may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of any applicable securities regulatory authority in Canada, and (b) the approval of at least 66-2⁄3% of the votes cast by holders of Common Shares excluding votes attached to Common Shares, if any, held by holders of Class A Shares, their affiliates and any persons who have an agreement to purchase Class A Shares on terms which would constitute a sale or disposition for purposes of the Coattail Agreement other than as permitted thereby.

No provision of the Coattail Agreement will limit the rights of any holders of Common Shares under applicable law.

Preferred Shares

The preferred shares may at any time and from time to time be issued in one or more series. Subject to the provisions of the OBCA and the articles of incorporation, the MJardin Board may, by resolution, from time to time before the issue thereof determine the maximum number of shares of each series, create an identifying name for each series, attach special rights or restrictions to the preferred shares of each series including, without limitation, any right to receive dividends (which may be cumulative or non-cumulative and variable or fixed) or the means of determining such dividends, the dates of payment thereof, any terms or conditions of redemption or purchase, any conversion rights, any retraction rights, any rights on MJardin's liquidation, dissolution or winding up and any sinking fund or other provisions, the whole to be subject to filing articles of amendment to the articles to create the series and altering the articles to include the special rights or restrictions attached to the preferred shares of the series. Except as provided in any special rights or restrictions attaching to any series of preferred shares issued from time to time, the holders of preferred shares will not be entitled to receive notice of, attend or vote at any meeting of Shareholders.

Preferred shares of each series, if and when issued, will, with respect to the payment of dividends, rank on a parity with the preferred shares of every other series and be entitled to preference over the Common Shares and the Class A Shares and any other of our shares ranking junior to the preferred shares with respect to payment of dividends.

In the event of MJardin's liquidation, dissolution or winding up, whether voluntary or involuntary, the holders of preferred shares will be entitled to preference with respect to distribution of our property or assets over the Common Shares and the Class A Shares and any other of our shares ranking junior to the preferred shares with respect to the repayment of capital paid up on and the payment of unpaid dividends accrued on the preferred shares. MJardin currently anticipates that there will be no pre-emptive, subscription, redemption or conversion rights attaching to any series of preferred shares issued from time to time.

10.2 Debt Securities, Other Securities, Modification of Terms and Other Attributes (10.2 to 10.6)

None of the matters set out in sections 10.2 to 10.6 of this Listing Statement are applicable.

10.7 Prior Sales

No Sumtra Shares or securities convertible into Sumtra Shares were issued within the 12 months before the date of the Listing Statement.

The following table summarizes the issuances of Shares or securities convertible into Shares within the 12 months before the date of the Listing Statement:

Date of Issue	Class of Security	Number of Securities Issued	Price Per Security	Total Issue Price
December 15, 2017	Common Shares	5,407,282	$2.1740	$11,755,431
December 22, 2017	KES 7 Warrant	Nil(1)	$1.93/share strike(1)	N/A(1)
December 22, 2017	Company Debentures	N/A(2)	N/A(2)	$21,400,000(2)
January 17, 2018	Bridging Warrant	Nil(3)	$1.00 aggregate strike(3)	N/A(3)
April 13, 2018	Common Shares	10,258,866	$2.0989	$21,532,333
April 13, 2018	Common Shares	8,609,956	$5.86	$50,454,342
June 27, 2018	Common Shares	585,301(4)	Nil(4)	Nil(4)
August 28, 2018	Common Shares	2,025,516(5)	3.5973(5)	$7,286,412.50(5)
October 19, 2018	Subscription Receipts	2,167,890 (6)	C$12.00(6)	C$26,014,680 (6)
October 19, 2018	Agent Options	151,752((7)	C$12.00(7)	N/A(7)
November 13, 2018	Common Shares	108,333(8)	C$12.00(8)	$1,000,000(8)
November 13, 2018	Common Shares	217,814(9)	Nil(9)	Nil(9)

In connection with the Cheyenne Transaction, John Fritzel and James Lowe hold the right to receive 1,582.676 Company Class A Shares, in the aggregate, if the State of Nevada grants the necessary regulatory approval for MJardin Nevada Holdings, Inc., a wholly-owned subsidiary of the Company, to be the sole member of F&L. In the event the necessary regulatory approval is not granted by August 28, 2019, and such lack of approval is due solely to the failure of the Company to comply with the relevant laws, rules and procedures of the approval process, then 1,582.676 Company Class A Shares, in the aggregate, shall nevertheless be issued to John Fritzel and James Lowe.

Notes:

(1) Exercisable for up to 466,321 Common Shares.

(2) On December 22, 2017, the Company completed a brokered and non-brokered private placement offering of an aggregate of $21,400,000 of 10% Secured Subordinated Convertible Debentures and Secured Convertible Debentures due February 28, 2018.

(3) Exercisable for $775,200 worth of Common Shares to be issued at a price generally equal to the average price per share of the Resulting Issuer following the RTO Transaction. This Bridging Warrant was exercised in connection with the RTO Transaction.

(4) Pursuant to the existing equity incentive plan, Company Common Shares were awarded to certain employees, officers, consultants, advisors and directors as compensatory shares for no additional consideration.

(5) These Company Common Shares were issued as consideration in connection with the Cheyenne Transaction.

(6) Issued in connection with the Subscription Receipts offering. Subscription Receipts to be converted into Common Shares as part of the RTO Transaction.

(7) Issued to Canaccord, Cormark and KES 7 as part of their fee for acting as agents in the Subscription Receipts offering.

(8) As consideration in connection with the Cheyenne Transaction, Bridging received a right to $1 million in Company Common Shares at an implied Company valuation of C$12.00 per Company Common Share. This right was exercised in connection with the RTO Transaction.

(9) These Company Common Shares were issued to Sumtra shareholders as part of the RTO Transaction.

10.8 Stock Exchange Price.

The Common Shares of the Resulting Issuer will be listed on the CSE under the symbol “MJAR”. The Resulting Issuer does not have a trading history. Sumtra’s shares were listed on the TSX Venture Exchange with no trades made since August 2016. During July 2016, Sumtra’s shares had a market closing price high of $0.04, low of $0.02 and a trading volume of 7,000.

11 Escrowed Securities

11.1 Escrowed Securities.

Not Applicable

11.2 Pooled Securities.

Not Applicable.

12 Principal Shareholders

12.1 Principal Shareholders

Except as set forth below, to the knowledge of the directors and executive officers of MJardin, following completion of the RTO Transaction and the Subscription Receipt Escrow Release, no person or corporation will beneficially own, directly or indirectly, or exercise control or direction over, Shares carrying more than 10% of the voting rights attached to all outstanding Shares (either on a non-diluted or fully diluted basis).

Name	Number of Shares	Ownership	Approximate Percentage of Voting Rights (non-diluted)
Rishi Gautam(1)	1,140,418.099 (2)	Indirect(1)	10.68%(3)(4)

Notes:

(1) Common Shares are beneficially owned or controlled indirectly via 3319891 Nova Scotia Company (1,114,605 Common Shares) and Platform 8, LLC (21,985 Common Shares) and Class A Shares are beneficially owned or controlled indirectly via River Cities Investment Group, LLC (996.288 Class A Shares), River Cities Investment Group GP, LLC (60 Class A Shares), MJardin Investment 2017, LLC (875 Class A Shares) and MJAR CompCo, LLC (1,896.811 Class A Shares).

(2) 1,136,590 Common Shares; 3,828.099 Class A Shares.

(3) 3.19% of Common Shares issued and outstanding; 35.27% of the Class A Shares issued and outstanding.

(4) Taking into account the voting rights of Class A Shares, 10.68% of the voting rights on a non-diluted basis and 9.35% of the voting rights on a fully diluted basis.

12.2 Voting Trusts

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

12.3 Associates and Affiliates

To the knowledge of MJardin, none of the principal shareholders is an associate or Affiliate of any other principal shareholder of MJardin.

13 Directors and Officers

13.1 Directors and Officers.

The following table lists the names, municipalities of residence of the directors and officers of MJardin, their positions and offices to be held with MJardin and their principal occupations during the past five (5) years and the number of securities of MJardin that are beneficially owned, directly or indirectly, or over which control or direction will be exercised by each following completion of the RTO Transaction and the Subscription Receipt Escrow Release.

Name	**Municipality of Resident**	**Position with MJardin**	**Principal Occupation(s) during the past 5 years**	**Number of Securities beneficially owned or controlled**	**Percentage of Securities beneficially owned or controlled**
Rishi Gautam	Denver, Colorado	Director, Executive Chairman, Chairperson of the Company Board	Position with MJardin; Managing Director at River Cities Advisors (2014-Present); Chief Financial Officer at Berylian Capital, LLC (2010-Present)	1,140,418.099 (1)	3.20%(2)
Roman Kocur	Toronto, Ontario	Director	Managing Partner at Massey Capital; Regional President at FirstService Corp (2012-2016)	133,978(3)	0.38%(4)
Graham Marr	Toronto, Ontario	Director	Senior Managing Director and Portfolio Manager at Bridging Finance Inc.	Nil	Nil
John Travaglini	Toronto, Ontario	Director	Chief Executive Officer at 4Front Capital Partners Inc.; Founding Partner at Platform 8 Inc.	459,679.974(5)	1.29%(6)
Francis Knuettel II	Erie, Colorado	Chief Financial Officer and Corporate Secretary	CFO of Aqua Metal, Inc. (2018) and CFO of Marathon Patent Group	Nil	Nil
Arthur J. Brown	Erie, Colorado	Chief Accounting Officer	Position with MJardin (2017-Present); Partner at Marcum LLP (2015-2017); Partner at RSM McGladrey (2014-2015); Partner at Rothstein Kass (2009-2014)	661.392(7)	0.00%(8)
Jorge Boone	Boulder, Colorado	Chief Operating Officer – U.S. Operations	Owner, JoMaBo Ventures (2012 – present), Senior Vice President/General	Nil	Nil

			Manager, World Travel Holdings (2011-2015), Senior Vice President, North America Business Development, Wyndham Worldwide/RCI (2008-2011)		
Benjamin Franz	Erie, Colorado	Senior Vice President of Cultivation	Positions with the Company	89.224(9)	0.00%(10)

Notes:

(1) 4,964,689 Common Shares, assuming full dilution and conversion from Class A Shares.
(2) 9.35% of Common Shares issued and outstanding, assuming full dilution and conversion from Class A Shares.
(3) 133,978 Common Shares.
(4) 0.25% of Common Shares issued and outstanding, assuming full dilution and conversion from Class A Shares.
(5) 671,442 Common Shares, assuming full dilution and conversion from Class A Shares.
(6) 1.26% of Common Shares issued and outstanding, assuming full dilution and conversion from Class A Shares.
(7) 661,392 Common Shares, assuming full dilution and conversion from Class A Shares.
(8) 1.25% of Common Shares issued and outstanding, assuming full dilution and conversion from Class A Shares.
(9) 89,224 Common Shares, assuming full dilution and conversion from Class A Shares.
(10) 0.17% of Common Shares issued and outstanding, assuming full dilution and conversion from Class A Shares.

13.2 Period Served as Directors and Officers.

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

13.3 Interests of Directors and Officers.

Upon completion of the RTO Transaction and the Subscription Receipt Escrow Release, all directors and officers, as a group, will beneficially own or control, directly or indirectly, 1,712,085.425 Shares comprised of 1,708,051 Common Shares and 4,034.425 Class A Shares, which equals 4.80% of the Shares on a non-diluted basis representing 4.79% of Common Shares and 37.17% of Class A Shares issued and outstanding.

13.4 Board Committees.

Upon completion of the RTO Transaction, the MJardin Board proposes to establish two committees: the Audit Committee and the Compensation & Governance Committee (the "**C&G Committee**").

The Audit Committee will initially consist of Roman Kocur, Graham Marr and John Travaglini, in compliance with the requirements applicable to venture issuers under National Instrument 52-110 — Audit Committees. Each of the Audit Committee members has an understanding of the accounting principles used to prepare the MJardin's financial statements, experience preparing, auditing, analyzing or evaluating comparable financial statements and experience as to the general application of relevant accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

The MJardin Board proposes to adopt a written charter for the Audit Committee which sets out the Audit Committee's responsibility in reviewing the financial statements of MJardin and public disclosure documents containing financial information and reporting on such review to the MJardin Board, ensuring that adequate procedures are in place for the review of MJardin's public disclosure documents that contain financial information, overseeing the work and reviewing the independence of the external auditors and reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management. The Audit Committee will also be responsible for recommending the adoption of an enterprise risk management program and an environmental management program for MJardin and for supervising MJardin's compliance with and implementation of the risk and environmental programs.

The C&G Committee will initially consist of John Travaglini. The C&G Committee will be charged with reviewing, overseeing and evaluating the governance and nominating policies and the compensation policies of MJardin. In addition, the C&G Committee will be responsible for: (i) assessing the effectiveness of the MJardin Board, each of its committees and individual directors; (ii) overseeing the recruitment and selection of candidates as directors of MJardin; (iii) organizing an orientation and education program for new directors and coordinating continuing director development programs; (iv) considering and approving proposals by the directors to engage outside advisers on behalf of the MJardin Board as a whole or on behalf of the independent directors; (v) reviewing and making recommendations to the MJardin Board concerning any change in the number of directors composing the MJardin Board; (vi) administering any stock option or purchase plan of MJardin or any other compensation incentive programs; (vii) assessing the performance of the officers and other members of the executive management team of MJardin; (viii) reviewing and approving the compensation paid by MJardin, if any, to consultants of MJardin; and (ix) reviewing and making recommendations to the MJardin Board concerning the level and nature of the compensation payable, if any, to the directors and officers of MJardin.

13.5 Management.

Rishi Gautam (Age: 35) – Director, Executive Chairman, Chairperson of the Company Board: With over 15 years of experience in investment management, financing transactions, and business strategy, Mr. Gautam brings a vast array of knowledge and financial expertise to the MJardin team. Mr. Gautam structured and ultimately participated in the sole preferred equity financing for the Company in 2014 and has been a Director of the Company since inception. Prior to joining the Company as CEO in 2017, Mr. Gautam co-created and ran a private investment firm since 2010 alongside fellow colleagues from Goldman Sachs, where he advised and invested in a variety of emerging growth markets including legal cannabis, eSports, and population health management. Mr. Gautam began his career in the analyst program of Goldman Sachs, and then subsequently moved to Lehman Brothers/Barclays where he ultimately co-led an investment team in San Francisco. Mr. Gautam graduated cum laude from the University of Miami with a Bachelor of Business Administration in Accounting and also received a Masters in Accounting from Florida International University. Mr. Gautam is a licensed CPA. Mr. Gautam is party to a non-competition, non-disclosure agreement with MJardin.

Francis Knuettel II (Age: 52) Frank has extensive strategic and operational financial leadership, with over 20 years of management and business experience in public and venture-backed firms. He previously served as CFO for Aqua Metals, Inc. (NASDAQ: AQMS) and CFO for Marathon Patent Group, Inc. (NASDAQ: MARA), where he managed the acquisition of nine entities and closed $50 million on debt financing along with numerous equity financings. He was also CFO for IP Commerce Inc and previously, he held several senior financial positions at InfoSearch Media, Inc., Internet Machines Corporation and

Viking Systems, Inc., from 1999 to 2007. Mr. Knuettel holds an MBA from The Wharton School and a BA in Economics from Tufts University. Mr. Knuettel is party to a non-competition, non-disclosure agreement with MJardin.

Arthur J. Brown (Age: 49) – Chief Accounting Officer: With over 22 years of financial accounting and executive leadership experience ranging from CFO of a start-up hedge fund to audit partner of large national accounting firms, Mr. Brown brings a broad range of experience to MJardin's leadership team. As an audit partner, most recently with Marcum LLP, he developed strong leadership skills managing complex client engagements, analyzing complicated transactions, and resolving complex audit situations, primarily working with start-up and middle market private equity, venture capital, and hedge fund firms. Prior to Marcum LLP, Mr. Brown was an audit partner with RSM/McGladrey LLP and Rothstein Kass LLP. He started his career with Ernst & Young's New York Metro Area audit practice, focusing on asset management. Mr. Brown graduated summa cum laude from Marist College and is a licensed CPA. Mr. Brown is party to a non-competition, non-disclosure agreement with MJardin.

Jorge Boone (Age: 42) – Chief Operating Officer – U.S. Operations: Jorge Boone is a seasoned senior executive having held numerous executive leadership roles at future 500 hundred companies, large scale enterprises and technology start-ups. Jorge's depth of experience includes officer level roles at Wyndham Worldwide, Starwood Hotels and Resorts and several privately held companies. In addition to his corporate experience, Jorge is a successful entrepreneur having developed numerous commercial and residential real estate projects.

Benjamin Franz (Age: 34) – Senior Vice President of Cultivation: Mr. Franz is a multidisciplinary plant scientist (botany and horticulture) with a focus on commercial cannabis cultivation. Mr. Franz's work in plant nutrition has resulted in the creation of the Company's proprietary fertilizer blend, which increases plant performance, and reduces labor and consumable costs. Prior to working with the Company, Mr. Franz designed, built and managed a large-scale commercial cultivation facility in the Denver area where he maintained high levels of plant productivity, and conducted independent primary research on fertilizer ratios for cannabis production on behalf of a publicly traded garden supply company. Ben earned a Bachelor of Science with a major in Biology and a concentration in Botany from Metropolitan State University in Denver, and has the course work completed (degree pending) for a Master of Science in Horticulture with a concentration in Floriculture from Colorado State University at Fort Collins. Mr. Franz is party to a non-competition, non-disclosure agreement with MJardin.

Roman Kocur (Age: 58) – Director: Roman Kocur was a member of executive teams that have built three Canadian public companies (TSX: FSV, CIGI & GAC) with an aggregate market capitalization of over $6.0 billion. Mr. Kocur has extensive experience having sourced, negotiated, closed and integrated over 100 acquisitions. Mr. Kocur has a background in strategic planning, leadership, operations, business development, finance & IT. During his career, he led teams of over 4,000 people across Canada and the U.S, and has been involved in numerous industry consolidations, turn-arounds, start-ups, initial public offerings and capital market equity and debt transactions. From 2012 to 2016, Mr. Kocur served as Regional President at FirstService Corporation ("**FSV**") (TSX:FSV) – the largest residential property management firm in the world. From 2003 to 2011, he held a variety of positions at FSV including Managing Director, Corporate Development. Prior to joining FSV, Kocur spent five years at Geac Computer Corporation Limited (TSX:GAC), one of the largest technology companies in Canada, where he served as Director, Global M&A, Group Controller, and Director, Global Financial Planning & Analysis. An industry veteran, he previously held senior financial positions at subsidiaries of the Jim Pattison Group and Canadian Tire, and began his career at PWC. Mr. Kocur, a licensed CPA, holds a Bachelor of Commerce degree from the University of Toronto's Rotman School of Management.

Graham Marr (Age: 34) – Director: Mr. Marr is a Senior Managing Director and Portfolio Manager at Bridging Finance. Graham participates in all aspects of Bridging Finance's private investment management activities, including the origination, evaluation and monitoring of investments, as well as operations. Prior to joining Bridging Finance, Graham worked in KPMG's Transactions and Advisory practice in the areas of restructuring, corporate finance and due diligence services. Graham is a Chartered Accountant and is a CFA Charterholder. Graham holds a Bachelor of Arts with a major in Business Administration from the Richard Ivey School of Business at the University of Western Ontario.

John Travaglini (Age: 57) – Director: Mr. Travaglini is a technology and capital markets entrepreneur, and a highly experienced M&A professional. Prior to founding 4Front Capital Partners, he owned a mid-market investment and merchant banking consulting firm based out of Toronto, Ontario. In this role Mr. Travaglini consulted to large multinationals, funds and family offices worldwide on wealth preservation, mergers and acquisitions and International Investments. Prior to that Mr. Travaglini co-owned an investment bank with offices in Toronto, London, Singapore and Sydney Australia. This company did both public and private transactions totaling over $250 million. Mr. Travaglini co-founded a systems integration company which had revenues of over $55 Million. Mr. Travaglini has held sales positions with Sun Microsystems, Unisys Corporation. Mr. Travaglini has held board positions and executive management positions in both public and private companies in Canada and abroad. He holds an Honors Bachelor of Business Administration from Wilfrid Laurier University and is a graduate of the Quantum Shift Executive Management program sponsored by KPMG and the Richard Ivey School of Business at the University of Western Ontario.

None of MJardin's directors or executive officers has, within the 10 years prior to the date of this Listing Statement, been a director, chief executive officer or chief financial officer of any company (including MJardin) that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity) was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation, in each case for a period of more than 30 consecutive days.

None of MJardin's directors or executive officers has, within the 10 years prior to the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or comprise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such director or executive officer, been a director or executive officer of any company, 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 comprise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No director or executive officer of MJardin has: (i) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision

To the best of MJardin's knowledge, there are no known existing or potential material conflicts of interest among MJardin or a subsidiary of MJardin and a director or officer of MJardin or a subsidiary of MJardin as a result of their outside business interests except that certain of MJardin's or its subsidiaries' directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to MJardin and their duties as a director or officer of such other companies.

14 Capitalization

14.1 Issued Capital

Prepare and file the following chart for each class of securities to be listed after giving effect to the RTO Transaction and the Subscription Receipt Escrow Release:

Issued Capital

As of November 13, 2018	**Number of Securities (non-diluted)**	**Number of Securities (fully-diluted)**	**% of Issued (non-diluted)**	**% of Issued (fully diluted)**
Public Float				
Total outstanding (A)	35,650,456.568[(1)]	40,684,811.244[(2)]	100%[(3)]	100%[(4)]
Held by Related Persons or employees of the Resulting Issuer or Related Person of the Resulting Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer upon exercise or conversion of other securities held) (B)	12,384,497.425[(5)]	12,386,080.101[(6)]	34.74%[(7)]	30.44%[(8)]
Total Public Float (A-B)	23,265,959.143[(9)]	28,298,731.143[(10)]	65.26%[(11)]	69.56%[(12)]
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)	Nil	Nil	Nil	Nil
Total Tradeable Float (A-C)	35,650,456.568 [(1)]	40,684,811.244 [(2)]	100%[(3)]	100%[(4)]

Notes:

(1) The total number of (non-diluted) securities is comprised of 35,639,603 Common Shares and 10,853.568 Class A Shares or 46,493,171 Common Shares assuming full conversion from the Class A Shares into Common Shares.

(2) The total number of (fully-diluted) securities is comprised of 40,672,375 Common Shares and 12,436.244 Class A Shares or 53,108,619 Common Shares assuming full conversion from the Class A Shares into Common Shares.
(3) On a non-diluted basis, 99.97% of the issued capital is comprised of Common Shares and 0.03% of the issued capital is comprised of Class A Shares.
(4) On a fully-diluted basis, 99.97% of the issued capital is comprised of Common Shares and 0.03% of the issued capital is comprised of Class A Shares.
(5) Comprised of 12,376,263 Common Shares and 8,234.425 Class A Shares or 20,610,688 Common Shares assuming full conversion from the Class A Shares into Common Shares.
(6) Comprised of 12,376,263 Common Shares and 9,817.101 Class A Shares or 22,193,364 Common Shares assuming full conversion from the Class A Shares into Common Shares.
(7) 34.73% of Common Shares issued and outstanding; 75.87% of Class A Shares issued and outstanding; 44.33% of Common Shares issued and outstanding assuming full conversion from the Class A Shares into Common Shares.
(8) 30.43% of Common Shares issued and outstanding (on a fully-diluted basis); 78.94% of Class A Shares issued and outstanding (on a fully-diluted basis); 41.79% of Common Shares (on a fully-diluted basis) issued and outstanding assuming full conversion from the Class A Shares into Common Shares.
(9) Comprised of 23,263,340 Common Shares and 2,619.143 Class A Shares or 25,882,483 Common Shares assuming full conversion from the Class A Shares into Common Shares.
(10) Comprised of 28,296,112 Common Shares and 2,619.143 Class A Shares or 30,915,255 Common Shares assuming full conversion from the Class A Shares into Common Shares.
(11) 65.27% of Common Shares issued and outstanding; 24.13% of Class A Shares issued and outstanding; 55.67% of Common Shares issued and outstanding assuming full conversion from the Class A Shares into Common Shares.
(12) 69.57% of Common Shares issued and outstanding (on a fully-diluted basis); 21.06% of Class A Shares issued and outstanding (on a fully-diluted basis); 58.21% of Common Shares (on a fully-diluted basis) issued and outstanding assuming full conversion from the Class A Shares into Common Shares.

Public Securityholders (Registered)(1)

For the purposes of this report, "**public securityholders**" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	6	292.068(2)
100 – 499 securities	13	2,837.075(3)
500 – 999 securities	9	6,198(4)
1,000 – 1,999 securities	16	18,815(5)
2,000 – 2,999 securities	12	28,401(6)
3,000 – 3,999 securities	6	20,044(7)
4,000 – 4,999 securities	6	25,034(8)
5,000 or more securities	163	22,946,524(9)
	231	21,040,490.807(10)

Notes:

(1) Not included are the 217,814 Company Common Shares issued to Sumtra shareholders as part of the RTO Transaction due to the unknown number of registered holders.

(2) 84 Common Shares; 208.068 Class A Shares; 208,152 Common Shares assuming full conversion from the Class A Shares into Common Shares.

(3) 1,101 Common Shares; 1,736.075 Class A Shares; 1,737,176 Common Shares Assuming full conversion from the Class A Shares into Common Shares.

(4) 5,523 Common Shares; 675 Class A Shares; 680,523 Common Shares assuming full conversion from the Class A Shares into Common Shares.

(5) 18,815 Common Shares; 0 Class A Shares.

(6) 28,401 Common Shares; 0 Class A Shares.

(7) 20,044 Common Shares; 0 Class A Shares.

(8) 25,034 Common Shares; 0 Class A Shares.

(9) 22,946,524 Common Shares; 0 Class A Shares.

(10) 23,045,526 Common Shares; 2,619.143 Class A Shares; 25,664,669 Common Shares assuming full conversion from the Class A Shares into Common Shares.

Public Securityholders (Beneficial)

For the purposes of the following table, "public securityholders (beneficial)" include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary; but does not include “non-public securityholders” being those persons enumerated in section (B) of the above Issued Capital table.

Class of Security

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	6	243.909[(1)]
100 – 499 securities	10	2,000.866[(2)]
500 – 999 securities	9	6,198[(3)]
1,000 – 1,999 securities	15	17,815[(4)]
2,000 – 2,999 securities	12	26,401[(5)]
3,000 – 3,999 securities	7	20,044[(6)]
4,000 – 4,999 securities	4	16,667[(7)]
5,000 or more securities	83	5,565,867[(8)]
Unable to confirm	N/A	15,603,068.032[(9)]

Notes:

(1) 84 Common Shares; 159.909 Class A Shares; 159,993 Common Shares assuming full conversion from the Class A Shares into Common Shares.

(2) 1,101 Common Shares; 899.866 Class A Shares; 900,967 Common Shares Assuming full conversion from the Class A Shares into Common Shares.
(3) 5,523 Common Shares; 675 Class A Shares; 680,523 Common Shares assuming full conversion from the Class A Shares into Common Shares.
(4) 17,815 Common Shares; 0 Class A Shares.
(5) 26,401 Common Shares; 0 Class A Shares.
(6) 20,044 Common Shares; 0 Class A Shares.
(7) 16,667 Common Shares; 0 Class A Shares.
(8) 5,565,867 Common Shares; 0 Class A Shares.
(9) 15,600,174 Common Shares; 2,894.032 Class A Shares; 18,494,206 Common Shares assuming full conversion from the Class A Shares into Common Shares.

Non-Public Securityholders (Registered)

For the purposes of this table, "non-public securityholders" are persons enumerated in section (B) of the above Issued Capital table.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	3	104.761(1)
100 – 499 securities	1	161.565(2)
500 – 999 securities	2	1,871.288(3)
1,000 – 1,999 securities	1	1,896.811(4)
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	1	4,200(5)
5,000 or more securities	9	12,376,263(6)
	17	12,384,497.425(7)

Notes:
(1) 0 Common Shares; 104.761 Class A Shares; 104,761 Common Shares assuming full conversion from the Class A Shares into Common Shares.
(2) 0 Common Shares; 161.565 Class A Shares; 161,565 Common Shares assuming full conversion from the Class A Shares into Common Shares.
(3) 0 Common Shares; 1,871.288 Class A Shares; 1,871,288 Common Shares assuming full conversion from the Class A Shares into Common Shares.
(4) 0 Common Shares; 1,896.811 Class A Shares; 1,896.811 Common Shares assuming full conversion from the Class A Shares into Common Shares.
(5) 0 Common Shares; 4,200 Class A Shares; 4,200,000 Common Shares assuming full conversion from the Class A Shares into Common Shares.
(6) 12,376,263 Common Shares; 0 Class A Shares.

(7) 12,376,263 Common Shares; 8,234.425 Class A Shares; 20,610,688 Common Shares assuming full conversion from the Class A Shares into Common Shares.

14.2 Convertible/Exchangeable Securities.

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Class A Shares(1)	10,853.568 Class A Shares	10,853,568 Common Shares
KES 7 Warrant(2)	466,321 Common Shares	466,321 Common Shares
Agent Options(3)	151,752 Common Shares	151,752 Common Shares

Notes:

(1) See Section 10.1 for the terms of conversion into Common Shares.
(2) Warrant issued to KES 7 with an exercise price of $1.93 per Common Share and expires on December 22, 2020.
(3) Options issued to Canaccord, Cormark and KES 7 with an exercise price of C$12.00 per Common Share and expires on October 19, 2020.

In addition to the foregoing, in connection with the Cheyenne Transaction, 1,582.676 Company Class A Shares, in the aggregate, will be issued to John Fritzel and James Lowe if the State of Nevada grants the necessary regulatory approval for MJardin Nevada Holdings, Inc., a wholly-owned subsidiary of the Company, to be the sole member of F&L. In the event the necessary regulatory approval is not granted by August 29, 2019, and such lack of approval is due solely to the failure of the Company to comply with the relevant laws, rules and procedures of the approval process, then 1,582.676 Company Class A Shares, in the aggregate, shall nevertheless be issued to John Fritzel and James Lowe.

14.3 Convertible/Exchangeable Securities Reserved for Issuance.

See Section 9 – Options to Purchase Securities.

15 Executive Compensation

Compensation Discussion and Analysis

As of the date of this Listing Statement, the Company did not, during the two most recently completed financial years, pay any fees to its current directors or named executive officers, except as disclosed below. The following is a compensation discussion and analysis in respect of the existing directors and named executive officers of the Company.

Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6V - Statement of Executive Compensation – Venture Issuers ("**Form 51-102F6V**")) sets forth all compensation for services in all capacities to the Company for the financial years ended December 31, 2017 and December 31, 2016 in respect of:

(a) each individual who acted as Chief Executive Officer ("**CEO**") or Chief Financial Officer ("**CFO**") for all or any portion of the most recently completed financial year;

(b) the most highly compensated executive officer of the Company including any of its subsidiaries (other than the CEO and the CFO), whose total compensation was more than $150,000 for the most recently completed financial year ended December 31, 2017; and

(c) any individual who would have satisfied these criteria but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of December 31, 2017;

(collectively, the "**Named Executive Officers**" or "**NEOs**").

Director and Named Executive Officer compensation, excluding compensation securities

Table of compensation excluding compensation securities							
Name and position	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting Fees ($)**	**Value of perquisites ($)**	**Value of all other Compensation ($)**	**Total compensation ($)**
Rishi Gautam[1], Director, President, Chief Executive Officer, Chairperson of the Board	2017 2016	$140,000 Nil	Nil Nil	Nil Nil	$1,786 Nil	Nil Nil	$141,786 Nil
James Lowe Director	2017 2016	Nil $190,000	Nil Nil	Nil Nil	$6,258.99 $6,375.96	Nil Nil	$6,258.99 $196,375.96
Roman Kocur, Director	2017 2016	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Graham Marr, Director	2017 2016	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
John Travaglini, Director	2017 2016	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Arthur J. Brown[2] Chief Accounting Officer Chief Financial Officer	2017 2016	$29,855 Nil	Nil Nil	Nil Nil	$812 Nil	Nil Nil	$30,667 Nil
Francis Knuettel II[3], Chief Financial Officer and Corporate Secretary	2017 2016	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Benjamin Franz, Senior Vice President of Cultivation	2017 2016	$134,496 $99,168	$500 $1,500	Nil Nil	$3,118 $3,082	Nil Nil	$138,114 $103,750
Joe Bagan[4], former Chief Operating Officer	2017 2016	$99,355 $153,000	Nil Nil	Nil Nil	$1,078 $2,806	Nil Nil	$100,433 $155,806

Notes:

(1) Rishi Gautam was appointed Chief Executive Officer of the Company on June 1, 2017.
(2) Arthur J. Brown was appointed Chief Accounting Officer on September 1, 2018.
(3) Francis Knuettel II was appointed Chief Financial Officer on September 1, 2018 and will be appointed Corporate Secretary following the RTO Transaction.
(4) Joe Bagan was Chief Operating Officer of the Company from February 2016 to April 30, 2017.

Summary stock options and other compensation securities table

The following table sets out all compensation securities, comprised of incentive shares, granted or issued to all directors and NEOs by the Company in the most recently completed financial year ended December 31, 2017, for services provided, directly or indirectly, to the Company.

Compensation Securities							
Name and position	**Type of compensation security**	**Number of compensation securities, number of underlying securities, and percentage of class**	**Date of issue or grant**	**Issue, conversion or exercise price ($) pre-consolidation**	**Closing price of security or underlying security on date of grant ($)**	**Closing price of security or underlying security at year end ($)**	**Expiry date**
Rishi Gautam, Director, President, Chief Executive Officer, Chairperson of the Board	incentive shares	1,100,000	June 1, 2017	$1.4493(1)	N/A	N/A	N/A
James Lowe. Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Roman Kocur, Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Graham Marr, Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
John Travaglini, Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Arthur J. Brown, Chief Accounting Officer	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Francis Knuettel II, Chief Financial Officer	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benjamin Franz, Senior Vice President of Cultivation	incentive shares	75,000	March 1, 2017	$1.4493(1)	N/A	N/A	N/A
Joe Bagan, former Chief Operating Officer	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) The MJAR LLC incentive shares issued to each of Mr. Gautam and Mr. Franz were intended to qualify as “profits interests” within the meaning of Revenue Procedure 93-27 as clarified by Revenue Procedure 2001-43. Such incentive shares were non-voting in all respects and were subject to a hurdle rate $1.4493, whereby Mr. Gautam and Mr. Franz were not entitled to receive the first $1.4493 per each such incentive share of distributions that, but for such hurdle rate, would be distributable to them in accordance with the operating agreement of MJAR LLC.

Employment, Consulting and Management Contracts

As of December 31, 2017, the Company did not have an employment agreement with any of the Named Executive Officers except for Rishi Gautam. Pursuant to his employment agreement, Mr. Gautam is entitled to an annual base salary of $240,000 and incentive shares of MJAR Holdings, LLC, the Company’s predecessor (which incentive shares were issued to Mr. Gautam on June 1, 2017 as set forth in the table above). Mr. Gautam is also entitled to a bonus (the “**Change of Control Bonus**”) equal to 1.5% of the gross sale proceeds of the Company in the event the Company experiences a change in control event. He is further entitled to participate in employee benefit plans and programs including, without limitation, medical, dental, vision, life insurance, disability plans and retirement plans, similar to those that are maintained, from time to time, for similarly situated executives of the Company, paid time off as per Company policies and reimbursement for all out-of-pocket ordinary, necessary and reasonable business, entertainment, and travel and meal expenses incurred by Mr. Gautam on behalf of the Company while performing his duties and responsibilities under his employment agreement with the Company.

The Company and Rishi Gautam entered into a Letter Agreement on May 22, 2018 to clarify certain terms of Mr. Gautam’s employment agreement, including clarifying that (i) Mr. Gautam is entitled to receive the Change of Control Bonus as a result of the RTO Transaction and (ii) the amount of such Change of Control Bonus shall be calculated based on the total valuation of the Company at the effective time of the closing of the RTO Transaction as well as other transactions involving Company affiliates.

After December 31, 2017, the Company entered into employment agreements with each of the following current employees: Francis Knuettel II (CFO), Arthur J. Brown. (CAO, former CFO), Benjamin Franz (Senior Vice President of Cultivation), and Jorge Boone (Chief Operating Officer – U.S. Operations).

Oversight and Description of Named Executive Officer and Director Compensation and Reimbursements

As of the date hereof, the directors of the Company do not receive compensation. The Company reimburses expenses incurred by such persons for acting as directors of the Company.

The ongoing compensation of the Named Executive Officers is determined by the board of directors of the Company. Compensation may be comprised of cash, equity awards, or a combination of both. The Company also reimburses expenses incurred by such persons for acting as officers of the Company. At the time of this Listing Statement, no element of compensation for Named Executive Officers is tied to performance criteria or goals.

Pension Plan Benefits

The Company does not currently provide any pension plan benefits to its named executive officers, directors, or employees.

Stock Options and Other Compensation Securities

See Section 9 – Options to Purchase Securities.

Compensation of Executives

MJardin's compensation practices will be designed to retain, motivate and reward its executive officers for their performance and contribution to MJardin's long-term success. The MJardin Board will seek to compensate MJardin's executive officers by combining short and long-term cash and equity incentives. It will also seek to reward the achievement of corporate and individual performance objectives, and to align executive officers' incentives with shareholder value creation. The MJardin Board will seek to tie individual goals to the area of the executive officer's primary responsibility. These goals may include the achievement of specific financial or business development goals. The MJardin Board will also seek to set company performance goals that reach across all business areas and include achievements in finance/business development and corporate development.

The independent directors of MJardin will review and recommend the executive compensation arrangements and the employment agreements for the Chief Executive Officer, Chief Financial Officer and Senior Vice President of Cultivation. The ultimate decision will rest with the Chief Executive Officer in all cases.

Benchmarking

The executive team is expected to establish an appropriate comparator group for purposes of setting the future compensation of the NEOs.

Elements of Compensation

The compensation of the NEOs will include three major elements: (a) base salary, (b) an annual, discretionary cash bonus, and (c) long-term equity incentives granted under the New Equity Incentive Plan and any other equity plan that may be approved by the MJardin Board. These three principal elements of compensation are described below.

Base Salary

Base salaries are intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries will be determined on an individual basis, taking into consideration the past, current and potential contribution to MJardin's success, the position and responsibilities of the NEOs and competitive industry pay practices for other companies of similar size and revenue growth potential.

Annual Cash Bonus

Annual bonuses will be awarded based on qualitative and quantitative performance standards, and will reward performance of the NEO individually. The determination of an NEO's performance may vary from year to year depending on economic conditions and conditions in the marijuana industry, and may be based on measures such as stock price performance, the meeting of financial targets against budget (such as adjusted funds from operations), the meeting of acquisition objectives and balance sheet performance.

New Equity Incentive Plan

The Company has adopted a New Equity Incentive Plan to provide that the board of directors of the Company may from time to time, in its discretion, and in accordance with the applicable CSE requirements, grant to directors, officers, employees and consultants to the Company (i) nonqualified stock options and incentive stock options, (ii) restricted stock awards, (iii) compensatory share awards, (iv) stock appreciation rights, (v) restricted stock units and (vi) other equity incentives. Pursuant to the New Equity Incentive Plan, the number of Common Shares reserved for issuance is anticipated to be 10.64% of the issued and outstanding Common Shares (on a fully diluted basis). *See Section 9 Options to Purchase Securities.*

Pension Plan Benefits

MJardin does not intend to implement any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

16 Indebtedness of Directors and Executive Officers

16.1 Aggregate Indebtedness.

There are no loans by the Company to any officers or directors, nor are there any guarantees of indebtedness by any officers or directors to any other entity.

16.2 Indebtedness under Securities Purchase and Other Programs

Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs.

None.

17 Risk Factors

There are numerous and varied risks, known and unknown, that may prevent MJardin from achieving its goals. If any of these risks actually occur, MJardin's business, financial condition or results of operation may be materially adversely affected. In such case, the trading price of the Common Shares could decline and investors could lose all or part of their investment. The following is a summary of certain risks that could be applicable to the business of MJardin:

MJardin's actual financial position and results of operations may differ materially from the expectations of MJardin's management.

MJardin's actual financial position and results of operations may differ materially from management's expectations. As a result, MJardin's revenue, net income and cash flow may differ materially from MJardin's projected revenue, net income and cash flow. The process for estimating MJardin's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect MJardin's financial condition or results of operations.

Some of MJardin's business activities, while believed to be compliant with applicable U.S. state and local law, are illegal under federal law.

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 U.S. Controlled Substance Act (the "**CSA**").

MJardin engages in cannabis-related activities in the U.S. As a result, U.S. law enforcement authorities, in their attempt to regulate the illegal use of cannabis and any related drug paraphernalia, may seek to bring an action or actions against MJardin, including, but not limited to, aiding and abetting another's criminal activities. US Federal law provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal**.**" As a result of such an action, MJardin may be forced to cease operations and be restricted from operating in the U.S. Such an action would have a material negative effect on our business and operations. An investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment.

There is uncertainty surrounding the Trump Administration and the U.S. Attorney General and their influence and policies in opposition to the cannabis industry as a whole.

There is significant uncertainty surrounding the policies of President Donald Trump and the Trump Administration about recreational and medical cannabis. On January 4, 2018, the U.S. Department of Justice rescinded the Cole Memorandum. This effectively placed discretion in the hands of federal prosecutors in the U.S. to decide, individually, how to prioritize resources directed towards enforcing U.S. federal law regarding the procession, distribution and production of cannabis in states where such activities are legal under state law. Accordingly, there is no certainty as to how the US. Department of Justice, the Federal Bureau of Investigation and other government agencies will handle cannabis matters in the future. There can be no assurances that the Trump administration would not decide to strongly enforce the federal laws.

There is heightened scrutiny by Canadian regulatory authorities.

For the reasons set forth in this listing statement, MJardin's existing operations in the United States, and any future operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, MJardin 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 MJardin's ability to operate or invest in the United States or any other jurisdiction, in addition to those described herein.

It had been reported in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS, refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time. On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of the TMX MOU with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSXV. The TMX MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the Common Shares are listed on a stock exchange, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of the applicable stock exchange.

There are variations in state regulations.

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. 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 MJardin's efforts, regulatory compliance and the process of obtaining regulatory approvals can be costly and time-consuming. No assurance can be given that MJardin will receive the requisite licenses, permits or cards to operate its businesses.

In addition, local laws and ordinances could restrict MJardin's business activity. Although legal under the laws of the states in which MJardin's business will operate, 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 MJardin's business.

MJardin's is aware that multiple states are considering special taxes or fees on businesses in the cannabis industry. It is a potential yet unknown risk at this time that other states are in the process of reviewing such additional fees and taxation. This could have a material adverse effect upon MJardin's business, results of operations, financial condition or prospects.

Colorado Regulatory Uncertainties

The vast majority of the Company's revenues derive from clients licensed and operating in the State of Colorado. The Marijuana Enforcement Division of the Colorado Department of Revenue (the "**MED**") is responsible for all marijuana licensing and the enforcement of all marijuana laws in Colorado. The MED has broad investigatory powers and broad discretion in carrying out is regulatory mandate, and its enforcement powers include denial of license applications or renewals and revocation of existing licensure. All of the Company's Colorado clients are subject to MED jurisdiction, and its powers to demand detailed information, documentation and disclosure can place a significant burden on such clients. Due to its broad discretion, the MED's actions are not entirely predictable from case to case. Denial or revocation of licensure for any client could cause such client to halt or cease operations, which would in turn have negative impact on the Company's revenues and its business.

MJardin's contracts may not be legally enforceable in the U.S.

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

There is a lack of access to U.S. bankruptcy protections.

Because the use of cannabis is illegal under federal law, many courts have denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If MJardin were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available to MJardin, which would have a material adverse effect.

There is uncertainty with respect to various US regulatory authorities.

The cannabis industry may come under the scrutiny or further scrutiny by the U.S. Food and Drug Administration, Securities and Exchange Commission, the DOJ, the Financial Industry Regulatory Advisory or other federal, state 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. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes, including changes in the interpretation and/or administration of applicable regulatory requirements may adversely affect MJardin's profitability or cause it to cease operations entirely. Any determination that MJardin's business fails to comply with the laws and regulations would require MJardin either to significantly change or terminate its business activities, which would have a material adverse effect on MJardin's business.

Uncertainty about MJardin's ability to continue as a going concern.

MJardin is in the development stage and is currently seeking additional capital, mergers, acquisitions, joint ventures, partnerships and other business arrangements to expand its product offerings in the cannabis industry and grow its revenue. MJardin's ability to continue as a going concern is dependent upon its ability in the future to grow its revenue and achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of MJardin; however, there can be no certainty that such funds will be available at terms acceptable to MJardin. These conditions indicate the existence of material uncertainties that may cast significant doubt about MJardin's ability to continue as a going concern.

MJardin's limited operating history makes evaluating its business prospects difficult.

MJardin has a limited operating history on which to base an evaluation of its business, financial performance and prospects. As such, MJardin's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development. MJardin has had limited experience in addressing the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving industries such as the medical and recreational cannabis industries. There can be no assurance that MJardin will be successful in addressing these risks, and the failure to do so in any one area could have a material adverse effect on MJardin's business, prospects, financial condition and results of operations.

The size of MJardin's target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data.

Because the cannabis industry is in an early stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in MJardin and, few, if any, established companies whose business model MJardin can follow or upon whose success MJardin can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in MJardin. There can be no assurance that MJardin's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

MJardin may face significant competition from other competitors.

Other competitors engage in similar activities to MJardin in providing products and services to similar customers. Current and new competitors may have better capitalization, a longer operating history, more expertise and able to develop higher quality products or service, at the same or a lower cost. MJardin cannot provide assurances that it will be able to compete successfully against current and future competitors. Competitive pressures faced by MJardin could have a material adverse effect on its business, operating results and financial condition.

Although MJardin believes it has positioned itself to become a leader in the cannabis industry, there can be no assurance that MJardin will become or remain an industry leader. There can be no assurance that significant competition will not enter the marketplace and offer some number of comparable products and services or take a similar approach. Such competition could have a significant adverse effect on the growth potential of MJardin's business by effectively dividing the existing market for its products.

MJardin's industry is experiencing rapid growth and consolidation that may cause MJardin to lose key relationships and intensify competition.

The cannabis industry and businesses ancillary thereto and directly involved with cannabis businesses are undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm MJardin in a number of ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing MJardin to expend greater resources to meet new or additional competitive threats, all of which could harm MJardin's operating results. As competitors enter the market and become increasingly sophisticated, competition in MJardin's industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability.

MJardin may be unable to adequately protect its proprietary and intellectual property rights, particularly in the U.S.

MJardin's ability to compete may depend on the superiority, uniqueness and value of any intellectual property and technology that it may develop. To the extent MJardin is able to do so, to protect any proprietary rights of MJardin, MJardin intends to rely on a combination of patent, trademark, copyright and trade secret laws, confidentiality agreements with its employees and third parties, and protective contractual provisions. Despite these efforts, any of the following occurrences may reduce the value of any of MJardin's intellectual property:

1. the market for MJardin's products and services may depend to a significant extent upon the goodwill associated with its trademarks and trade names, and its ability to register certain of its intellectual property under U.S. federal and state law is impaired by the illegality of cannabis under U.S. federal law;

2. patents in the cannabis industry involve complex legal and scientific questions and patent protection may not be available for some or any products; MJardin's applications for trademarks and copyrights relating to its business may not be granted and, if granted, may be challenged or invalidated;

3. issued patents, trademarks and registered copyrights may not provide MJardin with competitive advantages; MJardin's efforts to protect its intellectual property rights may not be effective in preventing misappropriation of any its products or intellectual property;

4. MJardin's efforts may not prevent the development and design by others of products or marketing strategies similar to or competitive with, or superior to those MJardin develops;

5. another party may assert a blocking patent and MJardin would need to either obtain a license or design around the patent in order to continue to offer the contested feature or service in its products; or

6. the expiration of patent or other intellectual property protections for any assets owned by MJardin could result in significant competition, potentially at any time and without notice, resulting in a significant reduction in sales. The effect of the loss of these protections on MJardin and its financial results will depend, among other things, upon the nature of the market and the position of MJardin's products and services in the market from time to time, the growth of the market, and regulatory approval requirements, but the impact could be material and adverse.

MJardin may be forced to litigate to defend its intellectual property rights, or to defend against claims by third parties against MJardin relating to intellectual property rights.

MJardin may be forced to litigate to enforce or defend its intellectual property rights, to protect its trade secrets or to determine the validity and scope of other parties' proprietary rights. Any such litigation could be very costly and could distract its management from focusing on operating MJardin's business. The existence and/or outcome of any such litigation could harm MJardin's business.

MJardin's trade secrets may be difficult to protect.

MJardin's success depends upon the skills, knowledge, and experience of MJardin's scientific and technical personnel, MJardin's consultants and advisors, as well as MJardin's licensors and contractors. Because MJardin operates in a highly competitive industry, it relies in part on trade secrets to protect MJardin's proprietary technology and processes. However, trade secrets are difficult to protect. MJardin has entered into confidentiality or non-disclosure agreements with MJardin's corporate partners, employees, consultants, outside scientific collaborators, developers, and other advisors. These agreements generally require that the receiving party keep confidential and not disclose to third parties confidential information developed by the receiving party or made known to the receiving party during the course of the receiving party's relationship with MJardin. These agreements also generally provide that inventions conceived by the receiving party during MJardin rendering services to us will be MJardin's exclusive property, and we enter into assignment agreements to perfect MJardin's rights. These confidentiality, inventions, and assignment agreements may be breached and may not effectively assign intellectual property rights to MJardin. MJardin's trade secrets also could be independently discovered by competitors, in which case we would not be able to prevent the use of such trade secrets by MJardin's competitors. The enforcement of a claim alleging that a party illegally obtained and was using MJardin's trade secrets could be difficult, expensive, and time consuming and the outcome would be unpredictable. The failure to obtain or maintain meaningful trade secret protection could adversely affect MJardin's competitive position.

There is no assurance that MJardin will turn a profit or generate immediate revenues.

There is no assurance as to whether MJardin will be profitable, earn revenues, or pay dividends. MJardin incurred and anticipates that it will continue to incur substantial expenses relating to the development and operations of its business.

The payment and amount of any future dividends will depend upon, among other things, MJardin's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

There is a probable lack of business diversification.

Because MJardin will be focused on developing its business ancillary to the cannabis industry, and potentially directly in the cannabis industry, the prospects for MJardin's success will be dependent upon the future performance and market acceptance of MJardin's intended products, processes, and services. Unlike certain entities that have the resources to develop and explore numerous product lines, operating in multiple industries or multiple areas of a single industry, MJardin does not anticipate the ability to immediately diversify or benefit from the possible spreading of risks or offsetting of losses. Again, the prospects for MJardin's success may become dependent upon the development or market acceptance of a very limited number of facilities, products, processes or services.

There are limited numbers of customers.

Because MJardin, through its affiliates and subsidiaries, intends to provide service a small number of turnkey producers involved in the production of cannabis and processing of cannabis, any problems associated with the business of such customers will have an adverse effect on MJardin's business, operating results and financial condition. Problems associated with such customers may include loss of licenses to do business, delays and other problems in production; regulatory interference; and additional unforeseen circumstances.

There is restricted access to banking.

In February 2014, the Financial Crimes Enforcement Network ("**FinCEN**") bureau of the U.S. Treasury Department issued guidance 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 regulators. Thus, most banks and other financial institutions do not appear to be comfortable providing banking services to cannabis-related businesses or relying on this guidance. 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, MJardin may have limited or no access to banking or other financial services in the United States and may have to operate MJardin's business on an all-cash basis. The inability or limitation in MJardin's or the license producers' 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 MJardin's or the license producers' to operate and conduct its business as planned.

MJardin's operations face security risks

The business premises of MJardin's operating locations are targets for theft. While MJardin has implemented security measures at each location and continues to monitor and improve its security measures, its cultivation, processing and dispensary facilities could be subject to break-ins, robberies and other breaches in security. If there was a breach in security and MJardin fall victim to a robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivation and processing equipment could have a material adverse impact on the business, financial condition and results of operation of MJardin.

As MJardin's business involves the movement and transfer of cash, there is a risk of theft or robbery during the transport of cash. While MJardin has taken robust steps to prevent theft or robbery of cash during transport, there can be no assurance that there will not be a security breach during the transport and the movement of cash involving the theft of product or cash.

MJardin may not adequately manage growth.

MJardin may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. MJardin's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

There is no guarantee that MJardin will be able to secure required financing to achieve its business objectives.

The continued development of MJardin will require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or MJardin 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 MJardin.

If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution. In addition, from time to time, MJardin may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase MJardin'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 MJardin to obtain additional capital and to pursue business opportunities, including potential acquisitions. MJardin may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict MJardin's ability to pursue its business objectives.

MJardin may be unable to attract and retain key personnel.

MJardin's success has depended and continues to depend upon its ability to attract and retain key management and technical experts. MJardin will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. MJardin's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on MJardin's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of MJardin, results of operations of the business and could limit MJardin's ability to develop and market its cannabis-related products. The loss of any of MJardin's senior management or key employees could materially adversely affect MJardin's ability to execute MJardin's business plan and strategy, and MJardin may not be able to find adequate replacements on a timely basis, or at all.

MJardin may not be able to hire the requisite human resources.

As MJardin grows, it will need to hire additional human resources to continue to develop the business. However, experienced talent in the areas of medical and recreational marijuana research and development, growing marijuana, data collection and analytics is difficult to source, and there can be no assurance that the appropriate individuals will be available or affordable to MJardin. Without adequate personnel and expertise, the growth of MJardin's business may suffer.

MJardin may not be able to innovate and find efficiencies

If MJardin is unable to continually innovate and increase efficiencies, its ability to attract new customers, clients or strategic partners may be adversely affected. In the area of innovation, MJardin must be able to develop new technologies and products that appeal to its customers. This depends, in part, on the technological and creative skills of MJardin's personnel and on its ability to protect its intellectual property rights. MJardin may not be successful in the development, introduction, marketing, and sourcing of new technologies or innovations, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

MJardin may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on MJardin's reputation, business, results from operations, and financial condition.

MJardin's participation in the medical and recreational cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or local governmental authorities against MJardin or its subsidiaries. Litigation, complaints, and enforcement actions involving Company or its subsidiaries could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on MJardin's future cash flows, earnings, results of operations and financial condition.

MJardin may fail to successfully integrate acquired businesses into MJardin, or if integrated, fail to further MJardin's business strategy

As part of MJardin's overall business strategy, MJardin may pursue select strategic acquisition to acquire technologies, businesses or assets that are complementary to its business and/or enter into strategic alliances in order to leverage its position in the medical and recreational cannabis markets. These would include but not be limited to acquisitions to provide additional product offerings, vertical integrations, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. The supply of attractive acquisition and/or strategic alliance targets may be limited and therefore MJardin's growth prospects could suffer as a result.

Future acquisitions may expose MJardin to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from MJardin's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. Furthermore, these acquisitions and other arrangements, even if successfully integrated, may fail to further MJardin's business strategy as anticipated, expose MJardin to increased competition or other challenges with respect to MJardin's products or geographic markets, and expose MJardin to additional liabilities associated with an acquired business, technology or other asset or arrangement. In addition, any proposed acquisitions may be subject to regulatory approval.

MJardin is exposed to insured and uninsured risks

MJardin's business is subject to a number of risks and hazards generally including adverse environmental conditions, accidents, labor 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 MJardin maintains 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. MJardin 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 MJardin is not generally available on acceptable terms. Losses from these events may cause MJardin to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Furthermore, because MJardin is engaged in and operates within the cannabis industry, there are exclusions and additional difficulties and complexities associated with such insurance coverage that could cause MJardin to suffer uninsured losses, which could adversely affect MJardin's business, results of operations, and profitability. There is no assurance that MJardin will be able to fully utilize such insurance coverage, if necessary.

MJardin could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against MJardin.

MJardin is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to MJardin that violate government regulations. It is not always possible for MJardin to identify and deter misconduct by its employees and other third parties, and the precautions taken by MJardin to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting MJardin from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against MJardin, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on MJardin's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of MJardin's operations, any of which could have a material adverse effect on MJardin's business, financial condition and results of operations.

In certain circumstances, MJardin's reputation could be damaged.

Damage to MJardin's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding MJardin and its activities, whether true or not. Although MJardin believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, MJardin does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to MJardin's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

There may be unfavourable publicity or consumer perception of cannabis

Proposed management of MJardin believes the recreational cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the recreational cannabis produced. MJardin's business 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 MJardin's results of operations, financial condition and cash flows. MJardin'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 MJardin's results of operations, financial condition and cash flows. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of recreational cannabis in general, 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.

MJardin’s officers and directors may be engaged in a range of business activities resulting in conflicts of interest.

MJardin may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In some cases, MJardin’s directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to MJardin’s business and affairs and that could adversely affect MJardin’s operations.

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

MJardin is dependent on key inputs and suppliers

The cannabis business is dependent on a number of key inputs and their related costs including raw materials and supplies related to growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition, results of operations or prospects of MJardin. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, MJardin might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to MJardin in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition, results of operations or prospects of MJardin.

A drop in the retail price of cannabis products may negatively impact the business.

The fluctuations in economic and market conditions that impact the prices of commercially grown cannabis, such as increases in the supply of cannabis and decreases in demand for cannabis, could have a negative impact on Licensed Operators, and therefore negatively impact MJardin's business.

Weakness in the general economic environment

MJardin's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the sales and profitability of MJardin or the Licensed Operators whom MJardin services.

There is no assurance that MJardin's clients will obtain and retain any relevant licenses.

Although MJardin's clients who are licensed operators under applicable law have applied for various recreational cannabis licenses, they may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate their medical and recreational cannabis businesses. In addition, they may not be able to comply fully with the wide variety of laws and regulations applicable to the medical and recreational cannabis industry. Failure to comply with or to obtain the necessary licenses, permits, authorizations or accreditations could result in restrictions on their ability to operate the medical and recreational cannabis business, which could then in turn have a material adverse effect on MJardin's business.

The Licensed Operators to whom MJardin provides comprehensive management and other services require licenses issued by regulatory bodies in order to operate. If any on the Licensed Operators to whom MJardin provides services were to lose their licenses, it would have an adverse effect on MJardin.

Due to the classification of cannabis as a Schedule I controlled substance under the CSA, banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes.

Because the manufacture, distribution, and dispensation of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-remitter statute (18 U.S.C. § 1960) and the U.S. Bank Secrecy Act. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a "**specified unlawful activity**" such as distributing controlled substances which are illegal under federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA. MJardin may also be exposed to the foregoing risks. In the event that any of MJardin's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments 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 restrict or otherwise jeopardize the ability of MJardin to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while MJardin has no current intention to declare or pay dividends in the foreseeable future, in the event that a determination was made that any such investments in the United States could reasonably be shown to constitute proceeds of crime, MJardin may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

MJardin, and/or contract counterparties with respect to MJardin which are directly engaged in the trafficking of cannabis, may incur significant tax liabilities due to limitations on tax deductions and credits under section 280E of the Internal Revenue Code of 1986, as amended (the "Tax Code").

Under Section 280E of the Tax Code, "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 U.S. Internal Revenue Service 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 U.S. income tax expenses.

United States classification of MJardin under the Tax Code.

MJardin, which is and will continue to be a Canadian corporation as of the date of this Listing Statement, generally would be classified as a non-United States corporation under general rules of United States federal income taxation. Section 7874 of the Tax Code, however, contains rules that can cause a non-United States corporation to be taxed as a United States corporation for United States federal income tax purposes. Under section 7874 of the Tax Code, a corporation created or organized outside the United States. (i.e., a non-United States corporation) will nevertheless be treated as a United States corporation for United States federal income tax purposes (such treatment is referred to as an "**Inversion**") if each of the following three conditions are met (i) the non-United States corporation acquires, directly or indirectly, or is treated as acquiring under applicable United States Treasury Regulations, substantially all of the assets held, directly or indirectly, by a United States corporation, (ii) after the acquisition, the former stockholders of the acquired United States corporation hold at least 80% (by vote or value) of the shares of the non-United States corporation by reason of holding shares of the United States acquired corporation, and (iii) after the acquisition, the non-United States corporation's expanded affiliated group does not have substantial business activities in the non-United States corporation's country of organization or incorporation when compared to the expanded affiliated group's total business activities (clauses (i) – (iii), collectively, the "**Inversion Conditions**").

For this purpose, "**expanded affiliated group**" means a group of corporations where (i) the non-United States corporation owns stock representing more than 50% of the vote and value of at least one member of the expanded affiliated group, and (ii) stock representing more than 50% of the vote and value of each member is owned by other members of the group. The definition of an "**expanded affiliated group**" includes partnerships where one or more members of the expanded affiliated group own more than 50% (by vote and value) of the interests of the partnership.

MJardin intends to be treated as a United States corporation for United States federal income tax purposes under section 7874 of the U.S. Tax Code and is expected to be subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, MJardin is expected, regardless of any application of section 7874 of the U.S. Tax Code, to be treated as a Canadian resident company (as defined in the Income Tax Act (Canada) (the "**ITA**") for Canadian income tax purposes. As a result, MJardin will be subject to taxation both in Canada and the United States which could have a material adverse effect on its financial condition and results of operations.

It is unlikely that MJardin will pay any dividends on the Shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purpose of the ITA will be subject to

U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available.

Dividends received by U.S. shareholders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Dividends paid by MJardin will be characterized as U.S. source income for purposes of the foreign tax credit rules under the U.S. Tax Code. Accordingly, U.S. shareholders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by shareholders that are neither Canadian nor U.S. shareholders will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of MJardin, subject to examination of the relevant treaty.

Because the Common Shares will be treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally apply to a non-U.S. shareholder of Common Shares.

MJardin will be reliant on information technology systems and may be subject to damaging cyber-attacks.

MJardin has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("**IT**") services in connection with its operations. MJardin's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. MJardin's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact MJardin's reputation and results of operations.

MJardin has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that MJardin will not incur such losses in the future. MJardin's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, MJardin may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities

Risks Related to MJardin's Shares

MJardin cannot assure you that a market will continue to develop or exist for the Shares or what the market price of the Shares will be.

Company cannot assure that a market will continue to develop or be sustained. If a market does not continue to develop or is not sustained, it may be difficult for investors to sell the Shares at an attractive price or at all. MJardin cannot predict the prices at which the Common Shares will trade.

MJardin may be subject to additional regulatory burdens resulting from its public listing on the CSE.

MJardin has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the CSE. MJardin is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to MJardin's financial management control systems to manage its obligations as a public company listed on the CSE. These areas include corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. MJardin has made, and will continue to make, changes in these and other areas, including MJardin's internal controls over financial reporting. However, MJardin cannot assure holders of Shares that these and other measures that MJardin might take will be sufficient to allow us to satisfy MJardin's obligations as a public company listed on the CSE on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies listed on the CSE will create additional costs for MJardin and will require the time and attention of management. MJardin cannot predict the amount of the additional costs that MJardin might incur, the timing of such costs or the impact that management's attention to these matters will have on MJardin's business.

MJardin may lack effective internal controls

Effective internal controls are necessary for MJardin to provide reliable financial reports and to help prevent fraud. Although MJardin 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 MJardin under securities law, MJardin cannot be certain that such measures will ensure that MJardin 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 MJardin's results of operations or cause it to fail to meet its reporting obligations. If MJardin or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in MJardin's consolidated financial statements and materially adversely affect the trading price of the shares.

It may be difficult, if not impossible, for U.S. holders of the Shares to resell them over the CSE.

It has recently come to management's attention that all major securities clearing firms in the U.S. have ceased participating in transactions related securities of Canadian public companies involved in the medical cannabis industry. This appears to be due to the fact that cannabis continues to be listed as a controlled substance under U.S. federal law, with the result that cannabis-related practices or activities, including the cultivation, possession or distribution of cannabis, are illegal under U.S. federal law. However, management understands that the action by U.S. securities clearing firms also extends to securities of companies that carry on business operations entirely outside the U.S. Accordingly, U.S. residents who acquire Shares may find it difficult – if not impossible – to resell such shares over the facilities of any Canadian stock exchange on which the shares may then be listed. It remains unclear what impact, if any, this and any future actions among market participants in the U.S. will have on the ability of U.S. residents to resell any Shares that they may acquire in open market transactions.

The market price for Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond MJardin's control.

The market price for Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond MJardin's control, including the following:

1. actual or anticipated fluctuations in MJardin's quarterly results of operations;

2. recommendations by securities research analysts;
3. changes in the economic performance or market valuations of companies in the industry in which MJardin operates;
4. addition or departure of MJardin's executive officers and other key personnel;
5. release or expiration of lock-up or other transfer restrictions on outstanding Shares;
6. sales or perceived sales of additional Shares;
7. significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving MJardin or MJardin's competitors;
8. operating and share price performance of other companies that investors deem comparable to us; fluctuations to the costs of vital production materials and services;
9. changes in global financial markets and global economies and general market conditions, such as interest rates;
10. operating and share price performance of other companies that investors deem comparable to MJardin or from a lack of market comparable companies;
11. news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in MJardin's industry or target markets; and
12. regulatory changes in the industry.

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 Shares may decline even if MJardin'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 might 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, MJardin's operations could be adversely affected and the trading price of the Common Shares might be materially adversely affected.

MJardin does not anticipate paying cash dividends.

MJardin's current policy is to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in MJardin. Therefore, MJardin does not anticipate paying cash dividends on the Shares in the foreseeable future. MJardin's dividend policy will be reviewed from time to time by MJardin's board in the context of its earnings, financial condition and other relevant factors. Until the time that MJardin pays dividends, which MJardin might never do, Company's shareholders will not be able to receive a return on their Shares unless they sell them.

Future sales of Shares by existing shareholders could reduce the market price of the Shares.

Sales of a substantial number of Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Shares intend to sell their shares, could reduce the market price of the Shares. Additional Shares may be available for sale into the public market, subject to applicable securities laws, which could reduce the market price for Shares.

No guarantee on the use of available funds by MJardin.

MJardin cannot specify with certainty the particular uses of the proceeds. Management has broad discretion in the application of its proceeds. Accordingly, a purchaser of Shares will have to rely upon the judgment of management with respect to the use of proceeds, with only limited information concerning management's specific intentions. MJardin's management may spend a portion or all of the proceeds in ways that MJardin's shareholders might not desire, that might not yield a favourable return and that might not increase the value of a purchaser's investment. The failure by management to apply these funds effectively could harm MJardin's business. Pending use of such funds, MJardin might invest the proceeds in a manner that does not produce income or that loses value.

MJardin is exposed to currency fluctuations.

MJardin's revenues and expenses are expected to be primarily denominated in U.S. dollars, and therefore may be exposed to significant currency exchange fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material adverse effect on MJardin's business, financial condition and operating results. MJardin may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if MJardin develops a hedging program, there can be no assurance that it will effectively mitigate currency risks.

MJardin is a holding company.

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

The liquidity of the Common Shares will be uncertain.

MJardin cannot predict at what prices the Common Shares 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 MJardin.

18 Promoters

There are no promoters, as defined under the CSE policies, within the last two years immediately preceding this Listing Statement, except as set out below (a "**Promoter**"):

Name and Principal Position	Number and percentage of Securities of MJardin	Share-based awards ($)	Option-based Awards ($)	All other Compensation	Nature and Amount of Services received by MJardin
Rishi Gautam	1,140,418.099 Shares(1) (3.20%)(2)	Nil	Nil	Annual Base Salary of $240,000 for services provided in capacity as Director, President, Chief Executive Officer, Chairperson of the Board	Full time service as President and CEO of MJardin.
KES 7	Nil	KES 7 received a warrant exercisable for 466,321 Common Shares at an exercise price of $1.93 per share in exchange for the services of KES 7 as agent and bookrunner for the private offering of subordinated secured convertible debentures.	Nil	KES 7 received $1,100,000 in exchange for the services of KES 7 as agent and bookrunner for the private offering of subordinated secured convertible debentures.	Acted as agent and bookrunner for the private offering of subordinated secured convertible debentures.
4Front Capital Partners Inc.	459,679.974 (3) (1.29%)(4)	Nil	Nil	Nil	4Front Capital Partners Inc., specifically John Travaglini, has acted in an investor relations capacity.

Notes:

(1) Following the RTO Transaction and the Subscription Receipt Escrow Release: 1,136,590 Common Shares; 3,828.099 Class A Shares.

(2) 3.19% of Common Shares issued and outstanding and 35.27% of Class A Shares issued and outstanding following the RTO Transaction and the Subscription Receipt Escrow Release.

(3) Following the RTO Transaction and the Subscription Receipt Escrow Release: 459,468 Common Shares; 211.974 Class A Shares.

(4) 1.29% of Common Shares issued and outstanding and 1.95% of Class A Shares issued and outstanding following the RTO Transaction and the Subscription Receipt Escrow Release.

No Promoter has, within the 10 years prior to the date of this Listing Statement, been a director, chief executive officer or chief financial officer of any company (including MJardin) that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity) was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation, in each case for a period of more than 30 consecutive days.

No Promoter has, within the 10 years prior to the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or comprise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such director or executive officer, been a director or executive officer of any company, 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 comprise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No Promoter has: (i) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

19 Legal Proceedings

As of the date of this Listing Statement, other than described below, there are no material legal proceedings, and no contemplated legal proceedings known to be material, MJardin or its expected subsidiaries, to which MJardin or its expected subsidiaries is a party or of which MJardin or its subsidiaries' respective property is the subject matter.

On May 29, 2018, Sasha Kaplun and Alpha Royalty Corp. ("Alpha") filed suit in the Ontario Superior Court of Justice (Court File No. CV-18005 98726-000) against MJAR LLC, MJardin Management, LLC, MJardin Services Inc. and GrowForce Holdings Inc. alleging claims for wrongful dismissal, breach of contract and negligent misrepresentation, claiming damages in the amount of US$15,250,000. Kaplun's and Alpha's claims arise out of MJAR LLC's termination of Kaplun and Alpha as corporate development consultants to MJAR LLC on December 21, 2017. The Company and GrowForce Holdings Inc. maintain that all claims stated in the complaint are without merit.

As of the date of this Listing Statement, none of MJardin nor any of its subsidiaries has been subject to any penalties or sanctions imposed by any court or regulatory authority relating to provincial and territorial securities legislation or by a securities regulatory authority, within the three years immediately preceding the date hereof, nor has any party entered into a settlement agreement with a securities regulatory authority within the three years immediately preceding the date hereof, 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 MJardin'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

Rishi Gautam beneficially owns or exercises control or direction over the Common Shares held by River Cities Investment Group GP, LLC, MJardin Investment 2017, LLC, 3319891 Nova Scotia Company, River Cities Investment Group, LLC, MJAR CompCo, LLC and Platform 8, LLC. On June 27, 2018, for services rendered and to be rendered, the Company granted 204,066 Common Shares to Platform 15, LLC and 3,903 Common Shares to River Cities Holdings, LLC as compensatory share awards. These Common Shares, along with certain other beneficially owned shares, have been consolidated within 3319891 Nova Scotia Company.

Rishi Gautam is the Chief Executive Officer, a Director and an employee of GrowForce. James Lowe is an Executive Vice President of Operations of GrowForce. GrowForce is a party to the Master Management Services Agreement with Ringsby, dated May 8, 2018, pursuant to which Ringsby Services Inc. serves as the exclusive manager for all GrowForce facilities developed outside of the United States. GrowForce is also a party to that certain License and Sublicense Agreement with MJardin Management, LLC, dated April 25, 2018, pursuant to which, GrowForce is the exclusive licensee of all of the Company's cannabis intellectual property for use in legal cannabis projects outside of the United States. Ringsby Services Inc. and MJardin Management, LLC are wholly-owned subsidiaries of the Company. Mr. Gautam, via Platform 15, LLC, also holds a warrant exercisable for up to 3,115,000 common shares of GrowForce at a price of $3.20 per share. Upon full exercise of the warrants, Mr. Gautam's interest in GrowForce would amount to approximately 4.8% of the issued and outstanding securities of GrowForce.

Graham Marr is a Senior Managing Director and Portfolio Manager at Bridging Finance Inc. Bridging Finance Inc. has made term loans to the Company, its subsidiaries and related parties pursuant to that certain Loan Agreement dated December 29, 2017, as amended. In connection with such Loan Agreement, Bridging Finance Inc. has taken a senior security interest in certain assets of the Company and its subsidiaries and was issued the Bridging Warrant. The Bridging Warrant was exercised in connection with the RTO Transaction. In consideration for Bridging Finance Inc. agreeing to amend the U.S. facility of the Bridging Loan, Bridging Finance Inc. received cash and the right to receive, upon the occurrence of the RTO Transaction, $1 million in Company Common Shares at an implied Company valuation of C$12.00 per Company Common Share. This right was exercised in connection with the RTO Transaction.

John Travaglini has a beneficial interest in or controls or directs Platform 25, Inc., Platform 8 LLC, MJAR CompCo, LLC and The Tartan Trust. Platform 25, Inc. made an indirect investment in the Company by subscribing for shares of MJardin Investment Canada, Inc. On June 27, 2018, MJardin Investment Canada, Inc. merged with and into MJardin Investments, LLC and the surviving entity merged with and into the Company. As a result of the mergers, Platform 25, Inc. holds 66,989 Common Shares. Platform 25, Inc. also participated in the Company's private offering of $6.4 million of secured convertible debentures by investing $50,000. Effective as of February 26, 2018, Platform 25, Inc. elected to convert its secured convertible debenture into 23,961 Common Shares. Pursuant to that certain Incentive Share Agreement dated as of March 15, 2018, Platform 88 Inc. received 469,434 incentive shares of the Company. Said incentive shares were transferred to Platform 8 LLC pursuant to that certain Assignment and Assumption Agreement dated March 15, 2018. As part of the Corp. Merger, Platform 8 LLC now holds an indirect interest in 353,290 Common Shares held by MJAR CompCo, LLC. On June 27, 2018, for services rendered and to be rendered, the Company granted 36,641 Common Shares to Platform 8 LLC as a compensatory share award for advisory services as approved by the Company Board.

21 Auditors, Transfer Agents and Registrars

MNP LLP, located at 111 Richmond Street West Suite 300, Toronto, ON, M5H 2G4, acts as the auditors of MJardin following the RTO Transaction.

Odyssey Trust Company, located at Stock Exchange Tower, 350-300 5th Avenue SW, Calgary AB T2P 3C4, acts as the transfer agent and registrar and escrow agent of MJardin following the RTO Transaction.

22 Material Contracts

Except for contracts entered into by MJardin in the ordinary course of business, the only current material contracts entered into within the last two years or currently anticipated to be entered into by MJardin which can reasonably be regarded as material are:

(a) The RTO Agreement.

(b) Master Management Services Agreement, by and between Ringsby Services Inc. and GrowForce Holdings, Inc., dated as May 8, 2018.

(c) License and Sublicense Agreement, by and between MJardin Management, LLC and GrowForce Holdings Inc., dated as of April 25, 2018.

(d) Management Services Agreement effective May 8, 2018 between MJAR Holdings, LLC and Ringsby Services, Inc.

(e) Transaction Agreement, dated January 17, 2018, by and among Emerald City Holdings, LP, Silver Capital Management, LLC, Steven Mitchem and Buddy Boy Brands Holdings, LLC

(f) Loan Agreement, dated as of December 29, 2017, as amended from time to time, by and among the Company, the other Borrowers named therein, Bridging Finance Inc. and the Lenders from time to time party thereto.

(g) Bridging US Promissory Note.

(h) Subordination and Postponement Agreement, dated December 29, 2017, by and among KES 7, MJAR Holdings, LLC, the Co-Borrowers named therein and Bridging Finance Inc.

(i) Letter Agreement in respect of continuation of Economic Flow Agreements, by and between the TwoG Entities named therein, the 3B Entities named therein and MJAR

(j) The KES 7 Warrant.

(k) The Bridging Warrant.

(l) The outstanding Company Debentures.

(m) Amended and Restated Registration Rights Agreement, dated August 2017, by and among MJAR Holdings, LLC and the Investors named therein.

(n) Agency Agreement, dated October 19, 2018, by and between the Company, Canaccord Genuity Corp., KES 7 and Cormark Securities Inc.

(o) Contribution and Sale Agreement, dated as of August 28, 2018, by and among MJAR Holdings Corp., MJardin Capital, LLC, MJardin Nevada Holdings, Inc. (f/k/a MJardin Cheyenne Holdings, LLC), F & L Investments, LLC, John Fritzel, James Lowe, SCP Cheyenne, LLC, DMF Ventures, LLC, Aspen Holdings, LLC, LV Buffs, LLC and Kevin and Lindy Welk Family Trust.

(p) Loan and Security Agreement, dated as of August 28, 2018, by and among MJardin Nevada Holdings, Inc. (f/k/a MJardin Cheyenne Holdings, LLC), F & L Investments, LLC and GreenMart of Nevada, LLC.

(q) Convertible Promissory Note, dated as of August 28, 2018, in the aggregate amount of $5,693,336, from F & L Investments, LLC in favor of MJardin Nevada Holdings, Inc. (f/k/a MJardin Cheyenne Holdings, LLC).

(r) Membership Interest Purchase Agreement, dated as of August 28, 2018, by and among MJAR Holdings Corp., John Fritzel and James Lowe.

23 Industry Experts

The following is a list of persons or companies whose profession or business gives authority to a statement made by such person or company named in this Listing Statement as having prepared or certified a part of that document or report described in the Listing Statement:

(a) SF Partnership LLP, auditors of Sumtra, who prepared the auditor's report for the audited financial statements of Sumtra as at and for the fiscal periods ended August 31, 2017 and August 31, 2016; and

(b) Macias Gini & O'Connell LLP, the former auditors of MJAR, who prepared the auditor's report for the audited financial statements of MJAR as at and for the fiscal periods ended December 31, 2017 and December 31, 2016.

No expert has, and is not entitled to receive, any registered or beneficial interest, direct or indirect, in the property of MJardin and is not expected to own any securities of MJardin or any associate, affiliate or Related Person of MJardin.

24 Other Material Facts

There are no other material facts about MJardin or its Shares that are not disclosed under any other Item of this Listing Statement and are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to MJardin or MJardin Shares.

25 Enforcement of Judgements Against Foreign Persons

Certain of our operations and assets are located outside of Canada, and a director, Rishi Gautam resides outside of Canada. Although our current directors and officers who reside outside of Canada either have an office in Canada or have appointed MJardin, 1 Toronto Street, Suite 801, Toronto, ON M5C 2V6, as their agent for service of process in Canada, it may not be possible for purchasers to enforce against such persons judgments obtained in Canadian courts predicated on the civil liability provisions of applicable securities laws in Canada.

Purchasers are advised that it may not be possible for them to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

26 Financial Statements

26.1 Financial Statements of the Company

See attached Schedules “A,” “B,” “C,” and “D.”

26.2 Financial Statements of Sumtra

See attached Schedules “E,” “F,” “G,” and “H.”

26.3 Pro Forma Financial Statements of the Resulting Issuer

See attached Schedule “I.”

CERTIFICATE OF THE ISSUER

The foregoing contains full, true and plain disclosure of all material information relating to MJardin Group, Inc. 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 Denver,
this 13th day of November, 2018.

Signed ("Rishi Gautam")

Rishi Gautam

Director, Executive Chairman,
Chairperson of the Company Board

Signed ("Francis Knuettel II")

Francis Knuettel II

Chief Financial Officer

Signed ("Rishi Gautam")

Promoter (Rishi Gautam)

Signed ("Mark Christensen")

Promoter (KES 7 Capital Inc., by its authorized signing officer)

Signed ("John Travaglini")

Promoter (4Front Capital Partners Inc., by its authorized signing officer)

Signed ("Roman Kocur")

Roman Kocur

Director

Signed ("John Travaglini")

John Travaglini

Director

SCHEDULE "A"

MJAR HOLDINGS CORP. FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND DECEMBER 31, 2016

MGO Certified Public Accountants

September 8, 2018

The Canadian Securities Exchange
220 Bay Street, 9th Floor
Toronto, Ontario, M5J 2W4

Dear Sir/Madam:

Re: Sumtra Diversified Inc. / MJAR Holdings Corp.

We refer to the preliminary listing statement of MJardin Group, Inc. (the "Entity" that will be formed upon the reverse takeover of Sumtra Diversified Inc. by MJAR Holdings Corp.) for the purpose of allowing the Entity to comply with Policy 2- *Qualifications for Listing of the Canadian Securities Exchange* in order for the Entity to meet one of the eligibility requirements for the listing of the Entity's common shares on the Canadian Securities Exchange (the "Exchange").

We have substantially completed our audit but have not yet reported to the shareholders of MJAR Holdings Corp. (the "Company") on the following combined consolidated financial statements, incorporated by reference, in the preliminary listing statement:

Consolidated statements of financial position as at December 31, 2015, 2016 and 2017;

Consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended December 31, 2015, 2016 and 2017, and a summary of significant accounting policies and other explanatory information.

We are withholding our signature from the draft report in the preliminary listing statement pending:

(a) consideration of events between the dates of the preliminary and final listing statements;

(b) review of comments, which may be issued by the Exchange;

(c) authorization of the financial statements by those charged with governance; and

(d) reading of the final listing statement.

Based on the results of our audit of the combined consolidated financial statements referred to above and our limited inquiry and review procedures to the date of this letter, we have no reason to believe that the financial statements do not present fairly, in all material respects, the financial position of the Company as at December 31, 2015, 2016 and 2017, and its financial performance and its cash flows for the years ended December 31, 2015, 2016 and 2017 in accordance with International Financial Reporting Standards.

This letter is provided solely to the securities regulatory authority to which it is addressed and should not be used for any other purpose.

Sincerely,

Macias Gini & O'Connell LLP

Macias Gini & O'Connell LLP
2029 Century Park East, Suite 1500
Los Angeles, CA 90067

www.mgocpa.com

COMBINED CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2017,

December 31, 2016, and December 31, 2015

(E*xpressed in United States dollars*)

Auditor’s Report

MJardin Group of Companies
Combined Consolidated Statements of Financial Position
As of December 31, 2017, 2016 and 2015
(Expressed in United States dollars)

	2017	2016	2015
Assets			
Current assets			
Cash and cash equivalents	$ 5,665,987	$ 668,229	$ 1,222,174
Accounts receivable, net (Note 3)	84,007	179,307	70,687
Escrowed funds (Note 4)	50,430,428	-	-
Subscriptions receivable (Note 8)	450,000	-	-
Due from affiliates (Note 16)	1,374,278	38,900	284,927
Prepaid expenses and other current assets	121,348	77,750	37,482
Total current assets	58,126,048	964,186	1,615,270
Non-current assets			
Property and equipment, net (Note 5)	785,718	748,425	683,443
Other non-current assets	65,541	64,691	61,740
Total assets	**$ 58,977,307**	**$ 1,777,302**	**$ 2,360,453**
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	416,563	300,256	117,583
Other current liabilities (Note 6)	1,745,187	85,658	234,929
Due to members and affiliates	-	317,960	34,163
Accrued bridging loan transaction costs payable (Note 9)	1,004,596	-	-
Bridging loan payable, net (Note 9)	24,236,460	-	-
Total current liabilities	27,402,806	703,874	386,675
Non-current liabilities:			
Derivative liability (Note 8)	1,674,320	-	-
Convertible debentures, net (Note 8)	17,377,721	-	-
Total liabilities	**46,454,847**	**703,874**	**386,675**
Commitments and contingencies (Notes 11, 20)			
Post-reporting date events (Note 20)			
Members' equity (Note 12)			
Common share equity (deficit)	4,943,521	(5,121,889)	(4,473,121)
Series A Preferred share equity	6,780,767	6,195,317	6,446,899
Non-controlling interests	(4,630)	-	-
Warrant reserve (Note 10)	846,532	-	-
Accumulated other comprehensive income	(43,730)	-	-
Total members' equity	**12,522,460**	**1,073,428**	**1,973,778**
Total liabilities and members' equity	**$ 58,977,307**	**$ 1,777,302**	**$ 2,360,453**

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

MJardin Group of Companies
Combined Consolidated Statements of Operations and Comprehensive Income (Loss)
For the Years Ended December 31, 2017, 2016 and 2015
(Expressed in United States Dollars)

	2017	2016	2015
Revenue	$ 15,387,951	$ 11,811,920	$ 3,007,250
Operating Expenses:			
Compensation and benefits	11,924,755	10,690,294	3,772,095
Sales, general and administrative	923,302	1,132,502	716,166
Software development and maintenance	259,129	350,098	243,267
Depreciation (Note 5)	44,576	26,062	20,860
Professional fees	1,006,655	276,096	573,328
Total operating expenses (Note 19)	14,158,417	12,475,052	5,325,716
Income (loss) before interest, other gains (losses) and income taxes	**1,229,534**	**(663,132)**	**(2,318,466)**
Interest (expense) income, net	(96,602)	2,782	(108,083)
Other gains and losses (Note 15)	17,738	(240,000)	209,930
Total other (expense) income, net	(78,864)	(237,218)	101,847
Income (loss) before provision for income taxes, non-controlling interests and comprehensive income (loss)	**1,150,670**	**(900,350)**	**(2,216,619)**
Provision for income taxes (Note 2(l))	-	-	-
Net income (loss) before other comprehensive income (loss) and non-controlling interests	**1,150,670**	**(900,350)**	**(2,216,619)**
Other comprehensive income:			
Foreign currency translation adjustment loss	(43,730)	-	-
Comprehensive income (loss)	**$ 1,106,940**	**$ (900,350)**	**$ (2,216,619)**
Net income (loss) is attributable to:			
Owners of MJardin Group Companies	$ 1,170,900	$ (900,350)	$ (2,216,619)
Non-controlling interests	(20,230)	-	-
	$ 1,150,670	$ (900,350)	$ (2,216,619)
Comprehensive income (loss) is attributable to:		-	-
Owners of MJardin Group Companies	$ (43,028)	$ -	$ -
Non-controlling interests	(702)	-	-
	$ (43,730)	$ -	$ -

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

MJardin Group of Companies
Combined Consolidated Statements of Members' Equity
For the Years Ended December 31, 2017, 2016 and 2015
(Expressed in United States dollars)

	Common Share Equity (Deficit)	Series A Preferred Share Equity	Warrant Reserve	Non-Controlling Interests	Accumulated Other Comprehensive Income (loss)	Total
Balance, January 1, 2015	**$ (2,418,729)**	**$ 2,411,400**	**$ -**	**$ -**	**$ -**	**$ (7,329)**
Member contributions, net of transaction costs incurred	-	4,586,319	-	-	-	4,586,319
Member tax distributions	(388,593)	-	-	-	-	(388,593)
Net loss	(1,665,799)	(550,820)	-	-	-	(2,216,619)
Balance, December 31, 2015	**(4,473,121)**	**6,446,899**	**-**	**-**	**-**	**1,973,778**
Net loss	(648,768)	(251,582)	-	-	-	(900,350)
Balance, December 31, 2016	**(5,121,889)**	**6,195,317**	**-**	**-**	**-**	**1,073,428**
Member contributions, net of transaction costs incurred	9,479,960	-	-	15,600	-	9,495,560
Net income (loss)	585,450	585,450	-	(20,230)	-	1,150,670
Foreign currency translation adjustment	-	-	-	-	(43,730)	(43,730)
Issuance of broker warrant	-	-	846,532	-	-	846,532
Balance, December 31, 2017	**$ 4,943,521**	**$ 6,780,767**	**$ 846,532**	**$ (4,630)**	**$ (43,730)**	**$ 12,522,460**

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

MJardin Group of Companies
Combined Consolidated Statements of Cash Flows
As of December 31, 2017, 2016 and 2015
(Expressed in United States dollars)

For the Year Ended December 31	2017	2016	2015
Cash flows from operating activities			
Net income (loss)	$ 1,150,670	$ (900,350)	$ (2,216,619)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation	44,576	26,062	20,860
Gain on settlement of promissory note (Note 7)	-	-	(300,000)
Foreign currency (gain) loss	22,798	-	-
Change in fair value of derivative liability	(40,536)		
Accretion of deferred transaction costs and interest paid-in-kind	92,545	-	57,767
Change in operating assets and liabilities:			
Accounts receivable, net	95,300	(108,620)	(58,366)
Due from members and affiliates	(1,335,378)	246,027	559,274
Prepaid expenses and other current assets	(44,448)	(43,219)	(17,561)
Accounts payable and accrued liabilities	116,307	182,673	(232,393)
Other current liabilities	1,659,529	(149,271)	(42,574)
Due to members and affiliates	(317,960)	283,797	(26,279)
Net cash provided by (used in) operating activities	**$ 1,443,403**	**(462,901)**	**$ (2,255,891)**
Cash flows from investing activities			
Purchases of property, plant and equipment	(81,869)	(91,044)	(29,782)
Net cash used in investing activities	**$ (81,869)**	**(91,044)**	**(29,782)**
Cash flows from financing activities			
Cash proceeds from issuance of common shares	6,077,230	-	-
Financing costs for issuance of common shares	(739,153)	-	-
Cash proceeds from issuance of convertible debentures	1,250,000	-	-
Financing costs for issuance of convertible debentures	(1,365,520)	-	-
Financing costs for issuance of bridging loan payable	(1,586,333)	-	-
Repayment of convertible promissory note (Note 7)	-	-	(700,000)
Cash proceeds from issuance of Series A Preferred shares	-	-	4,658,091
Financing costs for issuance of Series A Preferred share interests	-	-	(71,771)
Distributions paid to founding common equity share members	-	-	(388,592)
Net cash provided by financing activities	3,636,224	-	3,497,728
Net increase (decrease) in cash	4,997,758	(553,945)	1,212,055
Cash and cash equivalents - beginning of period	668,229	1,222,174	10,119
Cash and cash equivalents - end of period	**$ 5,665,987**	**$ 668,229**	**$ 1,222,174**
Income taxes paid	$ -	$ -	$ -
Interest paid on loans	$ -	$ -	$ 113,390
Supplemental disclosure of non-cash financing transactions			
Common member shares issued for advisory services (Note 12)	$ 739,000		
Escrowed funds receivable (Note 4)	50,430,428		
Accrued bridging loan transaction costs payable (Note 9)	1,004,596		
Convertible debentures (Note 8)	19,700,000		
Bridging loan payable (Note 9)	25,623,590		
Common member shares issued (Note 12)	5,000,000		

1. NATURE OF OPERATIONS

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

The MJardin Group of companies (hereinafter the "Company" or "MJardin") provides operational solutions for licensed cannabis cultivators, processors and dispensaries principally located in the United States and Canada, including licensure support, facility design, systems implementation, equipment leasing, facility ramp-up, and day-to-day personnel management and oversight. The Company provides its services through the following operating entities: MJAR Holdings, LLC ("MJardin Holdings"), MJardin Management, LLC ("MJardin Management"), MJardin Services, Inc. ("MJardin Services"), and MJardin Capital, LLC ("MJardin Capital"). Prior to the formation of MJardin Holdings on March 19, 2014, the Company performed all services through MJardin Management (formerly known as MJardin Consulting, LLC), a Colorado Limited Liability Company formed on June 4, 2013 and owned by certain founding members of the Company.

On June 1, 2014, in connection with the Company's initial round of Series A Preferred Equity financing described further in Note 12, MJardin Management entered into an asset purchase agreement with MJardin Holdings (the "Master IP License Agreement"). Pursuant to the terms and conditions of the Master IP License Agreement, MJardin Holdings acquired the exclusive rights in perpetuity to MJardin Management's intellectual property, consisting of technology and methodology for large-scale cultivation of premium cannabis. In addition to retaining exclusive rights to use the intellectual property, the Master IP License Agreement authorizes MJardin Management to sub-license use of the Company's intellectual property to affiliates that are formed solely to provide legal cannabis management, consulting, or operational support in states that have legalized the production and sale of cannabis. As described in further detail in Note 2, the affiliated state entities included in these combined consolidated financial statements are generally owned by a group of founding members or senior executives of the Company.

MJardin Services, a Delaware corporation formed on June 19, 2014, employs all the Company's United States employees and is primarily responsible for hiring, training, and deploying team members to manage operations for the Company's affiliated and non-affiliated facility operators. MJardin Services was formed by and remains owned by a group of the founding members.

MJardin Capital, a Delaware limited liability company formed on May 31, 2017, is the Company's investment operations entity through which the Company delivers comprehensive financing and operational solutions for licensed cannabis cultivators, processors and dispensaries. MJardin Capital's primary objective is to raise and deploy strategic growth capital into licensed facilities that MJardin Management can operate on a turnkey basis. MJardin Capital is a wholly-owned subsidiary of MJardin Holdings.

On September 13, 2017, the Company formed MJardin Canada Inc., an Ontario business corporation to serve as the Company's principal operating entity for its Canadian operations. MJardin Holdings holds 80% of the issued and outstanding shares of MJardin Canada Inc., with the remaining 20% held by current and former senior executives of the Company. On January 25, 2018, MJardin Canada, Inc. formally changed its name to GrowForce Corp. Shortly after changing the name, the Company formed a new wholly-owned Canadian subsidiary for a spin-off listing on the Toronto Stock Exchange. As a result, on February 2, 2018 the Company formed GrowForce Holdings Inc. ("GrowForce"), an Ontario business corporation which was wholly-owned by MJardin Holdings until the successful completion of the GrowForce rights offering which closed on February 26, 2018. Post-closing, MJardin Holdings' ownership interest in GrowForce was reduced to less than 0.09% of the then issued and outstanding common shares. During March 2018, the Company commenced the process to wind up and dissolve GrowForce Corp.

The Company's headquarters are located at 3461 Ringsby Court, Suite 350, Denver, Colorado 80216. The Company's Canadian corporate offices are located at 47 Colborne Street, Suite 301, Toronto, Ontario M5E 1P8.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The combined 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") and Interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for the year ended December 31, 2017, 2016 and 2015.

These combined consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on August 14, 2018.

(b) Basis of measurement

These combined consolidated financial statements have been prepared on a going concern basis, under the historical cost convention except as otherwise noted, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months.

(c) Functional and presentation currencies

These combined consolidated financial statements are presented in United States Dollars ("USD"), unless otherwise stated.

The functional currencies of the Company's subsidiaries include United States dollars ("USD") and Canadian dollars ("CAD") as presented in the table included in Note 2(e).

(d) Estimates and critical judgments by management

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expense. Actual results may differ from these estimates. Refer to Note 2(t) for further information.

(e) Basis of combination and consolidation

Affiliates are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of affiliates are included in the combined consolidated financial statements from the date that control commences until the date that control ceases. Non-controlling interests in the results and equity of subsidiaries and affiliates is shown separately in these combined consolidated financial statements, where applicable.

The accompanying combined consolidated financial statements include the accounts of the affiliates, as presented in the table included below.

All intercompany transactions and balances are eliminated on combination and consolidation. Each entity within the combined consolidated group determines its own functional currency and items included in the combined consolidated financial statements of each entity are measured using the functional currency.

The following table summarizes the subsidiaries and affiliates included in these combined consolidated financial statements as of and for each of the years ended December 31, 2017, 2016 and 2015, as applicable:

(Expressed in United States Dollars)

Name of subsidiary / affiliate	Date of Formation	Country of formation and operating location	Functional Currency	% Owned	Notes
MJardin Management, LLC	June 4, 2013	United States	USD	*	(c)
6100 E. 48th Ave., LLC	August 14, 2013	United States	USD	100%	(f)
MJardin Management Colorado, LLC	December 2, 2013	United States	USD	*	(a)
MJardin Services Inc.	June 19, 2014	United States	USD	*	(b)
MJardin Management Nevada, LLC	July 22, 2014	United States	USD	*	(a)
MJardin Management Florida, LLC	October 17, 2014	United States	USD	*	(a)
MJardin Management Massachusetts, LLC	March 16, 2015	United States	USD	*	(a)
MJardin Management Vermont, LLC	May 28, 2015	United States	USD	*	(a)
MJardin Management Hawaii, LLC	March 10, 2016	United States	USD	*	(a)
MJardin Management Missouri, LLC	June 29, 2016	United States	USD	*	(a)
MJardin Management Pennsylvania, LLC	March 13, 2017	United States	USD	*	(a)
MJardin Capital, LLC	May 31, 2017	United States	USD	100%	(e)
MJardin Management Ohio, Inc.	June 28, 2017	United States	USD	*	(a)
MJardin Management Texas, LLC	June 29, 2017	United States	USD	*	(a)
GrowForce Corp.	September 13, 2017	Canada	CAD	80%	(d)
Buddy Boy Brands Holdings, LLC	December 18, 2017	United States	USD	100%	(g)

* Entity owned by one or more of the Company's founding members or executive officers. The Company has the power to govern the financial and operating policies controls of each of these subsidiaries, pursuant to the Master IP License Agreement, as described in further detail in Note 1.

(a) Provides cannabis cultivation management and consulting services to legal cannabis companies based in the state included in the entity's name, operating as a sub-licensee of MJardin intellectual property (Note 1).

(b) Provides employment services for entire MJardin Group, including corporate executives and management, and personnel assigned to facilities owned and operated by affiliated and non-affiliated operators.

(c) Entity is the licensee of all the Company's cannabis cultivation intellectual property, pursuant to the Master IP License Agreement described in Note 1. Entity provides cannabis consulting and cultivation management services to legal cannabis companies, primarily for customers based in U.S. States with no restrictions against foreign entities providing such services.

(d) Formerly named MJardin Canada Inc., the entity provides cannabis consulting and cultivation management services to Canadian based companies, operating as a sub-licensee of MJardin intellectual property (Note 1).

(e) Entity provides debt and equity financing to support the Company's expansion of its legal cannabis businesses in the United States.

(f) Entity owns land for future development of a greenhouse grow facility located at 6100 E. 48th Ave. in Denver, Colorado.

(g) Entity formed in advance of the Buddy Boy Transactions that closed on January 17, 2018 (Note 20).

(f) Foreign currency

The Company's presentation currency is USD. The functional currency of all affiliates and subsidiaries is USD, except for MJardin Canada Inc. whose functional currency is CAD. Balances of the Company's Canadian subsidiary are translated from their functional currency to USD.

On consolidation, the assets and liabilities of MJardin Canada Inc. are translated into USD at the rate of exchange prevailing at the reporting date and their statements of loss and comprehensive loss are translated at the average exchange rates for the reporting period. The exchange differences arising on translation for consolidation are recognized in other comprehensive income (loss).

Transactions in foreign currencies are recorded at a rate of exchange approximating the prevailing rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated the functional currency at the foreign exchange rate in effect at that date. Realized and unrealized exchange gains and losses are recognized through profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(g) Cash and cash equivalents

Cash and cash equivalents include cash deposits in financial institutions and other deposits that are readily convertible into cash. The Company considers highly liquid investments with maturities of three months or less when purchased to be considered cash equivalents.

(h) Escrowed funds

The escrowed funds balance at December 31, 2017, which consists of proceeds receivable from the bridging loan closing, convertible debentures issuance, and equity issuance, is restricted for purposes of completing the financing transactions which closed on January 17, 2018. As at December 31, 2017, the bridging loan funds, which are denominated in CAD, were held in escrow by legal counsel representing the lender; and, the escrow funds arising from the issuance of convertible debentures and equity are held by legal counsel representing KES 7 Capital Inc. See Note 4 for further information.

The entire amount of escrow was released on January 17, 2018 in connection with the transactions described further in Note 20.

(i) Property and equipment

Property and equipment are carried at historical cost less accumulated depreciation and any accumulated impairment losses. Each component of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Maintenance and repair expenditures that do not improve or extend the life of such property or equipment are expensed in the period incurred.

Depreciation is recognized based on cost or valuation of assets (other than land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The following are the estimated useful lives of the Company's property and equipment:

Land	Not depreciated
Furniture and computer equipment	3-5 years
Leasehold improvements	lesser of estimated useful life or lease term

Land is recorded at cost and is not depreciated. If the cost of land includes the costs of site dismantlement, removal and restoration, that portion of the land asset is depreciated over the period of benefits obtained by incurring those costs.

(j) Leases

A lease of property and equipment is classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed.

(k) Revenue recognition

The Company provides operational solutions for licensed cannabis cultivators, processors and dispensaries, with such services offered on a recurring or non-recurring basis. Non-recurring services are generally classified as consulting; whereas, recurring services management operations services provided on a recurring basis are generally classified as revenue from affiliated or non-affiliated operators.

Fees earned for consulting services, such as licensure application support, facility design, systems implementation and equipment leasing are billed and recognized as revenue, upon completion of agreed upon milestones. Occasionally, a consulting agreement provides for payments in advance of the completion of services. Upon receipt, such advance payments are deferred and recognized as revenue upon completion of the agreed upon services.

Fees earned for management operations services, such as human resources, information technology, compliance and day-to-day management and oversight of licensed operator personnel, are billed monthly and recognized as revenue, upon completion of agreed upon services. Revenue earned from affiliated and non-affiliated operator management operations fees includes one or more of the following: 1) cost recovery of compensation and benefits pertaining to Company personnel specifically assigned to a licensed operator's facilities, 2) cultivation and extraction processing fees in the form of flat fees or a mark-up of Company costs incurred (e.g. cost plus 30%), and 3) a performance fee, as permitted under state, provincial or local law.

Revenue earned from interest income is recognized on an accrual basis.

(l) Income taxes

The Company and its affiliates are generally structured as limited liability companies or corporations electing treatment as partnerships for U.S. federal and state income tax purposes, with all income tax liabilities and/or benefits of each such entity being passed through to their respective members (collectively, the "Pass-Through Entities"). As such, the accompanying combined consolidated financial statements do not include any recognition of U.S. federal or state income tax liabilities or deferred tax assets. Any uncertain tax position taken by individual members of one or more of the Pass-Through Entities is not an uncertain position of the Company.

(m) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. At initial recognition, the Company classifies its financial instruments, depending on the purpose for which the instruments were acquired, as follows:

(1) Financial assets and liabilities at fair value through profit or loss

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges.

Financial instruments are recognized initially and subsequently at fair value. Transaction costs are expensed in the combined consolidated statement of operations and comprehensive income (loss). Gains and losses arising from changes in fair value are presented in the combined consolidated statements of operations and comprehensive income (loss) within other gain (loss) in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the end of the reporting period.

(2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables are comprised of trade receivables and cash and cash equivalents and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received less a discount, when material, to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

(3) Financial liabilities at amortized cost

Financial liabilities at amortized cost include accounts payable and accrued liabilities, and the bridging loan payable. Financial liabilities are initially recognized at the amount required to be paid less a discount, when material, to reduce the payables to fair value. Subsequently, these financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

(4) Classification of financial instruments

Financial assets, other than those classified at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period or whenever circumstances dictate. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The Company has classified its financial instruments as follows:

Asset /Liability	**Classification**	**Measurement**
Cash and cash equivalents	Cash	Amortized cost
Accounts receivable	Receivables	Amortized cost
Escrowed funds	Receivables	Amortized cost
Due from members and affiliates	Receivables	Amortized cost
Prepaid expenses and other current assets	Prepaids	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Other current liabilities	Other liabilities	Amortized cost
Due to members and affiliates	Other liabilities	Amortized cost
Accrued bridging loan transaction costs payable	Other liabilities	Amortized cost
Derivative liability	Other liabilities	Fair value through profit or loss
Advance purchase of convertible debentures	Other liabilities	Amortized cost
Convertible debentures	Other liabilities	Amortized cost
Bridging loan payable	Loans	Amortized cost

(n) Members' equity

Financial instruments issued by the Company are classified as members' equity only to the extent that they do not meet the definition of a financial liability. The Company's common share interests and Series A Preferred share interests are classified as equity instruments.

Incremental costs directly attributable to the issue of new Common or Series A Preferred shares or warrants are recognized as a deduction from members' equity.

(o) Incentive share plan

The Company established an incentive share plan authorizing the issuance of up to a total of 1,944,444 shares, at the sole discretion of the Board (the "Incentive Share Plan"). Awards granted under the Incentive Share Plan are intended to qualify as "profits interests" within the meaning of Revenue Procedure 93-27 as clarified by Revenue Procedure 2001-43. As such, none of the awardee Members issued Incentive Shares shall make capital contributions in connection with the acquisition of such Incentive Shares and the Company shall treat such Members as holding "profit interests" for all purposes of the Company's operating agreement, as amended from time to time. Awards granted under the Incentive Share Plan vest based upon the terms and conditions of each such Incentive Share Plan agreement executed by awardees and the Company, with vesting terms ranging from immediate to up to 3 years. Shares awarded under the Incentive Share Plan carry no rights otherwise incumbent with ownership of actual common shares of the Company.

Awards granted under the Incentive Share Plan are issued with a hurdle rate (i.e. strike price equivalent) equal to the estimated fair value of the Company's common share price at the grant date, which generally results in zero compensation expense on the date of grant. Incentive shares awarded to nonemployees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if the fair value of the goods or services cannot be reliably measured. Amounts recorded for forfeited Incentive Share awards are available for re-issuance in the year of such forfeiture.

(p) Bridging loan payable

The bridging loan, which is denominated in CAD, is accounted for at amortized cost. Currency translation adjustments are recorded as increases or decreases in the outstanding loan payable. Interest on the loan is accrued monthly, in arrears, with in-kind interest added to the loan payable balance. Costs incurred to obtain the loan are treated as deferred transaction costs and accreted as interest expense over the two-year term of the loan. The bridging loan is a demand loan and therefore presented as a current liability in the combined consolidated statement of financial position at December 31, 2017.

(q) Convertible debentures

The convertible debentures are accounted for at amortized cost. Interest on the convertible debentures is accrued monthly in arrears. Costs incurred to issue the convertible debentures are treated as deferred transaction costs and accreted as interest expense over their two-year term. The conversion feature of the convertible debentures is accounted for separately as a derivative liability.

(r) Derivative liability - conversion feature of convertible debentures

The conversion feature of issued convertible debentures was evaluated under *IAS 32 –Financial Instruments: Presentation*. Equity classification applies to instruments where a fixed amount of cash (or liability) denominated in the issuer's functional currency is exchanged for a fixed number of shares (often referred to as the "fixed for fixed" criteria). The Company determined the conversion feature did not meet the "fixed for fixed" criteria. As a result, the conversion feature is separated from the host contract and presented as a derivative liability in the combined consolidated statements of financial position. The conversion feature was initially measured at fair value, using the Black Scholes model, and allocated in proportion to amounts raised to the convertible debentures and common share equity as transaction costs, with the remainder expensed immediately. Subsequent to initial recognition, the conversion feature derivative liability is measured at fair value at each measurement date, with resulting changes in fair value generally recognized in profit or loss in the combined consolidated statement of operations and comprehensive income (loss). Significant estimates are involved in assessing the terms and conditions of the conversion feature and in determining the appropriate volatility used in the model.

(s) Broker warrant

The broker warrant issued in connection with the issuance of convertible debentures and common share equity was evaluated under *IAS 32 –Financial Instruments: Presentation*. Equity classification applies to instruments where a fixed amount of cash (or liability) denominated in the issuer's functional currency is exchanged for a fixed number of shares (often referred to as the "fixed for fixed" criteria).

The broker warrant fair value was determined using the Black Scholes model and is included in warrant reserve in the combined consolidated statement of changes in members' equity (deficit). Such value is allocated to the convertible debentures and common as transaction cost, with the balance expensed immediately.

(t) Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

<u>*Critical areas of estimation and judgments in applying accounting policies include the following:*</u>

(1) Going concern

Each reporting period, management exercises judgment in assessing whether there is a going concern issue by reviewing the Company's performance, resources and future obligations.

(2) Useful lives of property and equipment

As described in Note 2(i) above, the Company reviews the estimated useful lives of property and equipment with definite useful lives at the end of each year and assesses whether the useful lives of certain items should be shortened or extended, due to various factors including technology, competition and revised service offerings. During the years ended December 31, 2017, 2016 and 2015, the Company was not required to adjust the useful lives of any assets based on these factors.

(3) Impairment of property and equipment

Property and equipment are tested for impairment at each reporting date and when events or changes in circumstances indicate that the carrying value may not be recoverable. For the purpose of measuring recoverable values, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or "CGUs"). The recoverable value is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. An impairment loss is recognized for the value by which the asset's carrying value exceeds its recoverable value.

(4) Impairment of assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the combined consolidated statements of operations and comprehensive income (loss).

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.

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.

(5) Impairment on financial assets

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

(6) Broker warrant

Management uses judgment to determine the inputs to the Black-Scholes option pricing model including the expected life, and underlying share price volatility. Volatility is estimated by considering public company comparable volatilities and other factors, in addition to the Company's historic share price from private placement transactions, over similar periods to the expected life of the warrant. Changes in these assumptions will impact the calculation of fair value and the value attributed to the broker warrant.

(u) Standards, amendments and interpretations issued and not yet effective and have not been adopted by the Company

(i) *IFRS 7, Financial instruments: Disclosure* ("IFRS 7") was amended to require additional disclosures on transition from IAS 39 to IFRS 9. Effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company is in the process of evaluating the impact this standard will have on its combined consolidated financial statements upon adoption.

(Expressed in United States Dollars)

(ii) *IFRS 9, Financial Instruments* ("IFRS 9") reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company is in the process of evaluating the impact this standard will have on its combined consolidated financial statements upon adoption.

(iii) *IFRS 15, Revenue from Contracts with Customers* ("IFRS 15") replaces IAS 18, *Revenue* and IAS 11, *Construction Contracts* and contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on January 1, 2018. The Company is in the process of evaluating the impact this standard will have on its combined consolidated financial statements upon adoption.

(iv) *IFRS 16, Leases* ("IFRS 16") will replace IAS 17, *Leases* ("IAS 17") and eliminates the classification of leases as either operating or finance leases by the leasee. The treatment of leases by the leasee will require capitalization of all leases resulting accounting treatment similar to finance leases under IAS 17 Leases. The new standard will result in an increase in lease assets and liabilities for the leasee. Under the new standard, the treatment of all lease expense is aligned in the statement of operations, with depreciation and an interest component recognized for each lease, in line with finance lease accounting under IAS 17. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. The Company is in the process of evaluating the impact this standard will have on its combined consolidated financial statements upon adoption.

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of trade receivables arising from consulting customers, affiliated operators and non-affiliated operators. See Note 16, *Related Parties,* for additional disclosure regarding affiliated operators which are related parties.

The following table summarizes the aging of trade receivables at December 31:

	2017	2016	2015
Trade Receivables Aging:			
0-30 days	$ 148,812	$ 110,271	$ 60,687
31-90 days	-	54,423	10,000
Greater than 90 days	-	68,095	-
	148,812	232,789	70,687
Provision for doubtful accounts	(64,805)	(53,482)	-
Total Accounts Receivable	**$ 84,007**	**$ 179,307**	**$ 70,687**

At December 31,2017, three customers (2016 – six customers, 2015 – three customers) accounted for 87.4% (2016 – 72.3%, 2015 – 92%) of total trade receivables, the largest accounting for 50.4% (2016 – 21.5%, 2015 – 35.4%). Since December 31, 2017, the Company has collected $44,126 (2016 - $192,191, 2015 - $70,687) from the above outstanding trade receivables. Management believes that trade receivables not provided for are collectible.

4. ESCROWED FUNDS

The escrowed funds balance at December 31, 2017 is comprised of cash held in escrow arising from the following sources:

	Notes		USD
Bridging loan payable	9, 20	$	25,623,590
Brokered convertible debentures offering	8, 20		15,000,000
Brokered equity offering	12, 20		5,000,000
Non-brokered convertible debentures offering	8, 20		4,700,000
Currency translation adjustment	9		106,838
Total escrowed funds		**$**	**50,430,428**

The bridging loan payable is denominated in CAD, with currency translation adjustments recorded at each measurement date. The original principal balance is CAD$32,300,000. Included in this amount is CAD$5,500,000 which represents the Canadian facility, as further explained in Note 9. Except for the Canadian facility portion of the escrowed funds receivable, these escrowed funds were released on January 17, 2018 in connection with the Buddy Boy transactions described in Note 20.

5. PROPERTY AND EQUIPMENT

The Company's property and equipment consists of the following:

A

At December 31		**2017**		**2016**		**2015**
Land	$	600,000	$	600,000	$	600,000
Furniture and computer equipment		199,364		118,771		36,533
Leasehold improvements		77,852		76,576		67,770
Total property and equipment, gross		877,216		795,347		704,303
Less: accumulated depreciation		(91,498)		(46,922)		(20,860)
Property and equipment, net	$	785,718	$	748,425	$	683,443

reconciliation of the beginning and ending balances of property and equipment is as follows:

		Property and equipment, gross		**Accumulated Depreciation**		**Property and equipment, net**
Balance as of January 1, 2015	$	674,521	$	-	$	674,521
Additions		29,782		-		29,782
Depreciation		-		(20,860)		(20,860)
Balance as of December 31, 2015		**704,303**		**(20,860)**		**683,443**
Additions		91,044		-		91,044
Depreciation		-		(26,062)		(26,062)
Balance as of December 31, 2016		**795,347**		**(46,922)**		**748,425**
Additions		81,869		-		81,869
Depreciation		-		(44,576)		(44,576)
Balance as of December 31, 2017	**$**	**877,216**	**$**	**(91,498)**	**$**	**785,718**

(Expressed in United States Dollars)

6. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following at December 31:

	2017	2016	2015
Accrued professional fees	$ 1,308,487	$ -	$ -
Payroll funding received in advance	233,958	26,400	160,773
Accrued vacation	84,335	12,411	4,430
Interest payable	59,760	-	-
Member tax distributions payable	58,647	43,647	-
Deferred revenue	-	3,200	69,726
Total other current liabilities	**$ 1,745,187**	**$ 85,658**	**$ 234,929**

7. CONVERTIBLE PROMISSORY NOTE

During 2015, the Company fully settled an outstanding convertible promissory note with an original principal balance of $1,000,000. The proceeds from this promissory note, in the amount of $700,000, were used to purchase vacant land located at 6100 E. 48th Avenue in Denver, Colorado. The land was acquired in 2014 for $600,000 and initially intended for construction of a greenhouse, with the remaining proceeds of $100,000 used to cover closing costs and professional fees. The convertible promissory note, with an original principal balance of $1,000,000, was settled in full for $700,000, thereby resulting in a gain on settlement of promissory note of $300,000.

8. CONVERTIBLE DEBENTURES

On December 22, 2017, the Company completed a private placement offering of $21,400,000 million of Secured Subordinated Convertible Debentures (the "Debentures"), as summarized below:

Source of capital	Note	Proceeds at 12/31/17	Original Principal Balance
Brokered offering	4,9	Held in escrow	$ 15,000,000
Non-brokered offering	4	Held in escrow	4,700,000
Non-brokered offering	-	(a)	1,250,000
Non-brokered offering	4,9	(b)	450,000
Total convertible debentures issued			**$ 21,400,000**

(a) Proceeds received in advance of investor completing purchase documentation on January 17, 2018.
(b) Proceeds received post-year end upon investors completing purchase documentation on February 5, 2018.

The Debentures were issued with an initial maturity date of February 28, 2018 (as such date may be extended for a period of up to 30 days at the discretion of the Agent), contingent on the closing of the Buddy Boy Transactions further described in Note 20. Upon completion of the Buddy Boy Transactions on January 17, 2018, the maturity date was extended to the two-year anniversary of the closing date, December 22, 2019.

Each Debenture bears interest of 10% per annum, payable semi-annually in arrears on June 30 and December 31 of each year, commencing on the closing date. Interest is computed on the basis of a 360-day year composed on twelve 30-day months. Upon conversion, the original outstanding principal and unpaid accrued interest automatically converts into equity securities immediately preceding the date of a Going-Public Transaction, at

(Expressed in United States Dollars)

or prior to the Maturity Date. If the Going-Public Transaction occurs after the Maturity Date and prior to payment in full of any Debentures remaining outstanding, then, at the sole option of each Debenture holder, the remaining Debentures outstanding may be converted into Common Shares of the Company.
The conversion of this Debenture into Equity Securities shall occur immediately preceding the closing date of the Going-Public Transaction. Early conversion of the Debentures is permitted.

The Company paid the following compensation for the brokered convertible debenture and private equity raises of $15,000,000 and $5,000,000, respectively:

- Total commissions of $1,300,000
- Issuance of a broker warrant to purchase 466,321 of the Company's common shares at price of $1.93 per share, which expires December 22, 2020. See Note 10 for further details.

The Company evaluated the terms and conditions of the convertible debentures and noted that the conversion feature did not meet the 'fixed for fixed' criteria for equity classification. The Company has therefore accounted for the conversion feature as a derivative financial liability to be revalued at each reporting period.

The fair value of the conversion feature was estimated using the Black-Scholes option pricing model with the following assumptions:

	At December 31, 2017	**At December 22, 2017**
Volatility	154.0%	154.0%
Risk-free interest rate	2.48%	2.48%
Expected life	0.73	0.75
Dividend yield	0%	0%
Common share price	$2.17	$2.17
Strike price	$6.18	$6.18
Forfeiture rate	nil	nil
Call Option Value (per share)	$0.54	$0.54
Number of shares assumed issued	3,174,310	3,174,310
Fair value of conversion feature of convertible debentures	**$1,674,320**	**$1,714,856**

Upon issuance, the Company valued the conversion feature of the convertible debt instruments as a derivative liability with the residual amount of proceeds being recognized as debt, as follows:

		Total
Total proceeds due from convertible debentures offering	$	21,400,000
Less: value of conversion feature – derivative liability upon issuance		(1,714,856)
Value of host convertible debentures upon issuance	$	19,685,144

The Company calculated the total compensation and financing cost for the convertible debentures which was proportionately allocated to the conversion feature and the host debt instrument. Costs allocated to the conversion feature were expensed immediately while the costs allocated to the host debt instrument were recorded as deferred financing costs as an offset to the convertible debentures liability on the combined consolidated statement of financial position as of December 31, 2017.

		Total
Cash financing costs	$	2,065,914
Allocated portion of broker warrant (Note 10)		470,737
Total compensation and financing costs		2,536,651

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Costs allocated to conversion feature (expensed immediately)		188,650
Costs allocated to host debt instruments as deferred financing costs		2,348,002
Total compensation and financing costs	$	2,536,651

The host convertible debentures, net of deferred financing costs, are being accreted monthly over their contractual term of twenty-four (24) months up to the face value of the convertible debentures of $21,400,000 as follows:

		Total
Host convertible debentures	$	19,685,144
Less: deferred financing costs		(2,348,002)
Convertible debentures, net of deferred financing costs		17,337,142
Accretion expense during the year ended December 31, 2017		40,579
Convertible debentures, net of deferred financing costs, as at December 31, 2017	$	17,377,721

9. BRIDGING LOAN PAYABLE

On December 29, 2017, the Company closed in escrow on a demand loan provided by Bridging Finance Inc. (“Bridging”) with an original principal balance of $25,623,590 (CDN$32,300,000) (the “Bridging Loan”). The Bridging Loan matures on the earlier to occur of December 29, 2019 (the “Bridging Loan Closing Date”), or upon demand for repayment by the Lender. The Company has the right to prepay the Bridging Loan at any time at their sole discretion, subject to a prepayment premium for any full or partial prepayments occurring within nine (9) months of the Closing Date, which is September 29, 2018 (the “Bridging Loan Maturity Date”). In addition to the prepayment premium, the Company is subject to a prepayment penalty if any such prepayment occurs without first providing Bridging 90 days’ advance notice. The prepayment premium and prepayment penalty amount do not apply if Bridging demands payment prior to the Maturity Date, unless Bridging believes that the Company is intentionally causing the occurrence of an Event of Default to cause the Agent to make demand in an effort to avoid the prepayment premium or penalty payments. These prepayment premium and prepayment penalty amounts are based on the addition of daily interest equal to the Applicable Interest Rate in effect at the time such amounts are determined, if applicable.

The Bridging Loan consists of two distinct loan facilities, a U.S. Facility and a Canadian Facility. The U.S. Facility, in the amount of $21,259,893 (CDN$26,800,000), was specifically intended to partially finance the Buddy Boy Brands transactions (see Note 20). The Canadian Facility, in the amount of $4,363,697 (CDN$5,500,000), was specifically intended to complete the purchase of Grand River Organics (“GRO”), an early-stage applicant for an ACMPR license in Ontario, Canada. The GRO transaction formally closed on February 28, 2018, with the Company acquiring a 51.01% of GRO through its wholly-owned Canadian affiliate at that time, GrowForce Holdings Inc. (“GFH”). In January 2018, a portion of the Canadian Facility, in the amount of CDN$1,500,000 of the Canadian Facility was used to fund the down payment on real estate located at 1 Warman Road in Winnipeg, Manitoba (“Warman Road”). The Warman Road transaction closed on February 28, 2018, with the land purchase being completed by GrowForce Manitoba Inc., a wholly-owned subsidiary of GFH.

Interest accrues daily, on the basis of a 360-day year, and is equal to the sum of (i) BNS (Bank of Nova Scotia) Prime plus (ii) ten and eight tenths percent (10.8% per annum). Interest compounds monthly from and including the Bridging Loan Closing Date through and until full and final repayment of all remaining principal and interest outstanding. Upon the closing of the loan, and as of December 31, 2017, the BNS Prime rate was 3.2%, resulting in an Applicable Interest Rate of 14.0% per annum. Of the monthly Applicable Interest Rate, a portion is paid in cash in arrears and a portion is paid in-kind (“PIK”). The interest paid in cash equals the sum of (i) BNS Prime plus (ii) six and eight tenths percent (6.8% per annum). The PIK portion of the monthly interest is fixed (4% per annum) and is added to the outstanding principal balance at the end of each month. PIK interest, including accrued interest thereon, shall be due and payable on the earliest to occur of (i) the Bridging Loan Maturity Date, (ii) the repayment of any other principal amounts due in respect of the Bridging

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Loan, (iii) the date of any Liquidity Event, as defined in the Bridging Loan agreement, or (iv) such earlier date that demand is made.

On the Bridging Loan Closing Date, the Company paid a work fee (i.e. closing fee) of 2% of the aggregate Bridging Loan of $25,623,590 (CDN$32,300,000), which equaled $512,472 (CDN$646,000). The Company also paid Bridging a capital cost fee (i.e. commitment fee), in an amount equal to $206,412 (CDN$260,194). The capital cost fee was based on Bridging's commitment to fund the Bridging Loan beginning as of December 1, 2017, with such capital cost fee equal to twenty-nine (29) days of interest computed at 14%. The Company also pays Bridging an administrative fee equal to approximately $19,039 (CDN$24,000) per annum.

During the year ended December 31, 2017, the Company accrued interest of $29,447 (CDN$37,683), of which $8,413 (CDN$10,767) was capitalized to increase the outstanding principal balance. The Bridging loan balance includes a capitalized commitment fee equal to CAD$111,256, or 0.33% of the total loan commitment of CAD$32,300,000.

The Company calculated the total compensation and financing cost for the bridging loan payable, which were recorded as deferred financing costs as an offset to the bridging loan payable on the combined consolidated statement of financial position as of December 31, 2017.

		Total
Cash financing costs – settled on closing	$	1,004,596
Cash financing costs – paid separately		582,187
Total compensation and financing costs	**$**	**1,586,783**

The bridging loan payable, net of deferred financing costs, is being accreted monthly, on a straight-line basis, over its contractual term of twenty-four months up to the face value of the original principal balance of $25,623,590 as follows:

		Total
Bridging loan payable, original principal balance	$	25,623,590
Less: deferred financing costs		(1,586,783)
Bridging loan payable, net of deferred financing costs		24,036,807
Accrued interest payable in-kind		88,625
Foreign currency translation adjustment		106,838
Accretion expense		4,190
Bridging loan payable, net of deferred financing costs	**$**	**24,236,460**

10. BROKER WARRANT

On December 22, 2017, in connection with the brokered convertible debentures and private equity offerings, the Company issued a broker warrant for 466,321 common shares at $1.93 per share. The warrant expires December 22, 2020 and is treated as equity in the combined consolidated statement of financial position. The broker warrant certificate contains certain anti-dilution provisions. Upon completion of a Going-Public Transaction, the broker warrant certificate will be replaced with one that entitles such holder to acquire shares of the publicly listed entity under the same terms and conditions.

Volatility is determined based on volatilities of comparable companies because the Company does not have its own sufficient trading history. The expected term represents the broker warrant's actual term to expiry of three (3) years.

(Expressed in United States Dollars)

The risk-free rate assumed in valuing the broker warrant is based on the U.S. Treasury yield curve in effect at the time of grant for the expected term of the broker warrant. The expected dividend yield percentage at the time of grant is nil, as the Company is not expected to pay dividends in the foreseeable future. The common share price of $2.17 is based on the private issuance of common shares on December 1, 2017 (see Note 12).
The significant assumptions applied in computing fair value of share-based compensation, using the Black-Scholes model, are as follows:

At December 22, 2017	
Volatility	154%
Risk-free interest rate	2.58%
Expected term	3
Dividend yield	0%
Common share price	$2.17
Strike price	$1.93
Forfeiture rate	nil
Call Option Value (per share)	$1.82
Number of shares	466,321
Fair value of broker warrant	$ 846,532

The fair value of the broker warrant was allocated as follows on initial measurement date:

	Amount
Fair value of broker warrant on date of issuance - December 22, 2017	$ 846,532
Allocation:	
Deferred financing costs offset – secured subordinated convertible debentures	470,737
Financing cost offset – common share equity issuance	334,787
Expensed immediately	41,008
Total allocated amount of fair value of broker warrant – as at December 22, 2017	**$ 846,532**

11. COMMITMENTS AND CONTINGENCIES

The Company and its affiliates have operating lease obligations until 2019 related to its office space leased from TAXI Building III, LLC. The minimum payments under the agreement are as follows:

Year ending December 31	**Amount**
2018	$ 153,772
2019	77,925
	$ 231,697

In addition to the amounts noted above, and as described further in Note 20, the Company assumed lease obligations in connection with the the Buddy Boy Transactions, resulting in an increase of future minimum payments of $120,990 and $61,313, respectively, for each year ending December 31, 2018 and 2019.

12. MEMBERS' EQUITY

Common shares

(Expressed in United States Dollars)

Pursuant to the Third Amended and Restated Limited Liability Company Operating Agreement (the "Third A&R Agreement"), as of December 31, 2017 the Company has authorized for issuance 27,507,615 Common Shares, of which 18,832,282 are issued and outstanding; and 5,206,008 Series A Preferred Shares, all of which are issued and outstanding. The Company has also authorized for issuance up to 1,944,444 Incentive Shares, representing "profit interests" to participate in the continued growth of the Company. The Incentive Shares are not considered issued capital of the company and only represent rights to participate in Company distributions above a specified hurdle rate. The Company's Common Shares represent voting non-dividend paying ownership interests. The Company's Series A Preferred Shares are also voting non-dividend paying ownership interests in the Company.

The initial issuance of Common Shares was completed in connection with the formation and commencement of Holdings on March 19, 2014. At that time, the Company issued 13,425,000 common shares to its founding members at the nominal price of $0.0001, for total proceeds of $1,350 (the "Common Shares").

On December 1, 2017, the Company completed a private placement offering for the issuance of 5,407,282 Common Shares at a price of $2.1740 per share, as follows:

		Total
Gross proceeds due from issuance of common share equity interests	$	11,755,431
Plus: foreign currency translation and other adjustments		60,799
Less: proceeds receivable in escrowed funds (Note 4)		(5,000,000)
Proceeds received for issuance of common share equity interests		6,816,230
Less: common shares issued in exchange for advisory services		(739,000)
Cash proceeds from issuance of common share equity interests		6,077,230
Cash compensation and financing costs charged directly against equity		739,153
Allocated portion of broker warrant (Note 8)		334,787
Total compensation and financing costs	**$**	**1,073,939**

Series A preferred shares

The Company completed its initial private offering of Series A Preferred shares during May of 2014, resulting in an issuance of 1,532,792 Series A Preferred Shares (the "Original Series A Preferred Shares") at the price of $1.9324 per share (the "Original Series A Purchase Price"), for total proceeds of $2,762,000.

During April 2015, Holdings issued to certain additional purchasers (the "Additional Series A Investors") an additional aggregate 3,214,028 Series A Preferred Shares (the "Additional Series A Preferred Shares") for gross proceeds of $4,586,319. These Additional Series A Preferred Shares were issued pursuant to the terms of the Original Series A Purchase Agreement but under revised investment terms, including a revised purchase price of $1.4493 per share (the "Revised Series A Purchase Price"), in connection with the execution and delivery of an Amended and Restated Series A Preferred Share Purchase Agreement (the "Restated Series A Purchase Agreement") and the Second Amended and Restated Limited Liability Company Operating Agreement of the Company (as amended from time to time, the "Second A&R Operating Agreement"), each dated as of April 27, 2015. In tandem with the issuance of such Additional Series A Preferred Shares, the Original Series A Investors received, retroactively, the benefit of such revised investment terms, including, without limitation, the Revised Series A Purchase Price.

The application of the Revised Series A Purchase Price to the Original Series A Investors resulted in the issuance by the Company of an aggregate 477,302 additional Series A Preferred Shares (the "Top Up Shares") to the Original Series A Investors (other than Rio Holdings, LLC, as described below) such that the total number of Series A Preferred Shares held by each such Original Series A Investor after the issuance of such Top Up Shares equaled the number of Series A Preferred Shares such Original Series A Investor would have received if the entirety of each Investor's original investment had been made at the Revised Series A Purchase Price of $1.4493 per share.

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The Series A Preferred Shares are subject to an annual preferred return, at the sole discretion of the Company's Board, in an amount equal to $0.14493 per annum per Series A Preferred Share (as adjusted for share splits, combinations and other recapitalization events). Since inception, the Board has not declared or paid any Series A Preferred return. In addition, the Series A Preferred Shares are convertible into Common shares at a multiple of 1.5. All Series A Preferred Shares are automatically converted into Common Shares upon 66.67% of the outstanding Series A shareholders electing to do so.
Issued and outstanding common shares and Series A Preferred Shares consist of the following for each year ending December 31:

	2017	2016	2015
Common member shares issued and fully paid			
Beginning balance	13,425,000	13,425,000	13,425,000
Shares issued	5,407,282	-	-
Common Shares outstanding – at December 31	**18,832,282**	**13,425,000**	**13,425,000**
Series A Preferred Shares issued and fully paid			
Beginning balance	5,206,008	5,206,008	1,991,980
Shares issued	-	-	3,214,028
Series A Preferred Shares outstanding – at December 31	**5,206,008**	**5,206,008**	**5,206,008**
Total Common and Series A Preferred Shares – at December 31	24,038,290	18,631,008	18,631,008
Number of shares issued and fully paid for each member share class			
Common	18,832,282	13,425,000	13,425,000
Series A Preferred	5,206,008	5,206,008	5,206,008
Series A Preferred Shares as if converted at 1.5 to 1 conversion factor	7,809,012	7,809,012	7,809,012

Incentive shares

The following table summarizes awards granted, vested and forfeited for each of the years ended December 31, 2017, 2016 and 2015:

	Incentive Shares Awarded (Forfeited)	Incentive Shares Vested
Balance – January 1, 2015	-	-
Issuance of incentive share awards ($1.4493 hurdle)	175,000	55,760
Vesting of incentive shares previously awarded	-	23,080
Balance – December 31, 2015	**175,000**	**78,840**
Issuance of incentive share awards ($1.4493 hurdle)	50,000	5,560
Vesting of incentive shares previously awarded	-	45,305
Balance – December 31, 2016	**225,000**	**129,705**
Issuance of incentive share awards ($1.4493 hurdle)	1,300,000	1,197,225
Forfeitures due to terminations	(49,995)	-
Vesting of incentive shares previously awarded	-	73,075
Balance – December 31, 2017	**1,475,005**	**1,400,005**

Allocations of income and distributions

Allocations and distributions to Common, Series A Preferred, and Incentive Shareholders are generally determined pursuant to Section 5.3(a) through 5.3(d) of the Company's operating agreement, as amended, as follows:

Section 5.3(a) specifies that the Company must make distributions in the following manner:

(i) First, previously declared and unpaid Series A Preferred Share annual preferred returns;
(ii) Second, 50/50 to Series A Preferred shareholders and Common/Incentive shareholders until aggregate distributions made to the Series A Preferred Shareholders pursuant to this Section 5.3(a)(ii)(A) equals three (3) times the aggregate amount invested by Series A Shareholders (determined on a share-for-share basis and not on an as converted basis); and then
(iii) Third, to Series A Preferred, Common, and Incentive shareholders pro rata according to their relative proportionate ownership of all outstanding Shares (determined on an as converted basis).

Section 5.3(b) governs distributions arising in the event of the dissolution and liquidation of the Company, providing that under these circumstances assets of the Company shall be disbursed in the following order of priority:

(i) First, to satisfy all debts and liabilities owing to third party creditors and the expenses of dissolution or liquidation;
(ii) Second, to establish such reserves as reasonably deemed by the Board necessary for any contingent or unforeseen liabilities or obligations of the Company;
(iii) Third, if the Board, in its sole discretion, had resolved to pay the Series A Preferred Return to the holders of Series A Preferred Shares for any Fiscal Year, but has not paid such Series A Preferred Return, to the holders of Series A Preferred Shares the Series A Preferred Return with respect to each Series A Preferred Share;
(iv) Fourth, to the holders of Series A Preferred Shares, pro rata according to their relative proportionate ownership of all outstanding Series A Preferred Shares, the unreturned amount (deducting from such unreturned amount one half (1/2) of all prior distributions made pursuant to Section 5.3(a)(ii) but not taking into account for purposes thereof any other distributions) of 150% of the aggregate Series A Contribution Amount; and
(v) Fifth, to the holders of Series A Preferred Shares, Common Shares, and Incentive Shares pro rata according to their relative proportionate ownership of all outstanding Shares (determined on an as converted basis); provided, that distributions with respect to Incentive Shares shall not in any event exceed the distribution to which they are entitled pursuant to Section 4.1(b) above.

Section 5.3(c) of the First A&R Operating Agreement provides that in connection with any Company Sale, the Members shall each be distributed an amount of economic consideration in respect of such Member's Shares that such Member would receive if the aggregate economic consideration payable in such Company Sale were distributed pursuant to Section 5.3(b).

Tax distributions

The Company shall distribute at such times as the Board shall determine, but not less frequently than annually, to all Members to whom items of taxable income or gain have been allocated for a taxable year (or for any portion thereof) an amount intended to enable such Members to pay their respective federal, state and local tax liabilities resulting from the allocation. The Manager shall calculate the amount of such tax distributions by assuming that each Member will pay taxes at the highest combined effective federal and state income tax rate applicable to individuals or taxable "C" corporations, giving effect to the different tax rates attributable to different types of income earned by the Company, and the deductibility of state taxes for federal income tax purposes. Distributions under this Section 5.4 shall be divided among the Series A Preferred Shares, Common Shares and Incentive Shares in proportion to the allocations of taxable income or gain (or in proportion to the aggregate allocations of items thereof) based upon the number of outstanding Series A Preferred Shares, Common Shares and Incentive Shares. Distributions to each class of Membership Rights shall be made in proportion to the allocations of taxable income or gain (or in proportion to the aggregate allocations of items thereof) to the holders of such Membership Rights.

13. Financial Instruments

(Expressed in United States Dollars)

Fair value

The fair value of cash and cash equivalents, escrowed funds, accounts receivable, due from members and affiliates, accounts payable and other current and non-current liabilities approximate their carrying values due to the relatively short-term maturity of these financial instruments. Cash includes demand deposits with financial institutions.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels, since inception of the Company.

The following tables summarize the Company's assets and liabilities, as at December 31, 2017, according to their respective level designation within the fair value hierarchy:

	Total	Level 1	Level 2	Level 3
Financial Assets				
Cash and cash equivalents	$ 5,665,987	$ 5,665,987	$ -	$ -
Accounts receivable, net	84,007	84,007	-	-
Subscriptions receivable (Note 8)	450,000	450,000		
Due from affiliates	1,374,278	1,374,278	-	-
Escrowed funds	50,430,428	50,430,428	-	-
Prepaid expenses and other current assets	121,348	121,348	-	-
	$ 58,126,048	**$ 58,126,048**	**$ -**	**$ -**

The entire amount of escrowed funds was released on January 17, 2018 in connection with the Buddy Boy series of transactions as described further in Note 20. The Bridging loan balance includes a capitalized commitment fee equal to CAD$111,256, or 0.33% of the total loan commitment of CAD$32,300,000.

	Total	Level 1	Level 2	Level 3
Financial Liabilities				
Accounts payable and accrued liabilities	$ 416,563	$ 416,563	$ -	$ -
Other Current Liabilities	1,745,187	1,745,187	-	-
Bridging loan payable, net	24,236,460	-	24,236,460	-
Accrued bridging loan transaction costs payable	1,004,596	1,004,596	-	-
Derivative liability	1,674,320	-	-	1,674,320
Secured subordinated convertible debentures, net	17,377,721	-	17,377,721	-
	$ 46,454,847	**$ 3,166,346**	**$ 41,614,181**	**$ 1,674,320**

Fair Value of financial instrument liabilities

The fair value of financial instrument liabilities at December 31, 2017 is comprised of the following:

	As at December 31		
	2017	2016	2015
Conversion feature of convertible debentures (Note 8)	$ 1,674,320	$ -	$ -

(Expressed in United States dollars)

Total interest income and interest expense for financial assets or financial liabilities that are not at fair value through profit or loss can be summarized as follows:

	During the year ended December 31		
	2017	**2016**	**2015**
Interest income	57	2,782	5,307
Interest expense	(96,659)	-	(113,390)
Interest expense (income), net	**(96,602)**	**2,782**	**(108,083)**

14. Financial instrument risks

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include regulatory risk, foreign currency risk, interest rate risk, credit risk, liquidity risk, and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from its cash, loans and other receivables, and notes receivable. The risk exposure is limited to their carrying amounts at the statement of financial position date.

All the Company's cash is held with state-chartered credit unions and other regulated financial institutions, and thus the exposure to credit risk is considered insignificant. Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to trade receivables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements. The Company coordinates this planning and budgeting process with its financing activities through its capital management process.

The Company holds sufficient cash and working capital to ensure sufficient liquidity is maintained. The following summarizes the maturity of the Company liabilities as of December 31, 2017, which are due in the next twenty-four months:

	As of December 31, 2017		
	Total	**Anticipated settlement within one year**	**Anticipated settlement within two years**
Accounts payable and accrued liabilities	$ 416,563	$ 416,563	$ -
Other current liabilities	1,745,187	1,745,187	-
Accrued bridging loan transaction costs payable	1,004,596	1,004,596	-
Bridging loan payable, net	24,236,460	24,236,460	
Convertible debentures, net	17,377,721	17,377,721	-
	$ 44,780,527	**$ 44,780,567**	**$ -**

(Expressed in United States dollars)

Foreign currency risk

The Company is exposed to foreign currency risk at the end of the reporting period through its Canadian dollar denominated bridging loan payable, escrowed funds receivable, accrued liabilities and cash. As of December 31, 2017, a 10% depreciation or appreciation of the CAD against the USD would have resulted in an approximate $44,100 decrease or increase, respectively, in total comprehensive income (loss). On an ongoing basis, the Company's CAD denominated revenues and operating expenses are also impacted by fluctuations in foreign currency exchange rates.

Interest rate risk

At December 31, 2017, the Company has significant exposure to interest rate risk through its Bridging loan which bears interest at a rate of (i) BNS (Bank of Nova Scotia) Prime plus (ii) ten and eight tenths percent (10.8% per annum), for a total interest rate of 14.0%. Effective January 17, 2018, the BNS Prime rate increased from 3.20% to 3.45%, resulting in an increased interest rate of 14.25% for the demand loan facility.

Market risk

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

Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets.

15. OTHER GAINS (LOSSES)

The following table details the composition of transactions comprising other gains (losses):

During the year ended December 31,	2017	2016	2015
Foreign currency loss	$ (22,798)	$ -	$ -
Change in fair value of derivative liability	40,536	-	-
Employee theft	-	-	(80,600)
Other loss	-	-	(9,470)
Contract dispute settlement	-	(240,000)	-
Gain on settlement of promissory note (Note 7)	-	-	300,000
Other gain (loss), net	**$ 17,738**	**$ (240,000)**	**$ 209,930**

16. RELATED PARTIES

(Expressed in United States dollars)

The Company's related parties include its affiliates and certain strategic partners owned and operated by one or more of the founding members or company executives. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

The following table summarizes the Company's revenue and balances due from its affiliated operators for each of the following years ended December 31:

		2017		2016		2015
Revenue earned from affiliated operators:						
Fees from management services	$	10,667,252	$	7,125,459	$	1,063,747
Due from affiliated operators as of December 31st:						
Management fees receivable		495,774		-		-
Working capital advances		268,504		-		284,927
Due from member		-		38,900		
Short-term loan to Next1 Labs		20,000		-		
Due from GrowForce Holdings Inc.		590,000		-		-
Total due from affiliates	**$**	**1,374,278**	**$**	**38,900**	**$**	**284,927**
Due to affiliated operators as of December 31st:						
Working capital advances received		-		317,960		34,163
Total due to affiliates	**$**	**-**	**$**	**317,960**	**$**	**34,163**

Key management compensation

Key management personnel are executives of the Company with the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the named executives (e.g. CEO, CFO, COO) and members of the Board of Directors. Compensation provided to key management is as follows:

		2017		2016		2015
Compensation and benefits	$	411,000	$	259,556	$	-
Incentive shares awarded		-		-		-
Totals	**$**	**411,000**	**$**	**259,556**	**$**	**-**

17. SEGMENT INFORMATION

Operating segments are components of the Company where separate financial information is available and evaluated regularly by the Company's Chief Executive Officer and designated Chief Operating Decision Maker. The operational segments are determined based on the Company's management and internal reporting structure. As at December 31, 2017, the Company operated as one segment.

18. REVENUE

The Company classifies revenue according to the type of service provided (e.g. management operations services or consulting) and whether the customer is affiliated or non-affiliated, as follows:

(Expressed in United States dollars)

	Year Ended December 31,		
	2017	**2016**	**2015**
Affiliated operators	$ 10,667,252	$ 7,125,459	$ 1,063,747
Non-affiliated operators	4,720,699	4,686,461	1,943,503
Total revenue	**$ 15,387,951**	**$ 11,811,920**	**$ 3,007,250**

Affiliated operators

Affiliated operators (i.e. related parties) comprise all facilities under Company management which are owned by one or more of the Company's founders. During the years ended December 31, 2017 and 2016, our affiliates operated primarily in Denver, Colorado and Las Vegas, Nevada, with nearly all affiliated revenue in both years generated from operations in Denver (96.5% in 2017; and 97.5% in 2016). Affiliated operator revenue includes direct payroll costs, benefits and other out-of-pocket costs plus additional fees for cultivation and management operations services.

Non-affiliated operators

Non-affiliated operators comprise all facilities under Company management which are independently owned and operated, with no economic interests held by Company founders or executives. During the years ended December 31, 2017 and 2016, non-affiliated operator facilities were located primarily in the United States, including Texas, Hawaii and Las Vegas.

19. OPERATING EXPENSES

For the years ended December 31, 2017, 2016 and 2015, operating expenses consisted of the following:

	2017	**2016**	**2015**
Facilities payroll	$ 10,108,393	$ 8,665,854	$ 3,013,658
Corporate office payroll	1,816,362	2,024,440	758,437
Professional fees	1,006,655	276,096	573,328
Software development and maintenance	259,129	350,098	243,267
Investor relations & marketing	89,444	164,727	221,828
Office Lease	163,481	163,498	135,298
Travel	181,845	109,875	104,228
General & Administrative	340,229	463,501	67,246
Insurance	55,338	47,860	51,165
Other personnel costs	60,243	137,209	106,229
Depreciation and Amortization	44,576	26,062	20,860
Licensing and Compliance	16,543	16,911	21,018
Business Taxes	16,179	28,921	9,154
Total operating expenses	**$ 14,158,417**	**$ 12,475,052**	**$ 5,325,716**

20. POST-REPORTING DATE EVENTS

Acquisitions

Buddy Boy Transactions

On January 17, 2018, the Company acquired debt, real estate and intellectual property of Buddy Boy Brands, a fully integrated legal cannabis company operating seven (7) dispensary locations and five (5) cultivation facilities in and around Denver, Colorado (collectively, the "Buddy Boy Transactions"). These transactions have been combined and accounted for as acquisitions of a business.

(Expressed in United States dollars)

The following table summarizes the sources of cash used to finance the Buddy Boy Transactions:

Sources of cash		**Amount**
Escrowed funds at 12/31/17:		
Proceeds from bridging loan	$	20,500,000
Proceeds from issuance of convertible debentures		19,500,000
Total purchase price	**$**	**40,000,000**

The preliminary purchase price allocation, which is subject to further review by management, is as follows:

Fair value of assets acquired (preliminary estimates)		**Purchase Price Allocation**
Promissory notes	$	16,162,000
Land		2,060,000
Real property		4,040,000
Total fair value of assets acquired (preliminary)		22,262,000
Goodwill and other intangible assets		17,738,000
Total purchase price		**40,000,000**
Less: indemnification escrow payable January 17, 2020		(2,000,000)
Total cash paid seller at closing on January 17, 2018	**$**	**38,000,000**

In connection with these transactions, the Company assumed lease obligations for additional corporate office space located in Denver, Colorado, in the amounts of $120,990 and $61,313, respectively, for the years ended December 31, 2018 and 2019.

Cheyenne Transactions

In August 2018, the Company acquired debt issued by F & L Investments, LLC, a Nevada limited liability company ("F&L"), and real estate leased by its wholly-owned subsidiary GreenMart of Nevada, LLC, a Nevada limited liability company ("GreenMart") and licensed cannabis cultivator in Nevada. In connection with these transactions, the Company purchased a convertible promissory note and entered into a membership interest purchase agreement that together entitle the Company to acquire 100% of the membership interests of F&L upon approval of Nevada regulatory authorities. Pursuant to the membership interest purchase agreement, the Company will issue 1,582,676 common shares to F&L's founding members either upon receipt of regulatory approval to transfer F&L ownership to the Company; or, in the event the necessary regulatory approval is not granted by August 28, 2019, and such lack of approval is due solely to the failure of the Company to comply with the relevant laws, rules and procedures of the approval process. The founding members of F&L are also founding members of the Company.

The purchase price is comprised of the following:

Sources of cash		**Amount**
Escrowed funds at 12/31/17:		
Proceeds from bridging loan	$	9,088,000
Common stock issued		7,286,000
Common stock reserved for issuance		5,694,000
Total purchase price	**$**	**22,068,000**

The preliminary purchase price allocation, which is subject to further review by management, is as follows:

(Expressed in United States dollars)

Fair value of assets acquired (preliminary estimates)	**Purchase Price Allocation**
Convertible promissory note issued	$ 5,694,000
Real estate	2,068,000
Convertible promissory notes acquired	5,965,000
Total fair value of assets acquired (preliminary)	13,727,000
Goodwill and other intangible assets	8,341,000
Total purchase price	**22,068,000**
Less: common stock issued (2,025,516 shares at $3.5973 per share)	(7,286,000)
Less: common stock reserved for issuance (1,582,676 shares at $3.5973 per share)	(5,694,000)
Total cash paid to sellers at closing	**$ 9,088,000**

The Cheyenne Transaction was completed pursuant to a letter of intent executed in February 2018 which established the share price of $3.5973 (implied equity valuation of approximately $150 million) for the Company common stock issued as consideration.

The Company increased its borrowings under the bridging loan payable by approximately USD$11.4 million. In consideration for Bridging Finance Inc. entering into the amendment, Bridging Finance Inc. received cash and the right to receive $1.0 million in Company common stock at an implied Company equity valuation of the lower of the actual valuation at the time and $200 million, subject to completion of the occurrence of the Going-Public Transaction described above.

Conversion of Convertible Debentures

On February 26, 2018, holders of convertible debentures representing in aggregate $21,200,000 of original principal balance, plus accrued unpaid interest of $332,833, elected to early-convert into common shares of the Company. Assuming a Series A Preferred Share conversion factor of 1.5 to1, and a pre-money equity valuation of $60 million, or approximately $2.0989 per share, the Company issued an additional 10,258,866 common shares. The remaining convertible debenture holders, representing in aggregate $200,000 of original principal balance, will be converted in accordance with the conversion provisions described in Note 8 to these combined consolidated financial statements.

GrowForce rights offering and spin-off

On February 26, 2018, the Company completed an equity financing (the “Rights Offering”) for its wholly-owned Canadian subsidiary, GrowForce Holdings Inc. (“GrowForce”), an Ontario corporation. GrowForce was formed to own, operate and invest in cannabis projects in jurisdictions throughout the world where cannabis production has been legalized. Upon completion of the Rights Offering, the Company’s ownership interest in GrowForce was reduced to approximately 0.09%. At the time of the spin-off, GrowForce had partially drawn down on the bridging loan Canadian Facility of CAD$5,500,000, as described in Note 9 of these combined consolidated financial statements. The Company de-consolidated GrowForce as of February 26, 2018, thereby reducing its bridging loan payable by approximately CAD$5.8 million.

Formation of Ringsby Services Inc. and GrowForce exclusive management services agreement

On March 16, 2018, the Company formed its new Canadian operating subsidiary, Ringsby Services Inc. (“Ringsby”), an Ontario business corporation which shortly thereafter entered into an exclusive IP License Agreement and Master Management Services Agreement with GrowForce (collectively, the “GrowForce Master Agreement”). In accordance with the GrowForce Master Agreement, Ringsby provides a variety of cannabis-related management and consulting services relating to the: 1) design and operation of cultivation and related facilities; 2) cultivation and harvest of legal cannabis; 3) extraction, sale and commercialization of legal cannabis products; and 4) recruitment, training and deployment of workforces in connection with legal cannabis operations. Pursuant to the GrowForce Master Agreement, Ringsby is entitled to receive the following fees: a) 8% of project build-out and facility improvement costs (capped at $2 million per facility project); b) reimbursement of cost plus 30% for all workforce members deployed; and, c) 3% of gross sales of all GrowForce legal cannabis produced for a minimum of 5 years for each GFH project.

Conversion of Series A Preferred Shares and Subsidiary Merger

On April 1, 2018, the Company formed MJAR Merger Sub, LLC, a Delaware limited liability company, as its wholly-owned subsidiary ("Merger Sub"). The Merger Sub was merged with and into the Company (the "Subsidiary Merger") and pursuant to that Agreement and Plan of Merger and Recapitalization, dated as of April 12, 2018 (the "Merger Agreement"), the Company became the surviving entity as follows:

(i) each Series A Preferred Share issued and outstanding immediately prior to the consummation of the Subsidiary Merger was exchanged for 1.85 Common Shares,
(ii) persons holding Common Shares immediately prior to the consummation of the Subsidiary Merger continued to hold one (1) Common Share for every one (1) Common Share held immediately prior to the consummation of the Subsidiary Merger,
(iii) persons holding Incentive Shares immediately prior to the consummation of the Subsidiary Merger continued to hold one (1) Incentive Share for every one (1) Incentive Share they held immediately prior to the consummation of the Subsidiary Merger, and
(iv) the Fourth Amended and Restated Limited Liability Company Operating Agreement (which among other things increased the number of authorized Common Shares to cover conversion of the Debentures and increased the authorized number of incentive shares by 2,000,000) became the operating agreement of the Company immediately upon the effectiveness of the Subsidiary Merger on April 13, 2018.

In addition to approving the issuance of 4,425,100 common shares upon conversion of Series A Preferred Shares, the Board of Directors approved the issuance of an additional 2,000,000 incentive shares to two of the Company's officers, at a hurdle rate of $3.00 per share.

Planned Going-Public Transaction

The Company has filed an application for public listing on the Canadian Stock Exchange ("CSE") and intends to complete its listing during the third quarter of 2018. In preparation for the CSE listing, on June 22, 2018, the Company formed MJAR Holdings Corp., a Delaware corporation, as a wholly-owned subsidiary ("Merger Corp"). On June 27, 2018, the Company effected a merger (the "Corp Merger") whereby the Company merged with and into Merger Corp, with Merger Corp surviving the Corp Merger as the surviving company. In the Corp Merger (i) each common share of the Company issued and outstanding immediately prior to the consummation of the Corp Merger was exchanged for one (1) share of common stock of the surviving company thereinafter referred to as the "Company" and (ii) each incentive share issued and outstanding immediately prior to the consummation of the Corp Merger was exchanged for one (1) share of common stock of the Company, after first netting out the applicable hurdle rate for such incentive share of the Company (thereby reducing the number of shares of common stock). In total, 2,390,253 shares of common stock of the Company were issued in exchange for an aggregate 3,944,444 incentive shares of the Company.

Commitments and Contingencies

On May 29, 2018, a former independent contractor filed suit in the Ontario Superior Court of Justice (Court File No. CV-18005 98726-000) versus the Company, MJardin Management, LLC, MJardin Services Inc. and GrowForce Holdings Inc. alleging claims for wrongful dismissal, breach of contract and negligent misrepresentation. The former independent contractor's claims arise out of the Company's December 21, 2017 termination of the independent contractor's agreement to serve as a corporate development consultant to the Company. The Company maintains that all claims reflected in the complaint are without merit and is vigorously defending its position.

SCHEDULE "B"

MJAR HOLDINGS CORP. FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018

CONDENSED INTERIM COMBINED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(*Expressed in United States dollars*)

(Unaudited)

MJardin Group of Companies
Condensed Interim Combined Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2018 and 2017
(Unaudited)

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MJardin Group of Companies
Condensed Interim Combined Consolidated Statements of Financial Position
as of June 30, 2018 and December 31, 2017
(Expressed in United States dollars)

	Note	June 30, 2018 *(Unaudited)*	December 31, 2017 *(Audited)*
Assets			
Current assets			
Cash and cash equivalents		$ 1,383,454	$ 5,665,987
Margin deposit		1,051,658	-
Accounts receivable, net	4	182,437	84,007
Escrowed funds	5	-	50,430,428
Subscriptions receivable		-	450,000
Due from affiliates	14	7,520,981	784,278
Deposit to purchase real estate		-	590,000
Prepaid expenses and other current assets		601,290	121,348
Total current assets		10,739,820	58,126,048
Non-current assets			
Property and equipment, net	6	7,180,198	785,718
Indemnification escrow receivable	7	2,000,000	-
Goodwill and other intangible assets	7	17,692,568	-
Notes Receivable	7	16,207,432	-
Other non-current assets		485,909	65,541
Total assets		**$ 54,305,927**	**$ 58,977,307**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		855,166	416,563
Other current liabilities	8	303,761	925,451
Forward currency contract	13	926,542	-
Accrued bridging loan transaction costs payable		-	1,004,596
Bridging loan payable, net	10	20,206,252	24,236,460
Total current liabilities		22,291,721	26,583,070
Non-current liabilities			
Derivative liability	9,13	2,629	1,674,320
Convertible debentures, net	9	162,120	17,889,466
Indemnification escrow payable	7	2,000,000	-
Total liabilities		**24,456,470**	**46,146,856**
Commitments and contingencies	11		
Post-reporting date events	18		
Shareholders' / Members' equity			
Common share equity	12	-	5,251,512
Series A Preferred share equity		-	6,780,767
Share capital		38,552,062	-
Accumulated deficit		(9,443,563)	-
Non-controlling interests		(30,344)	(4,630)
Warrant Reserve		846,532	846,532
Accumulated other comprehensive income		(75,230)	(43,730)
Total shareholders' / members' equity		**29,849,457**	**12,830,451**
Total liabilities and shareholders' / members' equity		**$ 54,305,927**	**$ 58,977,307**

Approved and authorized on behalf of the Board on October 5, 2018:

"Rishi Gautam"
Director

"John Travaglini"
Director

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

MJardin Group of Companies
Condensed Interim Combined Consolidated Statements of Operations and Comprehensive (loss) Income
For the Three and Six Months ended June 30, 2018 and 2017
(Expressed in United States dollars)
(Unaudited)

	Note	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Revenue	15,14	$ 4,496,597	$ 3,840,071	$ 9,870,410	$ 7,677,120
Operating Expenses:	16				
Compensation and benefits		3,303,031	2,602,017	7,277,702	5,621,272
Sales, general and administrative		326,468	228,507	937,248	525,482
Software development and IT infrastructure		60,739	63,779	107,690	116,560
Depreciation and amortization		13,738	9,594	26,547	20,947
Professional fees		456,149	116,543	795,825	199,286
Total operating expenses		4,160,125	3,020,440	9,145,012	6,483,547
Income before interest income (expense), other income (expense) and income taxes		336,472	819,631	725,398	1,193,573
Change in fair value of derivative liability	9	6,331	-	475,560	-
Restructuring charge	12	(3,429,864)	-	(3,429,864)	-
Interest expense	13	(969,166)	-	(2,436,121)	-
Foreign currency transaction losses, net	13	(128,998)	-	(107,394)	-
Total other (expense) income, net		(4,521,697)	-	(5,497,819)	-
Income (loss) before provision for income taxes, non-controlling interests and comprehensive income		(4,185,225)	819,631	(4,772,421)	1,193,573
Provision for income taxes	2(c)	-	-	-	-
Net income (loss) before other comprehensive income (loss) and non-controlling interests		(4,185,225)	819,631	(4,772,421)	1,193,573
Other comprehensive income:					
Foreign currency translation adjustment (loss)		(31,500)	-	(31,500)	-
Comprehensive (loss) income for the period		$ (4,216,725)	$ 819,631	$ (4,803,921)	$ 1,193,573
Net (loss) income is attributable to:					
Owners of MJardin Group Companies		$ (4,184,226)	$ 819,631	$ (4,746,707)	$ 1,193,573
Non-controlling interests		(999)	-	(25,714)	-
		$ (4,185,225)	$ 819,631	$ (4,772,421)	$ 1,193,573
Comprehensive (loss) is attributable to:					
Owners of MJardin Group Companies		$ (25,200)	$ -	$ (25,200)	$ -
Non-controlling interests		(6,300)	-	(6,300)	-
		$ (31,500)	$ -	$ (31,500)	$ -

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

MJardin Group of Companies
Condensed Interim Statement of Changes in Shareholders' and Members' Equity (Deficit)
For the Six Months Ended June 30, 2018
(Expressed in United States dollars)
(Unaudited)

	Members' equity (deficit)		Shareholders' equity			Other Comprehensive Income		Accumulated deficit and non-controlling interests		
	Common share equity (deficit)	**Series A preferred share equity**	**Number of shares**	**Share capital**	**Warrant reserve**	**Exchange differences**	**Fair value changes**	**Deficit**	**Non-controlling interests**	**Total**
Balance, December 31, 2017	**$ 5,251,512**	**$ 6,780,767**	**24,038,290**	**$ -**	**$ 846,532**	**$ (43,730)**	**$ -**	**$ -**	**$ (4,630)**	**$ 12,830,451**
Conversion of debentures	19,277,176	-	10,258,866	-	-	-	-	-	-	19,277,176
Member tax distributions	(884,113)	-	-	-	-	-	-	-	-	(884,113)
Net loss	(446,673)	(115,808)	-	-	-	-	-	-	(24,715)	(587,196)
Balance, March 31, 2018	**23,197,902**	**6,664,959**	**34,297,156**	**-**	**846,532**	**(43,730)**	**-**	**-**	**(29,345)**	**30,636,318**
Conversion of Series A Preferred	6,664,959	(6,664,959)	4,425,098	-	-	-	-	-	-	-
Net loss	(4,184,226)	-	-	-	-	-	-	-	(999)	(4,185,225)
Currency translation adjustment	-	-	-	-	-	(31,500)	-	-	-	(31,500)
Compensatory share awards – corporate restructuring (Note 12)	-	-	585,301	3,429,864	-	-	-	-	-	3,429,864
Shares issued in exchange for vested incentive share profits interests (Note 12)	-	-	2,390,253	-	-	-	-	-	-	-
Corporate restructure (Note 12)	(25,678,635)	-	-	35,122,198	-	-	-	(9,443,563)	-	-
Balance, June 30, 2018	**$ -**	**$ -**	**41,697,808**	**$ 38,552,062**	**$ 846,532**	**$ (75,230)**	**$ -**	**$ (9,443,563)**	**$ (30,344)**	**$ 29,849,457**

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

MJardin Group of Companies
Condensed Interim Combined Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2018 and 2017
(Expressed in United States dollars)
(Unaudited)

For the Six Months ended June 30,		**2018**		**2017**
Cash flows from operating activities				
Net (loss) income	$	(4,772,421)	$	1,193,573
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:				
Foreign currency transaction gains, net		107,394		-
Restructuring charge (Note 12)		3,429,864		-
Interest paid in-kind		753,041		-
Depreciation		26,547		20,947
Change in fair value of derivative liability		(475,560)		-
Other adjustments from conversion of debentures		339,768		-
Accretion of deferred transaction costs and interest paid-in-kind		462,163		-
Change in operating assets and liabilities:				
Accounts receivable, net		(98,430)		(903,549)
Due from affiliates (Note 14)		(2,619,960)		
Prepaid expenses and other current assets		(900,310)		(27,404)
Accounts payable and accrued liabilities		(183,087)		168,827
Net cash provided by (used in) operating activities		**(3,930,991)**		**341,427**
Cash flows from investing activities				
Payments made for equipment on behalf of GrowForce Holdings Inc. (Note 14)		(3,100,834)		-
Margin deposits pursuant to forward currency contract (Note 13)		(1,051,658)		-
Working capital advances paid to affiliated operators (Note 14)		(515,909)		-
Payments for short-term loans to affiliated operators (Note 14)		(500,000)		-
Purchases of property, plant and equipment		(294,480)		(40,408)
Net cash used in investing activities	**$**	**(5,462,881)**	**$**	**(40,408)**
Cash flows from financing activities				
Cash proceeds from issuance of bridging loan payable		5,250,748		-
Cash proceeds from issuance of convertible debentures		450,000		-
Distributions paid to founding common equity share members		(589,409)		-
Net cash provided by financing activities		**5,111,339**		-
Net (decrease) increase in cash		(4,282,533)		301,019
Cash and cash equivalents - beginning of period		5,665,987		668,229
Cash and cash equivalents - end of period	**$**	**1,383,454**	**$**	**969,248**
Income taxes paid	$	-	$	-
Interest paid on loans	$	665,695	$	-
Supplemental disclosure of non-cash investing activities:				
Purchases of notes receivable	$	16,207,432	$	-
Purchases of property, plant and equipment	$	6,100,000	$	-
Purchased goodwill and other intangible assets	$	17,692,568	$	-
Supplemental disclosure of non-cash financing activities:				
Escrowed funds receivable	$	(50,430,428)	$	-
Accrued bridging loan transaction costs payable	$	(1,004,596)	$	-

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

1. NATURE OF OPERATIONS

The MJardin Group of companies (hereinafter the "Company" or "MJardin") provides professional management operation and cultivation services primarily through the following operating entities: MJAR Holdings, LLC ("MJardin Holdings"), MJardin Management, LLC ("MJardin Management"), MJardin Services, Inc. ("MJardin Services"), and MJardin Capital, LLC ("MJardin Capital") and Ringsby Services Inc. ("Ringsby"). Prior to the formation of MJardin Holdings on March 19, 2014, the Company performed all services through MJardin Management (formerly known as MJardin Consulting, LLC), a Colorado Limited Liability Company formed on June 4, 2013 and owned by certain founding members of the Company; MJardin Management and MJardin Services are now wholly-owned subsidiaries of the Company.

On March 16, 2018, the Company formed its new Canadian operating subsidiary, Ringsby Services Inc. ("Ringsby"), an Ontario business corporation which shortly thereafter entered into an exclusive IP License Agreement and Master Management Services Agreement with GrowForce (collectively, the "GrowForce Master Agreement"), as amended. In accordance with the GrowForce Master Agreement, Ringsby provides a variety of cannabis-related management and consulting services relating to the: 1) design and operation of cultivation and related facilities; 2) cultivation and harvest of legal cannabis; 3) extraction, sale and commercialization of legal cannabis products; and 4) recruitment, training and deployment of workforces in connection with legal cannabis operations. Pursuant to the GrowForce Master Agreement, Ringsby is entitled to receive the following fees: a) 8% of project build-out and facility improvement costs (capped at $2 million per facility project); b) reimbursement of cost plus 30% for all workforce members deployed; and c) 3% of gross sales of all GrowForce legal cannabis produced for a minimum of 5 years for each GrowForce facility.

In preparation for its go-public offering and listing on the Canadian Securities Exchange ("CSE"), on June 22, 2018, the Company formed MJAR Holdings Corp., a Delaware corporation, as a wholly-owned subsidiary ("Merger Corp"). On June 27, 2018, the Company entered into a merger agreement (the "Corp Merger") whereby the Company agreed to merge with and into Merger Corp, with Merger Corp surviving the Corp Merger as the surviving company (see Note 12).

The principal activities of the Company are providing operational solutions for licensed cannabis cultivators, processors and dispensaries principally located in the United States and Canada. Such activities include licensure support, facility design, systems implementation, equipment leasing, facility ramp-up, and day-to-day personnel management and oversight.

The Company's headquarters are located at 3461 Ringsby Court, Suite 350, Denver, Colorado 80216. The Company's Canadian corporate offices are located at 47 Colborne Street, Suite 301, Toronto, Ontario M5E 1P8.

2. STATEMENT OF COMPLIANCE

Statement of compliance

The condensed interim combined consolidated financial statements (the "interim financial statements") have been prepared in compliance with International Accounting Standard 34 - *Interim Financial Reporting*, following the same accounting policies and methods of application as those disclosed in the combined consolidated financial statements as of and for the year ended December 31, 2017 (the "audited financial statements"), except as described in Note 3. The interim financial statements should be read in conjunction with the audited financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These interim financial statements were approved and authorized for issue by the Board of Directors of the Company on October 5, 2018.

Basis of measurement

These interim financial statements have been prepared in United States dollars ("USD") on a going concern basis, under the historical cost convention except as otherwise noted, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months.

Basis of combination and consolidation

Affiliates are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of affiliates are included in the interim financial statements from the date that control commences until the date that control ceases. Non-controlling interests in the results and equity of subsidiaries and affiliates is shown separately in these interim financial statements, where applicable.

All intercompany transactions and balances are eliminated on combination and consolidation. Each entity within the combined consolidated group determines its own functional currency and items included in the combined consolidated financial statements of each entity are measured using the functional currency.

3. ACCOUNTING POLICIES, STANDARDS AND INTERPRETATIONS

(a) Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets, which include patents, trademarks and service marks, have finite useful lives and are subject to amortization. Such assets are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that they might be impaired. The estimated useful lives, residual values, and amortization methods are reviewed at each year-end, and any changes in estimates are accounted for prospectively.

(b) Business combinations

IFRS 3, Business Combinations, requires business combinations to be accounted using the acquisition method. Under this method, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation based on the facts and circumstances at the acquisition date. Acquisition costs incurred are expensed and included in selling and administrative expenses.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the net identifiable assets acquired is recorded as goodwill.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the acquired group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit, to which goodwill has been allocated, is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata, based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of loss and comprehensive loss.

An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Determining whether goodwill is impaired requires an estimation of the higher of fair value less costs of disposal and value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

(c) Income taxes

The Company and its affiliates are generally structured as limited liability companies or corporations electing treatment as partnerships for U.S. federal and state income tax purposes, with all income tax liabilities and/or benefits of each such entity being passed through to their respective members (collectively, the "Pass-Through Entities"). As such, the accompanying combined consolidated financial statements do not include any recognition of U.S. federal or state income tax liabilities or deferred tax assets. Any uncertain tax position taken by individual members of one or more of the Pass-Through Entities is not an uncertain position of the Company. Effective July 1, 2018, the Company is subject to corporate income taxes as a result of the corporate restructuring completed on June 27, 2018, as described in Note 12. No income tax provision is provided for the six months ended June 30, 2018.

New or amended standards effective January 1, 2018

(a) IFRS 9, Financial Instruments ("IFRS 9") replaces *IAS 39, Financial Instruments: Recognition and Measurement* ("IAS 39") - IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified in a similar manner as under IAS 39. Upon adopting IFRS 9 the Company determined that no transitional disclosures were necessary, pursuant to *IFRS 7*, *Financial instruments: Disclosure* ("IFRS 7").

Under IFRS 9, financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit and loss ("FVTPL"), transaction costs. Financial assets are subsequently measured at:

i) FVTPL
ii) Amortized cost
iii) Debt measured at fair value through other comprehensive income ("FVOCI")
iv) Equity investments designated at FVOCI
v) Financial instruments designated at FVTPL

(Expressed in United States Dollars)

The Company classifies its financial instruments as follows:

Asset /Liability	Classification	Measurement
Cash and cash equivalents	Cash	Amortized cost
Accounts receivable	Receivables	Amortized cost
Escrowed funds	Receivables	Amortized cost
Promissory notes receivable	Receivables	Amortized cost
Due from affiliates	Receivables	Amortized cost
Prepaid expenses and other current assets	Prepaids	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Other current liabilities	Other liabilities	Amortized cost
Due to members and affiliates	Other liabilities	Amortized cost
Accrued bridging loan transaction costs payable	Other liabilities	Amortized cost
Derivative liability	Other liabilities	FVTPL
Advance purchase of convertible debentures	Other liabilities	Amortized cost
Convertible debentures	Other liabilities	Amortized cost
Bridging loan payable	Loans	Amortized cost

(b) IFRS 15, Revenue from Contracts with Customers ("IFRS 15") specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. The Company applied IFRS 15 retrospectively and determined that there is no change to the comparative periods or transitional adjustments required as a result of adopting this standard. To determine the amount and timing of revenue to be recognized, the Company follows a 5-step process:

i. Identify the contract with a customer
ii. Identify the performance obligations
iii. Determine the transaction price
iv. Allocate the transaction price to the performance obligations
v. Recognize revenue when/as performance obligation(s) are satisfied

New and revised IFRS in issue but not yet effective

IFRS 16, Leases ("IFRS 16") will replace IAS 17, *Leases* ("IAS 17") and eliminates the classification of leases as either operating or finance leases by the leasee. The treatment of leases by the leasee will require capitalization of all leases resulting accounting treatment similar to finance leases under IAS 17 Leases. The new standard will result in an increase in lease assets and liabilities for the leasee. Under the new standard, the treatment of all lease expense is aligned in the statement of operations, with depreciation and an interest component recognized for each lease, in line with finance lease accounting under IAS 17. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. The Company is in the process of evaluating the impact this standard will have on its combined consolidated financial statements upon adoption.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of trade receivables arising from non-affiliated operator and consulting customers. The following table summarizes the aging of trade receivables at June 30, 2018 and December 31, 2017:

	June 30, 2018 *(Unaudited)*	December 31, 2017 *(Audited)*
Trade Receivables Aging:		
0-30 days	$ 67,258	$ 148,812
31-90 days	50,179	-
Greater than 90 days	65,000	-
	182,437	148,812
Provision for doubtful accounts		(64,805)
Accounts Receivable, net	**$ 182,437**	**$ 84,007**

(Expressed in United States Dollars)

5. ESCROWED FUNDS

On January 17, 2018, the escrowed funds balance at December 31, 2017 (see detail in table below) were released concurrent with the closing on the Buddy Boy transactions described in Note 7.

	As of June 30, 2018 *(Unaudited)*	As of December 31, 2017 *(Audited)*
Bridging loan payable	$ -	$ 25,623,590
Brokered convertible debentures offering	-	15,000,000
Brokered equity offering	-	5,000,000
Non-brokered convertible debentures offering	-	4,700,000
Currency translation adjustment	-	106,838
Total escrowed funds	$ -	$ 50,430,428

6. PROPERTY AND EQUIPMENT

The Company's property and equipment consists of the following:

	As of June 30, 2018 *(Unaudited)*	As of December 31, 2017 *(Audited)*
Buildings	$ 4,040,000	$ -
Land	2,660,000	600,000
Computers and equipment	164,891	199,364
Furniture, fixtures and equipment	355,500	-
Leasehold improvements	77,852	77,852
Total property and equipment, gross	7,298,243	877,216
Less: accumulated depreciation	(118,045)	(91,498)
Property and equipment, net	$ 7,180,198	$ 785,718

A reconciliation of the beginning and ending balances of property and equipment for the six months ended June 30, 2018 is as follows *(Unaudited)*:

	Property and Equipment	Accumulated Depreciation	Property and equipment, net
Balance as of January 1, 2018 *(Audited)*	**$ 877,216**	**$ (91,498)**	**$ 785,718**
Additions from acquisition (Note 7)	6,100,000	-	6,100,000
Other additions	321,027	-	321,027
Depreciation	-	(26,547)	(26,547)
Balance as of June 30, 2018 *(Unaudited)*	**$ 7,298,243**	**$ (118,045)**	**$ 7,180,198**

7. ACQUISITIONS

On January 17, 2018, the Company acquired debt, real estate and intellectual property of an affiliated operator doing business as Buddy Boy Brands, a fully integrated legal cannabis company operating seven dispensary locations and five cultivation facilities in and around Denver, Colorado (collectively, the "Buddy Boy Transactions"). These transactions have been combined and accounted for as acquisitions of a business.

(Expressed in United States Dollars)

The following table summarizes the sources of cash used to finance the Buddy Boy Transactions:

Sources of cash		**As at January 17, 2018** *(Unaudited)*
Escrowed funds at December 31, 2017		
Proceeds from bridging loan	$	20,500,000
Proceeds from issuance of convertible debentures		19,500,000
Total purchase price	**$**	**40,000,000**

The following table summarizes the balance sheet impact on the acquisition date:

Description		**As at January 17, 2018** *(Unaudited)*
Promissory notes	$	16,207,432
Property and equipment, net		6,100,000
Goodwill and other intangible assets		17,692,568
Net assets acquired		**40,000,000**
Consideration paid:		
Net proceeds from issuance of convertible debentures	$	19,500,000
Net proceeds from bridging loan payable		20,500,000
Total purchase price		**40,000,000**
Less: indemnification escrow payable January 17, 2020		(2,000,000)
Total cash paid seller at closing on January 17, 2018	**$**	**38,000,000**
Acquisition-related costs expensed	**$**	**188,650**

The purchase price allocation relating to this acquisition is not finalized and the allocation of the purchase price to the various assets acquired remains subject to change.

Promissory notes receivable

Under the terms and conditions of the transaction, the Company acquired three separate convertible promissory notes (the "promissory notes"), with outstanding principal balances of $8,034,910, $6,810,443 and $1,362,088, as amended. Upon closing, each promissory note was amended and restated to extend the maturity date to January 17, 2023, remove the conversion feature and consolidate certain other liabilities owed to the previous holder of the promissory notes. In aggregate, the $16,207,441 of promissory notes bear interest at 20% per annum which is payable monthly, unless otherwise agreed by the Company.

During the six months ended June 30, 2018, the Company accrued approximately $1,620,744 of interest income, all of which is held in abeyance pending completion of dispensary and grow facility improvement projects. Two of the Buddy Boy Brands dispensaries are completing capital intensive projects to gain approval for recreational sales. Additionally, the Company continues to work with the owner of Buddy Boy Brands to improve the operating conditions for grow facilities, including the replacement of lighting and heating, ventilating, and air conditioning systems. As with the dispensary overhauls, the grow facility improvements are extremely capital intensive.

Property and equipment

The Company acquired land and equipment for $6,100,000 located at 5050 York Avenue ("York") and 2426 S. Federal Avenue ("South Federal") in Denver, Colorado. The York location has a grow facility and medical dispensary. South Federal only has dispensary operations, serving the medical and recreational markets. The Company is investing significant capital in York, primarily to gain approval for a recreational sales license. In addition, York will become the Company's research and development center in Colorado following completion of the demolition and re-build of one of the structures on the property.

(Expressed in United States Dollars)

During the six months ended June 30, 2018, the Company accrued rent of $584,214 (see Note 14 and 15).

Goodwill and other intangible assets

The Company also acquired exclusive rights to the Buddy Boy Brands trademarks, service marks and related intellectual property. Goodwill arose in the transaction because the consideration paid reflected the benefit of expected revenue growth and future market development. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising from this transaction is expected to be deductible for tax purposes.

8. OTHER CURRENT LIABILITIES

The following table summarizes other current liabilities:

	As of June 30, 2018 (Unaudited)	As of December 31, 2017 (Audited)
Accrued professional fees	$ -	$ 488,751
Payroll funding received in advance	-	233,958
Accrued vacation	-	84,335
Interest payable	9,057	59,760
Member tax distributions payable	294,704	58,647
Total other current liabilities	**$ 303,761**	**$ 925,451**

9. CONVERTIBLE DEBENTURES

On February 26, 2018, holders of convertible debentures representing an aggregate $21,200,000 of original principal balance, plus accrued unpaid interest of $332,833, elected to convert into common shares of the Company. Including the holders of all Series A Preferred Shares, which converted at a conversion factor of 1.5 to 1, the Company issued an additional 10,258,866 common shares at a pre-money equity valuation of $60 million, or approximately $2.10 per share.

The following tables present the impact of the conversion of the convertible debentures and accretion of the remaining transaction costs, which are being accreted monthly over the contractual term of the convertible debentures of twenty-four months up to the face value of the remaining convertible debentures of $200,000, as of June 30, 2018 as follows:

	Total
Host convertible debentures, net at December 31, 2017 *(Audited)*	$ 19,685,144
Less: deferred financing costs *(Audited)*	(1,795,678)
Convertible debentures, net of deferred financing costs at December 31, 2017 *(Audited)*	17,889,466
Interest accretion and other adjustments on the date of conversion, net	18,030
Host convertible debentures, net at February 26, 2018	17,907,496
Less: net amount converted, before change in fair value of conversion feature derivative liability (see below)	(17,748,212)
Add: interest accretion	2,836
Convertible debentures, net of deferred financing costs at June 30, 2018	**$ 162,120**

(Expressed in United States Dollars)

The following tables present the impact of the conversion of the convertible debentures on deferred transaction costs, changes in fair value of the derivative liability of the conversion feature, and common share equity as reflected in the interim condensed combined consolidated statement of changes in shareholders' / members' equity for the three and six months ended June 30, 2018:

Conversion of debentures on February 26, 2018 *(Unaudited)*		**Total**
Convertible debentures converted, net of deferred transaction costs	$	17,748,212
Plus: Converted debentures proportionate share of fair value of conversion liability on date of conversion		1,196,131
Plus: Interest paid in-kind accrued from date of issuance to date of conversion		332,833
Total increase to common share equity upon conversion of debentures on February 26, 2018	**$**	**19,277,176**

The fair value of the conversion feature was estimated using the Black-Scholes option pricing model with the following assumptions:

	At June 30, 2018 *(Unaudited)*	**At December 31, 2017 *(Audited)***
Volatility	154.0%	154.0%
Risk-free interest rate	2.48%	2.48%
Expected life	0.25	0.73
Dividend yield	0%	0%
Common share price	$2.17	$2.17
Strike price	$6.18	$6.18
Forfeiture rate	Nil	nil
Call Option Value (per share)	$0.08	$0.54
Number of shares assumed issued	32,764	3,174,310
Fair value of conversion feature of convertible debentures	**$2,629**	**$1,674,320**

10. BRIDGING LOAN PAYABLE

On December 29, 2017, the Company closed in escrow on a demand loan provided by Bridging Finance Inc. ("Bridging") with an original principal balance of $25,623,590 (CDN$32,300,000) (the "Bridging Loan"). The Bridging Loan matures on the earlier to occur of December 29, 2019 (the "Bridging Loan Closing Date"), or upon demand for repayment by the Lender. The Company has the right to prepay the Bridging Loan at any time at their sole discretion, subject to a prepayment premium for any full or partial prepayments occurring within nine (9) months of the Closing Date, which is September 29, 2018 (the "Bridging Loan Maturity Date").

The Bridging Loan consists of two distinct loan facilities, a U.S. Facility and a Canadian Facility. The U.S. Facility, in the amount of $21,259,893 (CDN$26,800,000), was specifically intended to partially finance the Buddy Boy Brands transactions which closed on January 17, 2018. The Canadian Facility, in the amount of $4,363,697 (CDN$5,500,000), was specifically intended to complete the purchase of Grand River Organics ("GRO"), an early-stage applicant for an ACMPR license in Ontario, Canada.

GrowForce Holdings Inc. spin-off – transfer of Canadian Facility

In connection with the February 26, 2018 rights offering and spin-off of its previously wholly-owned Canadian subsidiary, GrowForce Holdings Inc. ("GrowForce"), an Ontario corporation, the Company assigned the outstanding balance of the Canadian facility to GrowForce in an amount equal to approximately USD$4,406,347.

(Expressed in United States Dollars)

Interest accrues daily, on the basis of a 360-day year, and is equal to the sum of (i) BNS (Bank of Nova Scotia) Prime plus (ii) ten and eight tenths percent (10.8% per annum). Interest compounds monthly from and including the Bridging Loan Closing Date through and until full and final repayment of all remaining principal and interest outstanding. Shortly after closing the loan, effective January 17, 2018, the BNS Prime rate increased from 3.20% to 3.45%, resulting in an applicable interest rate of 14.25% per annum for the loan. Of the monthly Applicable Interest Rate, a portion is paid in cash in arrears and a portion is paid in-kind ("PIK"). The PIK portion of the monthly interest is fixed (4% per annum) and is added to the outstanding principal balance at the end of each month. PIK interest, including accrued interest thereon, shall be due and payable on the earliest to occur of (i) the Bridging Loan Maturity Date of December 29, 2019, (ii) the repayment of any other principal amounts due in respect of the Bridging Loan, (iii) the date of any Liquidity Event, as defined in the Bridging Loan agreement, and (iv) such earlier date that demand is made.

The bridging loan payable deferred financing costs are being accreted monthly, on a straight-line basis, over the contractual term of the loan of twenty-four (24) months, up to the face value of the original principal balance of the U.S. Facility of USD$21,259,893, as adjusted for capitalized interest and PIK as follows:

		Total
Bridging loan payable, net – as of December 31, 2017 *(Audited)*	$	24,236,460
Activity recorded for six months ended June 30, 2018 (Unaudited):		
Canadian facility assigned to GrowForce Holdings Inc. (post February 26, 2018 spin off)		(4,406,347)
Accrued interest payable in-kind		420,208
Capitalized interest payable for quarter ended June 30, 2018		546,156
Foreign currency translation adjustment		(925,986)
Accretion expense		335,761
Bridging loan payable, net of deferred financing costs at June 30, 2018 *(Unaudited)*	**$**	**20,206,252**

11. COMMITMENTS AND CONTINGENCIES

The Company and its affiliates have operating lease obligations until 2019 related to its office space leased from TAXI Building III, LLC. The Company assumed lease obligations in connection with the Buddy Boy Transactions, as described in Note 7.

On May 29, 2018, a former independent contractor filed suit in the Ontario Superior Court of Justice (Court File No. CV-18005 98726-000) versus the Company, MJardin Management, LLC, MJardin Services Inc. and GrowForce Holdings Inc. alleging claims for wrongful dismissal, breach of contract and negligent misrepresentation. The former independent contractor's claims arise out of the Company's December 21, 2017 termination of the independent contractor's agreement to serve as a corporate development consultant to the Company. The Company maintains that all claims reflected in the complaint are without merit and is vigorously defending its position.

12. MEMBERS' EQUITY

Conversion of Series A Preferred Shares and Subsidiary Merger

On April 1, 2018, the Company formed MJAR Merger Sub, LLC, a Delaware limited liability company, as its wholly-owned subsidiary ("Merger Sub"). The Merger Sub was merged with and into the Company (the "Subsidiary Merger") and pursuant to that Agreement and Plan of Merger and Recapitalization, dated as of April 12, 2018 (the "Merger Agreement"), the Company became the surviving entity as follows:

(i) each Series A Preferred Share issued and outstanding immediately prior to the consummation of the Subsidiary Merger was exchanged for 1.85 Common Shares,
(ii) persons holding Common Shares immediately prior to the consummation of the Subsidiary Merger continued to hold one (1) Common Share for every one (1) Common Share held immediately prior to the consummation of the Subsidiary Merger,
(iii) persons holding Incentive Shares immediately prior to the consummation of the Subsidiary Merger continued to hold one (1) Incentive Share for every one (1) Incentive Share they held immediately prior to the consummation of the Subsidiary Merger, and
(iv) the Fourth Amended and Restated Limited Liability Company Operating Agreement (which among other things increased the number of authorized Common Shares to cover conversion of the Debentures and increased the authorized number of incentive shares by 2,000,000) became the operating agreement of the Company immediately upon the effectiveness of the Subsidiary Merger on April 13, 2018.

In addition to approving the issuance of 4,425,098 common shares upon conversion of Series A Preferred Shares, the Board of Directors approved the issuance of an additional 2,000,000 incentive shares to two of the Company's officers, at a hurdle rate of $3.00 per share.

Corporate restructuring

On June 22, 2018, the Company formed MJAR Holdings Corp., a Delaware corporation, as a wholly-owned subsidiary ("Merger Corp"). On June 27, 2018, the Company effected a merger (the "Corp Merger") whereby the Company merged with and into Merger Corp, with Merger Corp surviving the Corp Merger as the surviving company. In the Corp Merger (i) each common share of the Company issued and outstanding immediately prior to the consummation of the Corp Merger was exchanged for one (1) share of common stock of the surviving company thereinafter referred to as the "Company" and (ii) each incentive share issued and outstanding immediately prior to the consummation of the Corp Merger was exchanged for one (1) share of common stock of the Company, after first netting out the applicable hurdle rate for such incentive share of the Company (thereby reducing the number of shares of common stock).

As a result, the Company issued 2,390,253 shares of common stock in exchange for all outstanding and fully vested incentive share units; and to replace the common stock value otherwise lost by surrendering units, the Company elected to award an additional 585,301 shares to certain executives at $5.86 per share, resulting in a restructuring charge of $3,429,864. At June 30, 2018, there are zero incentive share units outstanding.

13. Financial Instruments

Fair value

At June 30, 2018, the fair values of the cash and cash equivalents, escrowed funds, accounts receivable, due from members and affiliates, accounts payable and other liabilities approximate their carrying values due to the relatively short-term maturity of these financial instruments. Cash includes demand deposits with financial institutions.

(Expressed in United States Dollars)

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels, since inception of the Company.

The following table summarizes the Company's assets and liabilities according to their respective level designation within the fair value hierarchy as of June 30, 2018:

Financial Assets (Unaudited)	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	$ 1,383,454	$ 1,383,454	$ -	$ -
Margin deposit	1,051,658	1,051,658	-	-
Accounts receivable, net	182,437	182,437	-	-
Due from affiliates	7,520,981	7,520,981	-	-
Prepaid expenses and other current assets	601,290	601,290	-	-
Total Financial Assets *(Unaudited)*	**$ 10,739,820**	**$ 10,739,820**	**$ -**	**$ -**

Financial Liabilities (Unaudited)	**Total**	**Level 1**	**Level 2**	**Level 3**
Accounts payable and accrued liabilities	$ 855,166	$ 855,166	$ -	$ -
Other current liabilities	303,761	303,761	-	-
Forward currency contract	926,542	-	926,542	-
Derivative liability	2,629	-	-	2,629
Convertible debentures, net	162,120	-	162,120	-
Indemnification escrow payable	2,000,000	2,000,000	-	-
Bridging loan payable, net	20,206,252	-	20,206,252	-
Total Financial Liabilities *(Unaudited)*	**$ 24,456,470**	**$ 3,158,927**	**$ 21,294,914**	**$ 2,629**

Fair value of financial instrument liabilities

The fair value of financial instrument liabilities at June 30, 2018 and December 31, 2017 is comprised of the following:

	As of June 30, 2018 *(Unaudited)*	**As of December 31, 2017 *(Audited)***
Forward currency contract	$ 926,542	$ -
Conversion feature of convertible debentures (Note 9)	2,629	1,674,320

(Expressed in United States Dollars)

Total interest expense for financial liabilities that are not at fair value through profit or loss can be summarized as follows:

	Three months ended June 30, (Unaudited)		Six months ended June 30, (Unaudited)	
	2018	**2017**	**2018**	**2017**
Bridging loan payable:				
Cash interest paid	$ -	$ -	$ 665,695	$ -
Interest paid in-kind	213,134	-	420,208	-
Accrued interest payable	546,156	-	546,156	-
Accretion of transaction costs	202,044	-	335,671	-
Total bridging loan interest expense	**961,334**	**-**	**1,967,730**	**-**
Convertible debentures:				
Cash interest paid	-	-	-	-
Interest paid in-kind	-	-	332,833	-
Accrued interest payable	4,944	-	9,056	-
Accretion of transaction costs	2,888	-	126,502	-
Total convertible debentures interest expense	**7,832**	**-**	**468,391**	**-**
Total interest expense	**$ 969,166**	**-**	**$ 2,436,121**	**$ -**

Forward currency contract

To mitigate the risk of foreign currency exchange rate fluctuations associated with the Canadian dollar denominated bridging loan payable, the Company entered into the following forward contract on February 23, 2018:

Notional amount:	CAD$25,579,231
Value date:	28 Sep 2018
Exchange rate:	1.2412

The following table summarizes the impact of the forward currency contract on the statements of operations and comprehensive (loss) during the three and six months ended June 30, 2018 and 2017:

	Three months ended June 30, (Unaudited)		Six months ended June 30, (Unaudited)	
	2018	**2017**	**2018**	**2017**
Loss on forward currency contract	$ (376,015)	$ -	$ (926,542)	$ -
Gain on currency translation of bridging loan payable	247,017	-	925,986	-
Loss on escrowed funds	-	-	(106,838)	-
Foreign currency transaction losses, net	$ (128,998)	-	$ (107,394)	$ -

The foreign currency transaction losses, net is included under total other (expense) income, net in the condensed interim combined consolidated statements of operations and comprehensive (loss) income.

As of June 30, 2018, the Company maintains a margin deposit balance of $1,051,658 with Monex Canada Inc. which is presented separately in an account named margin deposit in the condensed interim combined consolidated statement of financial position.

(Expressed in United States Dollars)

14. RELATED PARTIES

The Company's related parties include its affiliates and certain strategic partners owned and operated by one or more of the founding members or company executives. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

The following table summarizes the Company's revenue and balances due from its affiliated operators as of June 30, 2018 and December 31, 2018, as follows:

		As of June 30, 2018 *(Unaudited)*		As of December 31, 2017 *(Audited)*
Due from affiliated operators:				
Operating activities:				
Interest receivable	$	1,659,156	$	-
Rent receivable		584,214		-
Management fees receivable		872,364		495,774
Total due from operating activities		3,115,734		495,774
Investing activities:				
Short-term loan to F&L Investments, LLC		500,000		-
Working capital advances		784,413		268,504
Short-term loan to Next1 Labs		20,000		20,000
Due from GrowForce Holdings Inc.		3,100,834		-
Total due from investing activities		4,405,247		288,504
Total due from affiliates	**$**	**7,520,981**	**$**	**784,278**

For statement of cash flow presentation purposes, affiliated operator operating activities are included net in due from affiliates within cash flows from operating activities; and affiliated operator investing activities are separately disclosed within cash flows from investing activities.

During the six months ended June 30, 2018 and 2017, the Company paid an aggregate $4,116,743 and nil, respectively, for affiliated short-term investing and working capital purposes as presented in the accompany condensed interim combined consolidated statement of cash flows. The remaining increase in due from affiliates of $2,619,960 is included under due from affiliates as a use of cash in the accompanying condensed interim combined consolidated statements of cash flows.

15. REVENUE

The Company provides cultivation, consulting and management services to affiliated and non-affiliated operators. Affiliated operators (i.e. related parties) comprise all facilities under Company management which are owned by one or more of the Company's founders. Non-affiliated operators comprise all facilities under Company management which are independently owned and operated, with no economic interests held by Company founders or executives.

(Expressed in United States Dollars)

The following table summarizes gross revenue earned from affiliated and non-affiliated operators during the three and six months ended June 30, 2018 and 2017.

	Three months ended June 30, *(Unaudited)*		Six months ended June 30, *(Unaudited)*	
Gross revenue	**2018**	**2017**	**2018**	**2017**
Affiliated operators				
Cultivation and management services	$ 2,462,648	$ 2,742,038	$ 5,568,527	$ 5,445,034
Interest income	843,515	-	1,620,743	-
Rent	297,178	-	584,214	-
Total affiliated operator revenue	**3,603,341**	**2,742,038**	**7,773,484**	**5,445,034**
Non-affiliated operators				
Cultivation and management services	882,522	521,876	2,068,376	1,294,220
Consulting	10,734	576,157	28,550	937,866
Total non-affiliated revenue	**893,256**	**1,098,033**	**2,096,926**	**2,232,086**
Total revenue	**$ 4,496,597**	**$ 3,840,071**	**$ 9,870,410**	**$ 7,677,120**

16. OPERATING EXPENSES

For the three and six months ended June 30, 2018 and 2017, operating expenses consisted of the following:

	Three months ended June 30, *(Unaudited)*		Six months ended June 30, *(Unaudited)*	
	2018	**2017**	**2018**	**2017**
Facilities payroll	$ 2,516,765	$ 2,148,978	$ 5,766,279	$ 4,631,037
Corporate office payroll	786,267	453,039	1,511,423	990,235
Professional fees	456,149	116,543	795,826	199,287
Software development	60,739	63,779	107,690	116,560
Investor relations & marketing	44,236	27,313	80,232	55,963
Office Lease	48,040	40,687	101,824	81,102
Travel	23,713	27,679	195,845	41,897
General & Administrative	120,756	69,727	240,948	120,563
Insurance	25,154	5,784	47,775	20,354
Other personnel costs	63,517	56,147	179,805	204,378
Depreciation and Amortization	13,738	9,594	26,547	20,947
Licensing and Compliance	1,051	1,170	90,818	1,224
Total operating expenses	**$ 4,160,125**	**$ 3,020,440**	**$ 9,145,012**	**$ 6,483,547**

17. SEGMENT INFORMATION

Operating segments are components of the Company where separate financial information is available and evaluated regularly by the Company's Chief Executive Officer and designated Chief Operating Decision Maker. Operational segments are determined based on the Company's management and internal reporting structure.

The Company commenced operation of its Canadian subsidiary during the second quarter of 2018, generating only nominal expenses and zero revenue as of June 30, 2018. As a result, separate operating performance is not presented for Canada for the three and six months ended June 30, 2018.

(Expressed in United States Dollars)

18. POST-REPORTING DATE EVENTS

Acquisition - Cheyenne Transactions

In August 2018, the Company acquired debt issued by F & L Investments, LLC, a Nevada limited liability company ("F&L"), and real estate leased by its wholly-owned subsidiary GreenMart of Nevada, LLC, a Nevada limited liability company ("GreenMart") and licensed cannabis cultivator in Nevada. In connection with these transactions, the Company purchased a convertible promissory note and entered into a membership interest purchase agreement that together entitle the Company to acquire 100% of the membership interests of F&L upon approval of Nevada regulatory authorities. Pursuant to the membership interest purchase agreement, the Company will issue 1,582,676 common shares to F&L's founding members either upon receipt of regulatory approval to transfer F&L ownership to the Company; or, in the event the necessary regulatory approval is not granted by August 28, 2019, and such lack of approval is due solely to the failure of the Company to comply with the relevant laws, rules and procedures of the approval process. The founding members of F&L are also founding members of the Company.

The purchase price is comprised of the following:

Sources of cash	Amount
Proceeds from bridging loan	$ 9,088,000
Common stock issued	7,286,000
Common stock reserved for issuance	5,694,000
Total purchase price	**$ 22,068,000**

The preliminary purchase price allocation, which is subject to further review by management, is as follows:

Fair value of assets acquired (preliminary estimates)	Purchase Price Allocation *(Unaudited)*
Convertible promissory note	$ 5,694,000
Real estate	2,068,000
Convertible promissory notes acquired	5,965,000
Total fair value of assets acquired (preliminary)	13,727,000
Goodwill and other intangible assets	8,341,000
Total purchase price	**22,068,000**
Less: common stock issued (2,025,516 shares at $3.5973 per share)	(7,286,000)
Less: common stock reserved for issuance (1,582,676 shares at $3.5973 per share)	(5,694,000)
Total cash paid to sellers at closing	**$ 9,088,000**

The Cheyenne transactions were completed pursuant to a letter of intent executed in February 2018 which established the share price of $3.5973 (implied equity valuation of approximately $150 million) for the Company common stock issued as consideration.

The Company increased its borrowings under the bridging loan payable by approximately USD$11.4 million. In consideration for Bridging Finance Inc. entering into the amendment, Bridging Finance Inc. received cash and the right to receive $1.0 million in Company common stock at an implied Company equity valuation of the lower of the actual valuation at the time and $200 million, subject to completion of the occurrence of the Going-Public Transaction described above.

Planned Going-Public Transaction

The Company has filed an application for public listing on the Canadian Securities Exchange ("CSE") and intends to complete its listing during the fourth quarter of 2018.

SCHEDULE “C”

MJAR HOLDINGS CORP. MD&A FOR THE YEARS ENDED DECEMBER 31, 2017 AND DECEMBER 31, 2016

MANAGEMENT'S DISCUSSION & ANALYSIS

For the years ended December 31, 2017 and

December 31, 2016

(*Expressed in United States dollars*)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

*This management discussion and analysis ("**MD&A**") of the financial condition and results of operations of MJAR Holdings, Corp. (collectively "**we**", "**our**" or the "**Company**") is for the years ended December 31, 2017 ("**Fiscal 2017**") and 2016 ("**Fiscal 2016**"). It is supplemental to, and should be read in conjunction with, the Company's audited combined consolidated financial statements and the accompanying notes for the years ended December 31, 2017, 2016 and 2015. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**").*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "Cautionary Note Regarding Forward- Looking Information", located at the beginning of this Listing Statement. As a result of many factors, the Company's actual results may differ materially from those anticipated in these forward-looking statements and information.

*Financial information presented in this MD&A is presented in United States dollars ("**$**" or "**USD**"), unless otherwise indicated.*

OVERVIEW OF THE COMPANY

The Company provides operational solutions for licensed cannabis cultivators, processors and dispensaries principally located in the United States and Canada, including licensure support, facility design, systems implementation, equipment leasing, facility ramp-up, and day-to-day personnel management and oversight. The Company provides its services through the following operating entities: MJAR Holdings, LLC ("**MJardin Holdings**"), MJardin Management, LLC ("**MJardin Management**"), MJardin Services, Inc. ("**MJardin Services**"), and MJardin Capital, LLC ("**MJardin Capital**"). Prior to the formation of MJardin Holdings on March 19, 2014, the Company performed all services through MJardin Management (formerly known as MJardin Consulting, LLC), a Colorado Limited Liability Company formed on June 4, 2013.

We believe we are one of the most experienced operators of legal cannabis facilities in North America. Our managed facilities have produced and sold over 100,000 kg of legal cannabis product since its inception, through cultivation, processing and retail operations. The Company specializes in commercial cannabis management and utilizes its turnkey management system to operate cultivation, processing and retail facilities on a day-to-day basis.

Historically, the Company earned revenue primarily from providing consulting and cultivation management services on an agency basis, based on specific performance criteria agreed to by the licensed facility owner. Fees for such services include a combination of baseline management fees, performance-based incentive fees (where legally permissible), and other administrative support fees including staffing fees, technology fees, and reimbursable costs. Baseline management fees are comprised of total cost of production and operations – namely, labor and materials. Performance-based incentive fees are typically determined by production volumes or other royalty mechanisms and are charged to the extent permitted under State and local laws, rules and regulations.

During the second half of 2017, Company management and select stakeholders carefully evaluated all existing management contractual relationships to assess their long-term value to the Company, focusing on sustainable profitability, human capital requirements, and the counterparty relationship. As a result, we decided to focus our portfolio on select license owners (i.e. affiliated operators, as defined under *Operating Segment Overview* herein) who could benefit from an expansive Company offering, including but not limited to strategic capital and financing, construction oversight, and project management services for cultivation, processing and retail facilities. This approach allows us to enhance our existing business model by adding financing and rental income associated with owning financial assets and real estate.

OPERATING SEGMENT OVERVIEW

From inception through December 31, 2017, the Company operated as a single segment. During the first quarter of 2018, the Company launched its Canadian operating segment with the formation of its wholly-owned subsidiary, Ringsby Services Inc., an Ontario Corporation ("**RSI**").

The Company provides specialty consulting and management operations services to affiliated and unaffiliated large-scale commercial enterprises operating in legal cannabis markets across the United States. Licensed operators owned or controlled by one or more related parties of the Company such as founders, executives, members of the Board of Directors or significant shareholders are classified for financial reporting purposes as "**affiliated operators**". All others are classified as "**non-affiliated operators**". Consulting revenue is non-recurring and generally includes a combination of pre-licensure and pre-production activities, such as licensure application support, site location, facility design, contractor selection, security systems and vendor selection, among others.

Affiliated Operators

During Fiscal 2017 and Fiscal 2016, affiliated operators were based in Denver, Colorado and Las Vegas, Nevada, with nearly all affiliated revenue in both years generated from operations in Denver (96.5% in 2017; and 97.5% in 2016). In Fiscal 2017 and Fiscal 2016, the Company's affiliated operators in Las Vegas (Cheyenne and Warm Springs) were under construction with first harvests expected in the second half of fiscal 2018.

Non-affiliated operators

During Fiscal 2017 and Fiscal 2016, non-affiliated operators were located across the United States, including Ohio, Pennsylvania, Florida, Massachusetts, Texas, Hawaii, Vermont and Las Vegas. During these two years we also provided specialty consulting and short-term facilities management services to an Ontario, Canada based licensed producer.

<u>Components of the Results of our Operations</u>

The Company uses Net Revenue, a term which is not defined under IFRS, to calculate and measure overall gross profit margins ("Gross Margin") and which is computed as follows:

- Net Revenue is the difference between gross revenue earned from all clients less direct expenses incurred for compensation and benefits and other operating costs borne by the Company in performing its consulting, and cultivation and operations management services (i.e. the pass-through costs).

The Company uses earnings before interest, income taxes, depreciation and amortization ("EBITDA") as a measure of pre-tax operating cash flow and net income as a measure of overall profitability. Management derives Adjusted EBITDA and adjusted net (loss) income from EBITDA, which is calculated as follows:

- Adjusted EBITDA is calculated by adjusting EBITDA for acquisition-related costs, compensation-related derivative gains or losses, and gains or losses on property and equipment. There is no directly comparable IFRS measure for Adjusted EBITDA; the most directly comparable measure is net (loss) income.

- Adjusted Net Income, as prescribed by IFRS, is adjusted to exclude the amortization of acquisition-related intangibles, acquisition-related costs, gains or losses on property and equipment. There is no directly comparable IFRS measure for adjusted net (loss) income; the most directly comparable measure is net (loss) income.

SELECTED ANNUAL FINANCIAL INFORMATION - FISCAL 2017 versus FISCAL 2016

The following is selected financial information derived from the audited combined consolidated financial statements of the Company as of and for the years ended December 31, 2017 and December 31, 2016.

The selected combined consolidated financial information set out below may not be indicative of the Company's future performance:

	As of and for the Year Ended December 31,		
	2017	**2016**	**% Increase (Decrease)**
Gross revenue	$ 15,387,951	$ 11,811,920	30.3%
Net Revenue (a)	5,279,558	3,146,066	67.8%
Gross Margin (b)	34.3%	26.6%	28.8%
Total expenses	14,158,417	12,475,052	13.5%
EBITDA (c)	1,291,905	(874,288)	-
Adjusted EBITDA (d)	1,480,498	(874,288)	-
Net (loss) income	1,150,670	(900,350)	-
Total assets	58,977,307	1,777,302	3,218.4%
Total liabilities	46,454,847	703,874	6,499.9%

(a) Fiscal 2017 Net Revenue of $5,279,558 equals Fiscal 2017 gross revenue ($15,387,951) less Fiscal 2017 grow facility compensation and benefits expense ($10,108,393); Fiscal 2016 Net Revenue of $3,146,066 equals Fiscal 2016 gross revenue ($11,811,920) less Fiscal 2016 grow facility compensation and benefits expense ($8,665,854).

(b) Fiscal 2017 Gross Margin of 34.3% equals Fiscal 2017 Net Revenue ($5,279,558) divided by Fiscal 2017 gross revenue ($15,387,951); Fiscal 2016 Gross Margin equals Fiscal 2016 Net Revenue ($3,146,066) divided by Fiscal 2016 gross revenue ($11,811,920).

(c) Fiscal 2017 EBITDA of $1,291,905 equals net (loss) income of $1,150,670, plus Fiscal 2017 interest expense of $96,659 and depreciation expense of $44,576; Fiscal 2016 EBITDA of ($874,288) equals Fiscal 2016 net (loss) income of ($900,350) plus Fiscal 2016 depreciation expense of $26,062.

(d) Fiscal 2017 Adjusted EBITDA of $1,480,498 equals Fiscal 2017 EBITDA of $1,291,905 plus Fiscal 2017 transaction costs expensed immediately of $188,593; Fiscal 2016 Adjusted EBITDA is equal to Fiscal 2016 EBITDA of ($874,288).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

RESULTS OF OPERATIONS

Gross revenue

Gross revenue for Fiscal 2017 grew to $15.4 million versus $11.8 million for Fiscal 2016, representing an increase of 30.3% ($3.6 million), primarily due to growth in cultivation and management service fees from affiliated operators.

Cultivation and management service fees from affiliated operators, led by Buddy Boy Brands, Lightshade and Potco, grew 49.7% to $10.7 million for 2017 from $7.1 million in the prior year.

Non-affiliated operator fee revenue from consulting and cultivation and management services remained relatively flat year-over-year at approximately $4.7 million, with consulting fees increasing and cultivation management service fees decreasing by nearly equal amounts. Consulting fee revenue increased 347% over the prior year, growing from $0.45 million in Fiscal 2016 to $2.0 million during Fiscal 2017, due to pre-licensure application support projects in Maryland, Florida, Pennsylvania, Ohio and a cultivation facility management contract in Canada.

Partially offsetting this increase was a decrease in cultivation fees from non-affiliated operators, as short-term cultivation management service arrangements were completed.

The following table summarizes gross revenue from affiliated operators and non-affiliated operators:

	Year Ended December 31,		$ Increase (Decrease)	% Increase (Decrease)
	2017	**2016**	**2017 vs. 2016**	
Affiliated operators	$ 10,667,252	$ 7,125,459	$ 3,541,793	49.7%
Non-affiliated operators	4,720,699	4,686,461	34,238	0.7%
Total revenue	**$ 15,387,951**	**$ 11,811,920**	**$ 3,576,031**	**30.3%**

Gross Margin

Gross margin increased to 34.3% in Fiscal 2017, from 26.6% in Fiscal 2016, predominantly due to the increase in cultivation and management service fees from affiliated operators; and, the net increase in higher Gross Margin consulting fees from non-affiliated operators entirely offsetting the decline in lower Gross Margin cultivation and management service fees from non-affiliated operators.

Operating Expenses

Compensation and Benefits

Compensation and benefits expenses for Fiscal 2017 increased to $11.9 million versus Fiscal 2016 of $10.7 million, representing an increase of 10.96%, primarily due to increased personnel at affiliated operator facilities located in Colorado and Nevada, as offset by reductions pertaining to short-term cultivation management arrangements completed on behalf of non-affiliated operators.

Other Expenses

Other expenses, comprised of selling, general and administrative expenses such as legal, consulting, travel and other costs necessary to operate the business, increased to $2.2 million during Fiscal 2017 from $1.8 million in Fiscal 2016. Representing an increase of $0.5 million (25.2%) over the prior year, other expenses increased primarily because of increased legal, consulting and capital markets advisory fees incurred in connection with capital raising and investment diligence activities occurring mostly in the second half of Fiscal 2017.

EBITDA and Adjusted EBITDA

The Company recorded EBITDA for Fiscal 2017 of $1.29 million compared to a loss of ($0.87) million during Fiscal 2016, primarily due to growth in cultivation fees from affiliated operators.

Income Taxes

Since inception, the Company has not recorded a provision for income taxes because it is structured as a limited liability company electing treatment as a partnership for U.S. federal and state income tax purposes, whereby all income tax liabilities and benefits are passed through to its equity members.

Net (loss) Income

The Company recorded net (loss) income for Fiscal 2017 of $1.15 million versus net (loss) income of ($0.90) million in Fiscal 2016, primarily due to growth in cultivation fees from affiliated operators.

SELECTED ANNUAL FINANCIAL INFORMATION – FISCAL 2016 versus FISCAL 2015

The following is selected financial information derived from the audited combined consolidated financial statements of the Company as of and for the years ended December 31, 2016 and 2015.

The selected combined consolidated financial information set out below may not be indicative of the Company's future performance:

	As of and for the Year Ended December 31,		
	2016	**2015**	**% Increase (Decrease)**
Gross revenue	$ 11,811,920	$ 3,007,250	292.8%
Net Revenue (a)	3,146,066	(6,408)	-
Gross Margin (b)	26.6%	-	-
Total expenses	12,475,052	5,325,716	134.2%
EBITDA (c)	(874,288)	(2,082,369)	-
Adjusted EBITDA (d)	(874,288)	(2,082,369)	-
Net (loss) income	(900,350)	(2,216,619)	-
Total assets	1,777,302	2,360,453	-24.7%
Total liabilities	703,874	386,675	82.0%

(a) Fiscal 2016 Net Revenue of $3,146,066 equals Fiscal 2016 gross revenue of $11,811,920 less Fiscal 2016 grow facility compensation and benefits expense of $8,665,854; Fiscal 2015 Net Revenue (loss) of ($6,408), equal to Fiscal 2015 gross revenue of $3,007,250 less Fiscal 2015 grow facility compensation and benefits expense of $3,013,658;

(b) Fiscal 2016 Gross Margin equals Fiscal 2016 Net Revenue of $3,146,066 divided by Fiscal 2016 gross revenue of $11,811,920; Fiscal 2015 Gross Margin of nil equals Fiscal 2015 Net Revenue (loss) of ($6,408) divided by Fiscal 2015 gross revenue of $3,007,250.

(c) Fiscal 2016 EBITDA (loss) of ($874,288) equals Fiscal 2016 net (loss) income of ($900,350) plus Fiscal 2016 depreciation expense of $26,062; Fiscal 2015 EBITDA of ($2,195,759) equals 2015 net (loss) income of ($2,216,619) plus Fiscal 2015 interest expense of $113,390 and depreciation expense of $20,860.

(d) Fiscal 2016 Adjusted EBITDA (loss) is equal to Fiscal 2016 EBITDA (loss) of ($874,288); Fiscal 2015 Adjusted EBITDA (loss) of ($2,082,369) equals Fiscal 2015 EBITDA (loss) of ($2,082,369).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

RESULTS OF OPERATIONS

Gross Revenue

Gross revenue for Fiscal 2016 grew to $11.8 million versus $3.0 million for the fiscal year ended December 31, 2015 ("Fiscal 2015"), representing an increase of 292.8% ($8.8 million), due to growth in cultivation and management service fees from affiliated and non-affiliated operators, as well as from an increase in consulting fee revenue.

Gross revenue from affiliated operators, led by Buddy Boy Brands and Potco in particular, grew by $6.0 million (569.8%) to $7.1 million during Fiscal 2016 from $1.1 million in the prior year, solely due to increased cultivation and management service fees.

Gross revenue from non-affiliated operator revenue in Fiscal 2016 increased $2.74 million (141.1%), rising to $4.69 million in comparison to $1.94 million for Fiscal 2015, primarily due to increased cultivation fees from Nevada

based licensed operators. During Fiscal 2016 and Fiscal 2015, non-affiliated operator facilities were located primarily in the United States, including Texas, Hawaii and Las Vegas.
Fiscal 2016 consulting fees from non-affiliated operators increased to $0.45 million, representing a 43.4% increase above Fiscal 2015 of $0.31 million, primarily due to an increase in new mandates to provide pre-licensure and license application services to customers in the following states: Florida, Hawaii, Massachusetts, Maryland and Texas. However, in Fiscal 2015 most consulting projects were provided to licensed operators located in the Las Vegas, Nevada market.

The following table summarizes gross revenue from affiliated operators and non-affiliated operators:

	Year Ended December 31,		$ Increase (Decrease)	% Increase (Decrease)
	2016	**2015**	**2016 vs. 2015**	
Affiliated operators	$ 7,125,459	$ 1,063,747	$ 6,061,712	569.9%
Non-affiliated operators	4,686,461	1,943,503	2,742,958	141.1%
Total revenue	**$ 11,811,920**	**$ 3,007,250**	**$ 8,804,670**	**292.8%**

Gross Margin

Gross margin increased to 26.6% in Fiscal 2016, from nil in Fiscal 2015, due to increased cultivation and management service fees from affiliated and non-affiliated operators, and due to an increase in consulting fees for pre-licensure application and facility design support services on behalf of non-affiliated operators.

Operating Expenses

Compensation and Benefits

Compensation and benefits expenses for Fiscal 2016 increased to $10.7 million versus Fiscal 2015 $3.8 million, representing an increase of 183.4%, primarily due to increased personnel at affiliated and non-affiliated operator facilities located in Colorado, Nevada, Texas, Hawaii.

Other Expenses

Other expenses, comprised of selling, general and administrative expenses such as legal, consulting, travel and other costs necessary to operate the business, increased to $1.8 million during Fiscal 2016 from $1.6 million in Fiscal 2015. Representing an increase of $0.231 million (14.9%) over the prior year, other expenses increased primarily because of increased legal, consulting and other general and administrative costs incurred to operate the business.

EBITDA and Adjusted EBITDA

EBITDA (loss) increased to ($874,288) during Fiscal 2016 compared to an EBITDA (loss) of ($2,082,369) in Fiscal 2015, due to growth in cultivation and management service fees from affiliated and non-affiliated operators, as well as from an increase in consulting fee revenue. EBITDA (loss) of ($874,288) and ($2,082,369) for Fiscal 2016 and 2015, respectively, are equal to Adjusted EBITDA for each respective year end.

Income Taxes

Since inception, the Company has not recorded a provision for income taxes because it’s structured as a limited liability company electing treatment as a partnership for U.S. federal and state income tax purposes, whereby all income tax liabilities and benefits are passed through to its equity members.

Net (loss) Income

The Company recorded net loss for Fiscal 2016 of ($900,350) versus net loss of ($2,216,619) in Fiscal 2015, due to increased cultivation and management service fees from affiliated and non-affiliated operators, and due to an increase in consulting fees for pre-licensure application and facility design support services on behalf of non-affiliated operators.

LIQUIDITY, CAPITAL RESOURCES, AND FINANCING ACTIVITIES

Liquidity and Capital Resources as at December 31, 2017 and 2016

The Company's primary needs for liquidity are to fund working capital requirements, capital expenditures, debt service and for general corporate purposes. Our primary source of liquidity is funds generated by operating activities. Historically, we have also relied on private financing as a source of liquidity for short-term working capital needs and general corporate purposes. Our ability to fund operations, make planned capital expenditures, and to meet scheduled debt payments depends on our future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business and other factors, some of which are beyond our control.

As of December 31, 2017, we had $5.67 million of cash and $30.72 million of working capital (current assets minus current liabilities, including escrowed funds receivable), as compared to our financial position at December 31, 2016, when we had $0.67 million in cash and working capital of $0.26 million. This $30.46 million working capital increase is primarily due to capital raising activities closed during December 2017, including borrowings under the bridging loan payable, the issuance of convertible debentures and the private offering of common equity member interests.

As of December 31, 2016, we had $0.67 million cash, and $0.26 million of working capital (current assets minus current liabilities). In comparison to our financial position at December 31, 2015, when we had $1.22 million in cash and working capital of $1.23 million, our working capital decreased by approximately $0.97 million.

Financing Activities during the years ended December 31, 2017 and 2016

On December 1, 2017, the Company issued 5,407,282 additional Common Shares to a new shareholder at a price of $2.1740 per share, for aggregate proceeds of $11,755,431, with such new shareholder also purchasing 2,950,000 Common Shares from a founder of the Company and 530,993 Series A Preferred Shares in the capital of the Company from original investors thereof.

On December 22, 2017, the Company completed a brokered and non-brokered private placement offering of an aggregate of $21,400,000 Secured Subordinated Convertible Debentures, maturing December 22, 2019 and bearing interest of 10% payable semi-annually in arrears.

On December 29, 2017, the Company borrowed an aggregate USD$25.6 million (CAD$32.3 million) under a demand loan provided by Bridging Finance Inc., bearing interest at a rate of (i) BNS (Bank of Nova Scotia) Prime plus (ii) ten and eight tenths percent (10.8% per annum), for a total interest rate of 14.0%, of which 4.0% per annum is payable in-kind.

The Company did not have any financing activities during the year ended December 31, 2016.

The Company's expected cash resources are sufficient to meet its short-term needs. Management estimates that the current cash position, future cash flows from operations and new equity financings should suffice for the Company to carry out its anticipated costs of operations through 2018. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Company to achieve its business objectives.

CONTRACTUAL OBLIGATIONS

In the normal course of business, the Company had the following obligations to make future payments, representing contracts and other commitments that are known and committed, as at December 31, 2017 and December 31, 2016, respectively.

At December 31, 2017	Total	Less than 1 year	1-3 years	After 4 years
Accounts Payable and accrued liabilities	$ 416,563	$ 416,563	$ -	$ -
Other current liabilities	1,745,187	1,745,187	-	-
Accrued Bridging loan transaction costs payable	1,004,596	1,004,596	-	-
Convertible debentures, net	17,377,721	-	17,377,721	-
Bridging loan payable, net	24,236,460	24,236,460	-	-
Total	**$ 44,780,527**	**$ 27,402,806**	**$ 17,377,721**	**$ -**

At December 31, 2016	Total	Less than 1 year	1-3 years	After 4 years
Accounts Payable and accrued liabilities	$ 300,256	$ 300,256	$ -	$ -
Other current liabilities	85,658	85,658	-	-
Due to members and affiliates	317,960	317,960	-	-
Total	**$ 703,874**	**$ 703,874**	**$ -**	**$ -**

The Company leases its corporate office space in Denver, Colorado from a third party under operating lease agreements that specify minimum rentals. The leases expire during 2019 and contain certain renewal provisions. The Company's net rent expense for the years ended December 31, 2017, 2016 and 2015 was $163,481, $163,498 and $135,298, respectively.

As of December 31, 2017, future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year were as follows:

Year ending December 31		Amount
2018	**$**	$ 153,772
2019		77,925
	$	$ 231,697

As of December 31, 2016, future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year were as follows:

Year ending December 31		Amount
2017	**$**	149,616
2018		153,772
2019		77,925
	$	381,313

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

TRANSACTIONS WITH RELATED PARTIES

The following summarizes transactions between the Company and related parties, which comprises all affiliated operators. None of the transactions incorporate special terms and conditions, and no guarantees were given or received.

Year ended December 31,	**2017**	**2016**	**2015**
Revenue earned from affiliated operators:			
Fees from management services	$ 10,667,252	$ 7,125,459	$ 1,063,747
Due from affiliated operators as of December 31st:			
Management fees receivable	495,774	-	-
Working capital advances	268,504	-	284,927
Due from member	-	38,900	-
Short-term loan to Next1 Labs	20,000	-	-
Due from GrowForce Holdings Inc.	590,000	-	-
Total due from affiliates	**$ 1,374,278**	**$ 38,900**	**$ 284,927**
Due to affiliated operators as of December 31st:			
Working capital advances received	-	317,960	34,163
Total due to affiliates	**$ -**	**$ 317,960**	**$ 34,163**

Key management compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. Compensation provided to key management is as follows:

	2017	**2016**	**2015**
Compensation and benefits	$ 411,000	$ 259,556	$ -
Incentive shares awarded	-	-	-
Totals	411,000	259,556	$ -

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial Instruments

Fair value of assets and liabilities

The fair value of cash and cash equivalents, escrowed funds, accounts receivable, due from members and affiliates, accounts payable and other current and non-current liabilities approximate their carrying values due to the relatively short-term maturity of these financial instruments. Cash includes demand deposits with financial institutions.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels since inception of the Company.

The following tables summarize the Company's assets and liabilities, respectively, according to their respective level designation within the fair value hierarchy, as at December 31, 2017:

	Total	Level 1	Level 2	Level 3
Financial Assets				
Cash and cash equivalents	$ 5,665,987	$ 5,665,987	$ -	$ -
Accounts receivable, net	84,007	84,007	-	-
Subscriptions receivable	450,000	450,000		
Due from affiliates	1,374,278	1,374,278	-	-
Escrowed funds	50,430,428	50,430,428	-	-
Prepaid expenses and other current assets	121,348	121,348	-	-
	$ 58,126,048	**$ 58,126,048**	**$ -**	**$ -**

	Total	Level 1	Level 2	Level 3
Financial Liabilities				
Accounts payable and accrued liabilities	$ 416,563	$ 416,563	$ -	$ -
Other Current Liabilities	1,745,187	1,745,187	-	-
Bridging loan payable, net	24,236,460	-	24,236,460	-
Accrued bridging loan transaction costs payable	1,004,596	1,004,596	-	-
Derivative liability	1,674,320	-	-	1,674,320
Convertible debentures, net	17,377,721	-	17,377,721	-
	$ 46,454,847	**$ 3,166,346**	**$ 41,614,181**	**$ 1,674,320**

The following table summarizes the Company's assets and liabilities, respectively, according to their respective level designation within the fair value hierarchy as at December 31, 2016:

	Total	Level 1	Level 2	Level 3
Financial Assets				
Cash and cash equivalents	$ 668,229	$ 668,229	$ -	$ -
Accounts receivable, net	179,307	84,007	-	-
Due from affiliates	38,900	1,374,278	-	-
Prepaid expenses and other current assets	77,750	121,348	-	-
	$ 964,186	**$ 964,186**	**$ -**	**$ -**

	Total	Level 1	Level 2	Level 3
Financial Liabilities				
Accounts payable and accrued liabilities	$ 300,256	$ 300,256	$ -	$ -
Other Current Liabilities	85,658	85,658	-	-
Due to affiliates – working capital advances	317,960	317,960	-	-
	$ 703,874	**$ 703,874**	**$ -**	**$ -**

Additional information related to fair value of financial instrument liabilities

The fair value of financial instrument liabilities is comprised of the following:

	As at December 31		
	2017	**2016**	**2015**
Conversion feature of convertible debentures	$ 1,674,320	$ -	$ -

Total interest income and interest expense for financial assets or financial liabilities that are not at fair value through profit or loss can be summarized as follows:

	During the year ended December 31					
		2017		2016		2015
Interest income	$	57	$	2,782	$	5,307
Interest expense		(96,659)		-		(113,390)
Interest expense (income), net	**$**	**(96,602)**	**$**	**2,782**	**$**	**(108,083)**

FINANCIAL INSTRUMENT RISKS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include regulatory risk, foreign currency risk, interest rate risk, credit risk, liquidity risk, and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from its cash, loans and other receivables, and notes receivable. The risk exposure is limited to their carrying amounts at the statement of financial position date.

All the Company's cash is held with state-chartered credit unions and other regulated financial institutions, and thus the exposure to credit risk is considered insignificant. Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to trade receivables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements. The Company coordinates this planning and budgeting process with its financing activities through its capital management process.

The Company holds adequate cash and working capital to ensure sufficient liquidity is maintained. The following summarizes the maturity of the Company liabilities as of December 31, 2017, which are due within the twenty-four months following December 31, 2017:

			As of December 31, 2017			
		Total		Anticipated settlement within one year		Anticipated settlement within two years
Accounts payable and accrued liabilities	$	416,563	$	416,563	$	-
Other current liabilities		1,745,187		1,745,187		-
Accrued bridging loan transaction costs payable		1,004,596		1,004,596		-
Bridging loan payable, net		24,236,460		24,236,460		-
Secured subordinated convertible debentures, net		17,377,721		-		17,377,721
	$	**44,780,527**	**$**	**27,402,806**	**$**	**17,377,721**

The Company holds sufficient cash and working capital to ensure sufficient liquidity is maintained. The following summarizes the maturity of the Company liabilities as of December 31, 2016, which were due within the twenty-four months following December 31, 2016:

	As of December 31, 2016		
	Total	**Anticipated settlement within one year**	**Anticipated settlement within two years**
Accounts payable and accrued liabilities	$ 300,256	$ 300,256	$ -
Other current liabilities	85,658	85,658	-
Due to members and affiliates	317,960	317,960	-
	$ 703,874	**$ 703,874**	**$ -**

Foreign currency risk

The Company is exposed to foreign currency risk at the end of the reporting period through its Canadian dollar denominated bridging loan payable, escrowed funds receivable, accrued liabilities and cash. As of December 31, 2017, a 10% depreciation or appreciation of the CAD against the USD would have resulted in an approximate $44,100 decrease or increase, respectively, in total comprehensive income (loss). On an ongoing basis, the Company's CAD denominated revenues and operating expenses are also impacted by fluctuations in foreign currency exchange rates.

Interest rate risk

At December 31, 2017, the Company has significant exposure to interest rate risk through its Bridging loan which bears interest at a rate of (i) BNS (Bank of Nova Scotia) Prime plus (ii) ten and eight tenths percent (10.8% per annum), for a total interest rate of 14.0%. Effective January 17, 2018, the BNS Prime rate increased from 3.20% to 3.45%, resulting in an increased interest rate of 14.25% for the bridging loan payable.

Market risk

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

Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets.

SCHEDULE "D"

MJAR HOLDINGS CORP MJAR HOLDINGS CORP. MD&A FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(***Expressed in United States dollars***)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

*This management discussion and analysis ("**MD&A**") of the financial condition and results of operations of MJAR Holdings, Corp. (collectively, "**we**", "**our**" or the "**Company**") is for the three and six months ended June 30, 2018. It is supplemental to, and should be read in conjunction with, the Company's interim unaudited combined consolidated financial statements and the accompanying notes as of June 30, 2018 and for the three and six months ended June 30, 2018 and 2017, and with the Company's audited combined consolidated financial statements and the accompanying notes as of December 31, 2017, 2016 and 2015, and for each of the years then ended. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**").*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "Cautionary Note Regarding Forward- Looking Information", located at the beginning of this Listing Statement. As a result of many factors, the Company's actual results may differ materially from those anticipated in these forward-looking statements and information.

*Financial information presented in this MD&A is presented in United States dollars ("**$**" or "**USD**"), unless otherwise indicated.*

OVERVIEW OF THE COMPANY

The Company provides operational solutions for licensed cannabis cultivators, processors and dispensaries principally located in the United States and Canada, including licensure support, facility design, systems implementation, equipment leasing, facility ramp-up, and day-to-day personnel management and oversight. The Company provides its services through the following operating entities: MJAR Holdings, LLC ("**MJardin Holdings**"), MJardin Management, LLC ("**MJardin Management**"), MJardin Services, Inc. ("**MJardin Services**"), and MJardin Capital, LLC ("**MJardin Capital**"). Prior to the formation of MJardin Holdings on March 19, 2014, the Company performed all services through MJardin Management (formerly known as MJardin Consulting, LLC and now a wholly-owned subsidiary of the Company), a Colorado Limited Liability Company formed on June 4, 2013.

We believe we are one of the most experienced operators of legal cannabis facilities in North America. Our managed facilities have produced and sold over 100,000 kg of legal cannabis product since its inception, through cultivation, processing and retail operations. The Company specializes in commercial cannabis management and utilizes its turnkey management system to operate cultivation, processing and retail facilities on a day-to-day basis.

Historically, the Company earned revenue primarily from providing consulting and cultivation management services on an agency basis, based on specific performance criteria agreed to by the licensed facility owner. Fees for such services include a combination of baseline management fees, performance-based incentive fees (where legally permissible), and other administrative support fees including staffing fees, technology fees, and reimbursable costs. Baseline management fees are comprised of total cost of production and operations – namely, labor and materials. Performance-based incentive fees are typically determined by production volumes or other royalty mechanisms and are charged to the extent permitted under State and local laws, rules and regulations.

During the second half of 2017, Company management and select stakeholders carefully evaluated all existing management contractual relationships to assess their long-term value to the Company, focusing on sustainable profitability, human capital requirements, and the counterparty relationship. Following our internal review, we decided to shift our focus and (1) concentrate on assisting select license owners (i.e. affiliated operators, as defined under *Operating Segment Overview* herein), to which we provide strategic capital and financing, construction oversight, and project management services for cultivation, processing and retail facilities and (2) as of August 2018, own and operate our own vertically integrated seed-to-sale production and retail operations. This approach allows us to enhance our existing business model by adding financing and rental income associated with owning financial assets and real estate as well as control the production and delivery of our own branded product.

OPERATING SEGMENT OVERVIEW

From inception through December 31, 2017, the Company operated as a single segment. During the first quarter of 2018, the Company launched its Canadian operating segment with the formation of its wholly-owned subsidiary, Ringsby Services Inc., an Ontario Corporation ("**RSI**"). The Company's Canada operating segment generated only nominal expenses and zero revenue as of June 30, 2018. As a result, separate operating performance is not presented for Canada for the three and six months ended June 30, 2018.

The Company provides (1) management services to affiliated and unaffiliated large-scale commercial enterprises operating in legal cannabis markets across the United States and (2) as of August 2018, owns and operates its own seed-to-sale operations. Licensed operators owned or controlled by one or more related parties of the Company such as founders, executives, members of the Board of Directors or significant shareholders are classified for financial reporting purposes as "**affiliated operators**". All others are classified as "**non-affiliated operators**". Consulting revenue is non-recurring and generally includes a combination of pre-licensure and pre-production activities, such as licensure application support, site location, facility design, contractor selection, security systems and vendor selection, among others.

Affiliated Operators

Throughout the six months ended June 30, 2018 and 2017, affiliated operators were based primarily in Denver, Colorado and Las Vegas, Nevada, with a majority of all affiliated revenue in both years generated from operations in Denver. During the three months ended June 30, 2018, the Company's affiliated operators in Las Vegas (Cheyenne and Warm Springs) completed first harvests and are progressing towards full capacity by the first quarter of 2019. With the spin-off of GrowForce Holdings Inc. ("GrowForce") completed during the first quarter of 2018, the Company's Canadian operating segment is gradually ramping up, with GrowForce now owning or jointly developing cultivation facilities in Winnipeg, Brampton, and Halifax.

Non-affiliated operators

During the first six months ended June 30, 2017, non-affiliated operators were located across the United States, including Ohio, Pennsylvania, Florida, Massachusetts, Texas, Hawaii, Vermont and Las Vegas. In addition to those U.S. based operators, the Company also provided specialty consulting and short-term facilities management services to an Ontario, Canada based licensed producer. As stated above, during the second half of the year ended December 31, 2017, the Company shifted its focus to expanding relationships with existing affiliated operators and winding down existing non-affiliated relationships and declining new consulting engagements with non-affiliated operators. As a result, during the first six months ended June 30, 2018, the Company's work with non-affiliated operators was limited to operators located in Florida and Massachusetts.

Components of the Results of our Operations

The Company uses Net Revenue, a term which is not defined under IFRS, to calculate and measure overall gross profit margins ("Gross Margin") and which is computed as follows:

- Net Revenue is the difference between gross revenue earned from all clients less direct expenses incurred for compensation and benefits and other operating costs borne by the Company in performing its consulting, and cultivation and operations management services (i.e. the pass-through costs).

The Company uses earnings before interest, income taxes, depreciation and amortization ("EBITDA") as a measure of pre-tax operating cash flow and net income as a measure of overall profitability. Management derives Adjusted EBITDA and adjusted net (loss) income from EBITDA, which is calculated as follows:

- Adjusted EBITDA is calculated by adjusting EBITDA for acquisition-related costs, share-based compensation, corporate restructuring charges, compensation-related derivative gains or losses (e.g. stock options and warrants) and gains or losses on property and equipment. There is no directly comparable IFRS measure for Adjusted EBITDA; the most directly comparable measure is net (loss) income.

- Adjusted Net Income, as prescribed by IFRS, is adjusted to exclude the amortization of acquisition-related intangibles, acquisition-related costs and gains or losses on property and equipment. There is no directly comparable IFRS measure for adjusted net (loss) income; the most directly comparable measure is net (loss) income.

SELECTED FINANCIAL INFORMATION

The following is selected financial information derived from the condensed interim unaudited combined consolidated financial statements of the Company as of June 30, 2018 and for the three and six months ended June 30, 2018 and 2017.

The selected combined consolidated financial information set out below may not be indicative of the Company's future performance:

	Three months ended June 30,		Six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Gross revenue	$ 4,496,597	$ 3,840,071	$ 9,870,410	$ 7,677,120
Net Revenue (a)	1,979,832	1,691,093	4,104,131	3,046,083
Gross Margin (b)	44.0%	44.0%	41.6%	39.7%
Total expenses	4,160,125	3,020,440	9,145,012	6,483,547
Restructuring charge	3,429,864	-	3,429,864	-
EBITDA (c)	(3,202,321)	829,225	(2,309,753)	1,214,520
Adjusted EBITDA (d)	227,543	829,225	1,120,111	1,214,520
Net (loss) income	(4,185,225)	819,631	(4,772,421)	1,193,573
Total assets	54,305,927	3,139,702	54,305,927	3,139,702
Total liabilities	24,456,470	872,701	24,456,470	872,701

(a) For the three months ended June 30, 2018 and 2017 ("**Q2 2018**" and "**Q2 2017**" respectively), Q2 2018 Net Revenue of $1,979,832 equals Q2 2018 gross revenue ($4,496,597) less Q2 2018 grow facility compensation and benefits expense ($2,516,765); Q2 2017 Net Revenue of $1,691,093 equals Q2 2017 gross revenue ($3,840,071) less Q2 2017 grow facility compensation and benefits expense ($2,148,978). For the six months ended June 30, 2018 and 2017 ("**H1 2018**" and "**H1 2017**" respectively), H1 2018 Net Revenue of $4,104,131 equals H1 2018 gross revenue ($9,870,410) less H1 2018 grow facility compensation and benefits expense ($5,766,279); H1 2017 Net Revenue of $3,046,083 equals H1 2017 gross revenue ($7,677,120) less H1 2017 grow facility compensation and benefits expense ($4,631,037).

(b) Q2 2018 Gross Margin of 44.0% equals Q2 2018 Net Revenue ($1,979,832) divided by Q2 2018 gross revenue ($4,496,597); Q2 2017 Gross Margin equals Q2 2017 Net Revenue ($1,691,093) divided by Q2 2017 gross revenue ($3,840,071). H1 2018 Gross Margin of 41.6% equals H1 2018 Net Revenue ($4,104,131) divided by H1 2018 gross revenue ($9,870,410); H1 2017 Gross Margin of 39.7% equals H1 2017 Net Revenue ($3,046,083) divided by H1 2017 gross revenue ($7,677,120).

(c) Q2 2018 EBITDA of ($3,202,321) equals net (loss) income of ($4,185,225) plus Q2 2018 interest expense of $969,166 and depreciation expense of $13,738; Q2 2017 EBITDA of $829,225 equals Q2 2017 net (loss) income of $819,631 plus Q2 2017 depreciation expense of $9,594. H1 2018 EBITDA of ($2,309,753) equals net (loss) income of ($4,772,421) plus H1 2018 interest expense of $2,436,121 and depreciation expense of $26,547; H1 2017 EBITDA of $1,214,520 equals H1 2017 net (loss) income of $1,193,573 plus H1 2017 depreciation expense of $20,947.

(d) Q2 2018 Adjusted EBITDA of $227,543 equals net (loss) income of ($4,185,225) plus Q2 2018 interest expense of $969,166, depreciation expense of $13,738 and share-based compensation of $3,429,864; Q2 2017 Adjusted EBITDA equals EBITDA of $829,225; H1 2018 Adjusted EBITDA of $1,120,111 equals net (loss) income of ($4,772,421) plus H1 2018 interest expense of $2,436,121, depreciation expense of $26,547 and H1 2018 share-based compensation of $3,429,864; H1 2017 Adjusted EBITDA equals H1 2017 EBITDA of $1,214,520.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and six months ended June 30, 2018 compared to three and six months ended June 30, 2017

RESULTS OF OPERATIONS

<u>Gross revenue</u>

Gross revenue for six months ended June 30, 2018 grew to $4.5 million versus $3.8 million for the three months ended June 30, 2017, representing an increase of 18.4% ($0.7 million), with such revenue increase primarily due to interest and rent income from Buddy Boy Brands, a Denver, Colorado based affiliated operator. The increased revenue from interest and rent, totaling $0.8 million and $0.3 million, respectively, was offset by a $0.2 million decline in consulting fees from non-affiliated operators.

Gross revenue for the six months ended June 30, 2018 grew to $9.9 million in comparison to $7.7 million for the six months ended June 30, 2017, representing an increase of 28.6% ($2.2 million), with such revenue increase due to the interest and rental income earned from Buddy Boy Brands which amounted to $1.6 million and $0.6 million, respectively, for the six months ended June 30, 2018.

The following table summarizes gross revenue from affiliated operators and non-affiliated operators during the three and six months ended June 30, 2018, in comparison to the three and six months ended June 30, 2017:

	Three months ended June 30,		Six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Affiliated operators				
Cultivation and management services	$ 2,462,648	$ 2,742,038	$ 5,568,527	$ 5,445,034
Interest income	843,515	-	1,620,743	-
Rent	297,178	-	584,214	-
Total affiliated operator revenue	**$ 3,603,341**	**$ 2,742,038**	**$ 7,773,484**	**$ 5,445,034**
Non-affiliated operators				
Cultivation and management services	$ 882,522	$ 521,876	$ 2,068,376	$ 1,294,220
Consulting	10,734	576,157	28,550	987,866
Total non-affiliated operator revenue	**$ 893,256**	**$ 1,098,033**	**$ 2,096,926**	**$ 2,232,086**
Total gross revenue	**$ 4,496,597**	**$ 3,840,071**	**$ 9,870,410**	**$ 7,677,120**

Affiliated Operators

Gross revenue from affiliated operators during the three months ended June 30, 2018 increased to $3.6 million versus $2.7 million during the three months ended June 30, 2017, representing a 33.3% ($0.9 million) increase which resulted primarily from interest and rent income, totaling $0.8 million and $0.3 million, respectively, from Buddy Boy Brands which is our largest affiliated operator located in Denver, Colorado.

Revenue from cultivation and management services fell to $2.5 million for the three months ended June 30, 2018, in comparison to $2.7 million of revenue during the three months ended June 30, 2017, representing a decline of 7.4% ($0.2 million), primarily due to fee reductions arising from continued pricing pressures in the medical and adult use marijuana prices in Colorado.

Gross revenue from affiliated operators during the six months ended June 30, 2018 grew to $7.8 million, representing a 41.8% ($2.3 million) increase over the six months ended June 30, 2017 gross revenue of $5.5 million, due to the interest and rent income from Buddy Boy Brands, which totaled $1.6 million and $0.6 million, respectively, during the six months ended June 30, 2018.

The interest and rent income earned is from debt and real estate acquired during the first quarter of 2017, as described below under financing activities during the six months ended June 30, 2018.

Non-affiliated operators

Gross revenue from non-affiliated operators during the three months ended June 30, 2018 decreased to $0.9 million in comparison to the three months ended June 30, 2017 gross revenue of $1.1 million, representing a decrease of 18.2% ($0.2 million), primarily as result of a $0.6 decline in consulting fees from pre-licensure application support and related projects. Slightly offsetting this decline was a $0.4 million increase in cultivation and management service income from operators located in Las Vegas, Nevada.

During the six months ended June 30, 2018, gross revenue from non-affiliated operators declined to $2.1 million, representing a 4.8% ($0.1 million) decrease from the six months ended June 30, 2017 gross revenue from non-affiliated operators of $2.2 million, mostly comprised of an increase in cultivation and management services fees from Las Vegas, Nevada based non-affiliated operators. This increase was offset by a 97% decline in consulting fees, with the six months ended June 30, 2018 consulting fees falling to $0.03 million from the six months ended June 30, 2017 consulting fee revenue of $0.9 million.

Gross Margin

Gross margin remained constant at 44.0% for the three months ended June 30, 2018 and the three months ended June 30, 2017, largely due to the increase in revenue from interest income and rent earned from affiliated operator Buddy Boy Brands, offset by declines in affiliated operator cultivation fees and non-affiliated operator consulting fees.

Operating Expenses

Compensation and Benefits

Compensation and benefits expense during the three months ended June 30, 2018 increased to $3.3 million, as compared to $2.6 million during the three months ended June 30, 2017, representing a 26.9% ($0.7 million) increase, primarily due to increased grow facility personnel at non-affiliated operator facilities located in Las Vegas, Nevada and the continued expansion of our executive team and corporate office personnel to support the Company's expansion into Canada and other U.S. legal cannabis markets such as Las Vegas, Nevada. The Company continues to expand its executive team and corporate office personnel to support our growth in Canada (under the exclusive agreement with GrowForce Holdings Inc.) and ongoing expansion into other U.S. legal cannabis markets such as Las Vegas, Nevada.

Compensation and benefits expense during the six months ended June 30, 2018 grew to $7.3 million, in comparison to $5.6 million for the six months ended June 30, 2017, which represents a 30.4% ($1.7 million) increase, due to increased grow facility personnel at non-affiliated operator facilities, the continued expansion of our executive team and corporate office personnel to support the Company's expansion in Canada (under the exclusive agreement with GrowForce Holdings Inc.) as well our ongoing expansion into other U.S. legal cannabis markets such as Las Vegas, Nevada.

Other Operating Expenses

During the three months ended June 30, 2018, other expenses increased to $0.9 million, representing an increase of 125.0% ($0.5 million) in comparison to $0.4 million for the three months ended June 30, 2017, primarily due to increased legal, consulting and travel expenses necessary to support the continued growth and expansion of the Company's U.S. and Canadian operations.

During the six months ended June 30, 2018, other expenses increased to $1.9 million, in comparison to $0.9 million for the six months ended June 30, 2017, representing an increase of 111.1% ($1.0 million) over the prior year, due to increased legal, consulting and travel expenses necessary to support the continued growth and expansion of the Company, including the additional capital markets advisory fees incurred in connection with the financing activities which occurred during the first quarter of fiscal 2018 as well as preparations for our going public transaction on the CSE.

Restructuring charge

During the three and six months ended June 30, 2018, the Company recorded a restructuring charge of $3.4 million which is entirely share-based and due to the Company's corporate reorganization in preparation for the planned public transaction on the Canadian Securities Exchange ("CSE"). Completed on June 27, 2018, the corporate restructuring terminated the incentive share program (i.e. "profits interests") and replaced it with a stock option plan. The restructuring charge is based on the issuance of 585,301 (at approximately $5.86 per share) common shares to management team members previously awarded incentive shares and negatively impacted by the termination of previously awarded incentive share "profits interests". The valuation of these share-based awards is equal to the equity valuation established to convert the Company's Series A Preferred Shares to common member equity during April 2018.

EBITDA and Adjusted EBITDA

The Company recorded EBITDA for the three months ended June 30, 2018 of ($3.2) million, as compared to $0.8 million during the three months ended June 30, 2017, representing a decline of 1,166.7% ($3.5 million), primarily due to the restructuring charge of $3.4 million, increased compensation and benefits, legal and consulting fees which were partially offset by increased revenue from interest and rent from an affiliated operator, Buddy Boy Brands.

The Company's Adjusted EBITDA for the three months ended June 30, 2018 of $0.2 million represents a decline of 75.0% ($0.6 million) in comparison to Adjusted EBITDA of $0.8 million for the three months ended June 30, 2017, due to the restructuring charge, increased compensation and benefits, legal and consulting fees, which were offset by increased revenue from interest and rent from an affiliated operator, Buddy Boy Brands.

During the six months ended June 30, 2018, the Company recorded EBITDA of ($2.3) million, as compared to $1.2 million during the six months ended June 30, 2017, which represents a decline of 291.7% ($3.5 million), primarily due to the restructuring charge of $3.4 million, increased compensation and benefits, legal and consulting, which were offset by increased revenue from interest and rent from affiliated operator Buddy Boy Brands.

The Company's Adjusted EBITDA for the six months ended June 30, 2018 of $1.1 million represents a decline of 8.3% ($0.1 million) in comparison to Adjusted EBITDA of $1.2 million for the six months ended June 30, 2017, due to increased compensation and benefits, legal and consulting fees, which were partially offset by increased revenue from interest and rent from an affiliated operator, Buddy Boy Brands.

Income Taxes

Since inception, the Company has not recorded a provision for income taxes because it is structured as a limited liability company electing treatment as a partnership for U.S. federal and state income tax purposes, whereby all income tax liabilities and benefits are passed through to its equity members.

Net (loss) Income

The Company recorded net (loss) income during the three months ended June 30, 2018 of ($4.2) million, as compared to $0.8 million during the three months ended June 30, 2017, primarily due to interest expense associated with the bridging loan payable and convertible debentures ($1.0 million in aggregate), share-based compensation ($3.4 million), and increased compensation and benefits and legal and consulting fees, which were partially offset by increased revenue from interest and rent from an affiliated operator, Buddy Boy Brands.

During the six months ended June 30, 2018, the Company recorded net (loss) income of ($4.8) million, as compared to $1.2 million during the six months ended June 30, 2017, primarily due to interest expense associated with the bridging loan payable and convertible debentures ($2.7 million in aggregate), share-based compensation

($3.4 million), and increased compensation and benefits and legal and consulting fees, which were partially offset by increased revenue from interest and rent from an affiliated operator, Buddy Boy Brands.

LIQUIDITY, CAPITAL RESOURCES, AND FINANCING ACTIVITIES

Liquidity and Capital Resources as at June 30, 2018

The Company's primary needs for liquidity are to fund expansion, capital expenditures, working capital requirements, debt service and for general corporate purposes. Our primary source of liquidity are funds generated by operating activities and proceeds from debt and equity issuances. Our ability to fund operations, make planned capital expenditures, and to meet scheduled debt payments depends on our future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business and other factors, some of which are beyond our control.

As of June 30, 2018, we had $1.4 million of cash and $8.6 million of working capital (current assets minus current liabilities, excluding bridging loan payable), as compared to our financial position at December 31, 2017, when we had $5.7 million of cash and working capital of $5.3 million (current assets minus current liabilities, excluding escrowed funds and bridging loan payable). This $3.3 million working capital increase is primarily due to capital raising activities closed during January 2018 and an increase in amounts due from affiliated operators for working capital advances for to affiliated operators for capital improvements to owned grow facilities and dispensary locations, including capital improvements to an affiliated operators outdoor grow located in Pueblo, Colorado.

Financing Activities during the six months ended June 30, 2018

At December 31, 2017, the Company held a receivable for escrowed funds which was released on January 17, 2018 upon closing the acquisition of Buddy Boy Brands promissory notes, property and equipment and goodwill and other intangible assets, as follows:

Source of escrowed funds receivable		Amount
Bridging loan payable	$	25,623,590
Brokered convertible debentures offering		15,000,000
Brokered equity offering		5,000,000
Non-brokered convertible debentures offering		4,700,000
Currency translation adjustment		106,838
Total escrowed funds receivable, at December 31, 2017 *(Audited)*		**50,430,428**
Disposition of escrowed funds on January 17, 2017:		
Direct payment from escrow to seller of Buddy Boy Brands assets		(38,000,000)
Direct payments from escrow to legal counsel and others for transaction closing costs		(1,004,596)
Direct payment from escrow to third-party indemnification escrow agent pursuant to purchase and sale agreement to acquire Buddy Boy Brands assets		(2,000,000)
Deposit of remaining proceeds from financing transactions into Company treasury		(5,250,748)
Remaining balance in escrowed funds receivable as of – January 18, 2018		**4,175,084**
Adjustments for deferred transaction costs, in-kind interest and foreign currency		231,263
Assignment of Canadian Facility of bridging loan payable GrowForce as of February 26, 2018, the date of the spin-off of GrowForce Holdings Inc.		(4,406,347)
Escrowed funds receivable as of February 28, 2018	**$**	**-**

There were no additional financings completed by the Company during the six months ended June 30, 2018.

The Company's expected cash resources are sufficient to meet its short-term needs. Management estimates that the current cash position, future cash flows from operations and new equity financings should suffice for the Company to carry out its anticipated costs of operations through 2018. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Company to achieve its business objectives.

CONTRACTUAL OBLIGATIONS

In the normal course of business, the Company had the following obligations to make future payments, representing contracts and other commitments that are known and committed, as of June 30, 2018:

	Total	Less than 1 year	1-3 years	After 4 years
Accounts Payable and accrued liabilities	$ 855,166	$ 855,166	$ -	$ -
Other current liabilities	303,761	303,761	-	-
Forward currency contract	926,542	926,542		
Bridging loan payable, net	20,206,252	20,206,252	-	-
Derivative liability	2,629	-	2,629	-
Convertible debentures, net	162,120	-	162,120	-
Indemnification escrow payable	2,000,000	-	2,000,000	-
Total	**$ 24,456,470**	**$ 22,291,721**	**$ 2,164,749**	**$ -**

The Company leases its corporate office space in Denver, Colorado from a third party under operating lease agreements that specify minimum rentals. The leases expire during 2019 and contain certain renewal provisions.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

TRANSACTIONS WITH RELATED PARTIES

The following summarizes balances due from all affiliated operators as of June 30, 2018 and December 31, 2017:

	As of June 30, 2018 *(Unaudited)*	As of December 31, 2017 *(Audited)*
Due from affiliated operators:		
Operating activities:		
Interest receivable	$ 1,659,156	$ -
Rent receivable	584,214	-
Management fees receivable	872,364	495,774
Total due from operating activities	3,115,734	495,774
Investing activities:		
Short-term loan to F&L Investments, LLC	500,000	-
Working capital advances	784,413	268,504
Short-term loan to Next1 Labs	20,000	20,000
Due from GrowForce Holdings Inc.	3,100,834	-
Total due from investing activities	4,405,247	288,504
Total due from affiliates	**$ 7,520,981**	**$ 784,278**

The following summarizes gross revenue earned from affiliated operators for the three and six months ended June 30, 2018 and 2017:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Cultivation and management services	$ 2,462,648	$ 2,742,038	$ 5,568,527	$ 5,445,034
Interest	843,515	-	1,620,743	-
Rent	297,178	-	584,214	-
Gross revenue from affiliated operators	$ 3,603,341	$ 2,742,038	$ 7,773,484	$ 5,445,034

Key management compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. Compensation provided to key management is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Compensation and benefits	$ 243,654	$ 71,935	$ 611,136	$ 151,358
Incentive shares awarded	-	-	-	-
Share-based compensation	3,429,864	-	3,429,864	-
Totals	**$ 3,673,518**	**$ 71,935**	**$ 4,041,000**	**$ 151,358**

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial Instruments

Fair value of assets and liabilities

The fair value of cash and cash equivalents, escrowed funds, accounts receivable, due from members and affiliates, accounts payable and other current and non-current liabilities approximate their carrying values due to the relatively short-term maturity of these financial instruments. Cash includes demand deposits with financial institutions.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels since inception of the Company.

The following table summarizes the Company's assets and liabilities according to their respective level designation within the fair value hierarchy as of June 30, 2018:

Financial Assets (Unaudited)	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	$ 1,383,454	$ 1,383,454	$ -	$ -
Margin deposit	1,051,658	1,051,658		
Accounts receivable, net	182,437	182,437	-	-
Due from affiliates	7,520,981	7,520,981	-	-
Prepaid expenses and other current assets	601,290	601,290	-	-
Total Financial Assets *(Unaudited)*	**$ 10,739,820**	**$ 10,739,820**	**$ -**	**$ -**

Financial Liabilities (Unaudited)	**Total**	**Level 1**	**Level 2**	**Level 3**
Accounts payable and accrued liabilities	$ 855,166	$ 855,166	$ -	$ -
Other current liabilities	303,761	303,761	-	-
Forward currency contract	926,542	-	926,542	-
Derivative liability	2,629	-	-	2,629
Convertible debentures, net	162,120	-	162,120	-
Indemnification escrow payable	2,000,000	2,000,000	-	-
Bridging loan payable, net	20,206,252	-	20,206,252	-
Total Financial Liabilities *(Unaudited)*	**$ 24,456,470**	**$ 3,158,927**	**$ 21,294,914**	**$ 2,629**

Additional information related to fair value of financial instrument liabilities

The fair value of financial instrument liabilities is comprised of the following:

	At June 30, 2018 *(Unaudited)*	At December 31, 2017 *(Audited)*
Forward currency contract	$ 926,542	$ -
Conversion feature of convertible debentures	2,629	1,674,320

Total interest expense for financial liabilities that are not at fair value through profit or loss can be summarized as follows:

	Three months ended June 30, *(Unaudited)*		Six months ended June 30, *(Unaudited)*	
	2018	**2017**	**2018**	**2017**
Bridging loan payable:		-		-
Cash interest paid	$ -	$ -	$ 665,695	$ -
Interest paid in-kind	213,134	-	420,208	-
Accrued interest payable	546,156	-	546,156	-
Accretion of transaction costs	202,044	-	335,671	-
Total bridging loan interest expense	961,334	-	1,967,730	-
Convertible debentures:				
Cash interest paid	-	-	-	-
Interest paid in-kind	-	-	332,833	-
Accrued interest payable	4,944	-	9,056	-
Accretion of transaction costs	2,888	-	126,502	-
Total convertible debentures interest expense	7,832	-	468,391	-
Total interest expense	$ 969,166	-	$ 2,436,121	$ -

FINANCIAL INSTRUMENT RISKS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include regulatory risk, foreign currency risk, interest rate risk, credit risk, liquidity risk, and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from its cash, loans and other receivables, and notes receivable. The risk exposure is limited to their carrying amounts at the statement of financial position date.

All the Company's cash is held with state-chartered credit unions and other regulated financial institutions, and thus the exposure to credit risk is considered insignificant. Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to trade receivables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements. The Company coordinates this planning and budgeting process with its financing activities through its capital management process.

The Company holds adequate cash and working capital to ensure sufficient liquidity is maintained. The following summarizes the maturity of the Company liabilities which are due within the twenty-four months following June 30, 2018:

			As of June 30, 2018		
		Total	**Anticipated settlement within one year**		**Anticipated settlement within two years**
Accounts payable and accrued liabilities	$	855,166	$	855,166	$ -
Other current liabilities		303,761		303,761	-
Forward currency contract		926,542		926,542	-
Derivative liability		2,629		-	2,629
Convertible debentures, net		162,120		-	162,120
Indemnification escrow payable		2,000,000		-	2,000,000
Bridging loan payable, net		20,206,252		20,206,252	-
	$	**24,456,470**	**$**	**22,291,721**	**$ 2,164,749**

The Company holds sufficient cash and working capital to ensure sufficient liquidity is maintained.

Foreign currency risk

The Company is exposed to foreign currency risk at the end of the reporting period through its Canadian dollar denominated bridging loan payable. As of June 30, 2018, a 10% depreciation or appreciation of the CAD against the USD would have resulted in an approximate $2.1 million decrease or increase, respectively, in total comprehensive income (loss). On an ongoing basis, the Company's CAD denominated revenues and operating expenses are also impacted by fluctuations in foreign currency exchange rates.

To mitigate the risk of foreign currency exchange rate fluctuations associated with the Canadian dollar denominated bridging loan payable, the Company entered into the following forward contract on February 23, 2018:

Notional amount:	CAD$25,579,231
Value date:	28 Sep 2018
Exchange rate:	1.2412

The following table summarizes the impact of the forward currency contract on the statements of operations and comprehensive (loss) during the three and six months ended June 30, 2018 and 2017:

	Three months ended June 30, *(Unaudited)*		**Six months ended June 30, *(Unaudited)***	
	2018	**2017**	**2018**	**2017**
Loss on forward currency contract	$ (376,015)	$ -	$ (926,542)	$ -
Gain on currency translation of bridging loan payable	247,017	-	925,986	-
Loss on escrowed funds	-	-	(106,838)	-
Foreign currency transaction losses, net	$ (128,998)	-	$ (107,394)	$ -

The foreign currency transaction losses, net is included under total other (expense) income, net in the condensed interim combined consolidated statements of operations and comprehensive (loss) income for the three and six months ended June 30, 2018 and 2017.

As of June 30, 2018, the Company maintains a margin deposit balance of $1,051,658 with Monex Canada Inc. which is presented separately in an account named margin deposit in the condensed interim combined consolidated statement of financial position.

Interest rate risk

At June 30, 2018, the Company has significant exposure to interest rate risk through its bridging loan payable, which bears interest at a rate of (i) BNS (Bank of Nova Scotia) Prime plus (ii) ten and eight tenths percent (10.8% per annum), for a total interest rate of 14.0%. Effective January 17, 2018, the BNS Prime rate increased from 3.20% to 3.45%, resulting in an increased interest rate of 14.25% for the bridging loan payable.

Market risk

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

Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets.

SCHEDULE "E"

SUMTRA DIVERSIFIED INC. FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2017 AND AUGUST 31, 2016

Financial Statements of

SUMTRA DIVERSIFIED INC.

For the Years Ended August 31, 2017 and 2016

(Expressed in Canadian dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Sumtra Diversified Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of **Sumtra Diversified Inc.**, which comprise the statements of financial position at August 31, 2017 and 2016, and the statements of loss 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 Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Sumtra Diversified Inc.** as at August 31, 2017 and 2016, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

SF Partnership, LLP

Toronto, Canada
October 20, 2017

LICENSED PUBLIC ACCOUNTANTS

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SUMTRA DIVERSIFIED INC.
Statements of Financial Position
As at August 31
(Expressed in Canadian Dollars)

		2017		2016
ASSETS				
Current				
Cash	$	**310,710**	$	396,702
Sundry assets and other receivables		**-**		16,774
	$	**310,710**	$	413,476
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	**13,606**	$	26,977
SHAREHOLDERS' EQUITY				
Capital stock (note 3)		**2,682,048**		2,682,048
Share-based payment reserves		**1,246,855**		1,246,855
Deficit		**(3,631,799)**		(3,542,404)
		297,104		386,499
	$	**310,710**	$	413,476

APPROVED ON BEHALF OF THE BOARD:

“Robert G. Shoniker"	“Jay A. Lefton"
(Director)	(Director)

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

SUMTRA DIVERSIFIED INC.
Statements of Loss and Comprehensive Loss
For The Years Ended August 31, 2017 and 2016
(Expressed in Canadian Dollars)

	2017	2016 (Note 9)
Revenues		
Interest	**$ 2,330**	$ 3,143
Expenses		
Professional fees	**41,175**	27,648
Shareholders' meetings	**13,764**	10,683
Transfer agent fees	**10,613**	12,079
Management fees (note 5)	**10,848**	10,848
Regulatory fees	**8,658**	8,334
Directors' fees (note 5)	**4,600**	3,800
Head office and corporate charges	**2,067**	14,245
	91,725	87,637
Net Loss and Comprehensive Loss	**$ (89,395)**	$ (84,494)
Loss per Share Basic and Diluted	**$ (0.01)**	$ (0.01)
Weighted Average Number of Shares Outstanding	**6,237,400**	6,237,400

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

SUMTRA DIVERSIFIED INC.
Statements of Changes In Equity
For The Years Ended August 31, 2017 and 2016
(Expressed in Canadian Dollars)

	Number of Shares	Common Shares	Share-based Payment Reserves	Deficit	Shareholders' Equity
Balance at August 31, 2015	6,237,400	$ 2,682,048	$ 1,246,855	$ (3,457,910)	$ 470,993
Net Loss	-	-	-	(84,494)	(84,494)
Balance at August 31, 2016	6,237,400	2,682,048	1,246,855	(3,542,404)	386,499
Net Loss	**-**	**-**	**-**	**(89,395)**	**(89,395)**
Balance at August 31, 2017	**6,237,400**	**$ 2,682,048**	**$ 1,246,855**	**$ (3,631,799)**	**$ 297,104**

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

SUMTRA DIVERSIFIED INC.
Statements of Cash Flows
For the Years ended August 31, 2017 and 2016
(Expressed in Canadian Dollars)

		2017		2016
Operating Activities:				
Net Loss	**$**	**(89,395)**	$	(84,494)
Changes in non-cash working capital:				
Sundry assets and other receivables		**16,774**		2,230
Accounts payable and accrued liabilities		**(13,371)**		10,330
Net Cash Used in Operating Activities		**(85,992)**		(71,934)
Net Decrease in Cash		**(85,992)**		(71,934)
Cash - Beginning of Year		**396,702**		468,636
Cash - End of Year	**$**	**310,710**	$	396,702

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

1. Nature of Business

Sumtra Diversified Inc. (the "Company") was formed by amalgamation on August 30, 1978 under the laws of the province of Ontario. The Company intends to carry on business as a "Capital Pool Corporation". The Company is listed on the NEX Exchange. The Company's registered address is 181 University Avenue, Suite 800, Toronto, ON, M5H 2X7.

2. Significant Accounting Policies

(a) Statement of Compliance with IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and on a historical cost convention. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(b) Basis of Presentation

The accounting policies set out below have been applied consistently to all periods presented in these statements.

The policies applied in these consolidated financial statements are based on IFRS issued as at October 20th, 2017, the date the Board of Directors approved these consolidated financial statements for issue.

Presentation of the statements of financial position differentiates between current and non-current assets and liabilities. The statements of loss and comprehensive loss are prepared using the nature of expense method.

(c) Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Canadian dollars, which is the reporting entity's functional currency.

(d) Measurement Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies to financial information presented. Actual results may differ from the estimates, assumptions and judgments made. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes made to estimates are reflected in the period the changes are made.

Significant areas requiring the use of estimates and assumptions include the review of asset carrying values, valuation of share-based payment reserves, and recoverability of deferred tax assets. By their nature, these estimates and assumptions are subject to measurement uncertainty, and the impact of changes in estimates in the financial statements of future periods could be material. These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings (loss) in the periods in which they become known.

2. Significant Accounting Policies (cont'd)

(e) Income Taxes

Income tax expense comprises current and deferred income taxes and is recognized in the statements of income (loss) except to the extent that it relates to items recognized directly in equity.

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(f) Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The purchase and sale of financial assets is recognized using trade date accounting. Financial liabilities are derecognized when the obligation is discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

2. Significant Accounting Policies (cont'd)

(f) Financial Instruments (cont'd)

(i) Financial assets and liabilities at fair value through profit or loss

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term or is so designated by the Company at initial recognition. Derivatives are also included in this category unless they are designated as hedges. The Company has designated cash under this category.

(i) Financial assets and liabilities at fair value through profit or loss

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of income (loss). Gains and losses arising from changes in fair value are presented in the statement of income within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit and loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

(ii) Available-for-sale Investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company at this time does not designate any assets as available-for-sale investments.

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income. Available-for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months.

Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the statement of income as part of interest income. Dividends on available-for-sale equity instruments are recognized in the statement of income as part of other gains and losses when the Company's right to receive payment is established. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of operations and included in other gains and losses.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment, if any. The Company has designated sundry assets and other receivables under this category.

2. Significant Accounting Policies (cont'd)

(f) Financial Instruments (cont'd)

(iv) Held to maturity investments

Held to maturity investments are non-derivative financial assets with no fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are measured originally at fair value and then subsequently at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, the financial asset is measured at the estimated present value of future cashflows discounted at the entity's original effective interest rate. Any changes to the carrying amount of the investment are recognized in the consolidated statements of income (loss). The Company at this time does not have any financial instruments in this category.

(v) Financial liabilities at amortized cost

Financial liabilities at amortized cost are recognized initially at the amount required to be paid less, when material, a discount to reduce the financial liabilities to fair value. Subsequently, the financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities. The Company at this time does not have any financial instruments in this category.

(vi) Other financial liabilities

Other financial liabilities are non-derivatives liabilities recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost each period. The Company has classified accounts payable and accrued liabilities as other financial liabilities.

(vii) Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

<u>Financial assets carried at amortized cost</u>

The loss is the difference between the amortized cost of the financial assets and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. The amount of the impairment is recognized in the consolidated statement of income.

<u>Available-for-sale financial assets</u>

The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of loss. This amount represents the cumulative loss in accumulated other comprehensive loss that is reclassified to net loss.

Impairment losses on available-for-sale equity instruments are not reversed.

2. Significant Accounting Policies (cont'd)

(g) Income per Common Share

Basic income per share ("EPS") is calculated by dividing the net earnings available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted EPS is calculated using the treasury stock method, which assumes that all outstanding stock options with an exercise price below the average market price during the year are exercised and the assumed proceeds are used to purchase the Company's common shares at the average market price during the year. Due to the loss for the years presented, all potential common shares outstanding are considered anti-dilutive and are excluded from the calculation of diluted loss per share.

(h) Stock-based Compensation

The Company has a stock-based compensation plan, which is described in note 3. The Company follows IFRS 2 (Share Based Payments) of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook under which the fair value of stock options to employees and directors is recognized as an expense. The fair value of the options issued by the Company is determined using the Black-Scholes option pricing model. This model requires the use of subjective assumptions, including expected stock price volatility.

(i) Share-based Payment Reserves

Share-based payment reserves include premiums on shares issued, credits resulting from redemption or conversion of shares, fair value of stock options issued to employees and directors, unclaimed dividends, and any other contribution by shareholders in excess of amounts allocated to share capital.

(j) Revenue Recognition

The Company recognizes interest revenue when interest accrues on investments.

(k) Non-monetary Transactions

Transactions with no cash consideration are measured at the fair value of either the asset given up or the asset received, whichever is more reliably determinable.

(l) Comprehensive Income or Loss

Comprehensive income or loss is the change in equity of an enterprise during a period from transactions, events and circumstances other than those under the control of management and the owners. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company reports comprehensive income or loss in its consolidated statements of income and comprehensive income and in its consolidated statements of changes in equity.

Comprehensive income or loss represents the change in net equity for the period that arises from unrealized gains and losses on available-for-sale financial instruments. Amounts included in other comprehensive income or loss are shown net of tax.

The Company does not have any comprehensive income or loss items other than net income or loss.

2. Significant Accounting Policies (cont'd)

(m) New Accounting Standards

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended August 31, 2017, and have not been applied in preparing these consolidated financial statements. The following standards and interpretations have been issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committees with effective dates relating to the annual accounting periods starting on or after the effective dates as follows:

Financial Reporting Standards		Effective Date
IFRS 9 – Financial Instruments	IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.	January 1, 2018
IFRS 15 – Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers, which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS.	January 1, 2018

2. Significant Accounting Policies (cont'd)

(m) New Accounting Standards (cont'd)

Financial Reporting Standards		Effective Date
IFRS 16 - Leases	This standard replaces IAS 17 Leases. This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is that lessees and lessors provide relevant information in a manner that faithfully represents lease transactions and gives a basis for users of financial statements to assess its effect on the financial position, financial performance and cash flows of an entity.	January 1, 2019

The Company is in the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt the new requirements.

3. Share Capital

(a) Authorized
Unlimited common shares

	2017	2016
Issued and outstanding 6,237,400 common shares	**$ 2,682,048**	$ 2,682,048

(b) Stock Options

The maximum number of common shares that may be reserved for issuance to any one person under the plan is 10% of the common shares outstanding at the time of the grant.

In fiscal 2017, the Company recognized stock-based compensation expense of $nil (2016 - $nil).

	Number	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
Balance, August 31, 2016 and 2017	**623,740**	**$ 0.05**	**623,740**	**$ 0.05**

4. Income Taxes

In assessing the realization of the Company's deferred income tax assets, management considers whether it is probable that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax assets considered realizable could change materially in the near term based on future taxable income generated during the carry-forward period.

a) Deferred Income Tax Assets and Liabilities

No deferred tax asset has been recognized as the Company is reflecting uncertainties associated with realization of all deferred income tax assets.

The significant components of the Company's deferred tax assets are as follows:

	2017	2016
Non-capital tax losses carried forward	**$ 138,000**	$ 114,000
Other	**500**	500
	$ 138,500	$ 92,500

There were no deferred income tax liabilities as at August 31, 2017.

b) Non-capital Losses

As at August 31, 2017 the Company can carry forward non-capital losses to reduce taxable income in future years of $520,500 expiring as follows:

Year	Amount
2029	$ 18,500
2030	62,000
2031	69,000
2032	73,000
2033	56,000
2034	67,000
2036	85,000
2037	90,000
	$ 520,500

4. Income Taxes (continued)

c) Current Income Tax Reconciliation

		2017		2016
Income tax expense (recovery) based on the combined Federal and provincial income tax rate of 26.50% (2016 – 26.50%)	**$**	**(23,700)**	$	(22,000)
Temporary differences		**(100)**		(500)
Benefit of losses carried forward		**23,800**		22,500
Income taxes (recovery)	**$**	**-**	$	-

5. Related Party Transaction

During the current year, $10,848 (2016 - $10,848) was paid for management fees to a shareholder, who is also an officer of the Company, and $4,600 (2016 - $3,800) was paid as remuneration to directors.

These transactions are recorded at the exchange amount agreed to by the parties and are in the normal course of business.

6. Segmented Information

The Company operates in one reportable segment. Segments are defined as components for which separate financial information is available and is regularly evaluated by the chief operating decision maker.

7. Financial Instruments

(a) Fair Value

IFRS 7 establishes a fair value hierarchy that reflects significance of inputs in measuring fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. process) or indirectly (i.e. derived from process); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments at fair value consist of cash, which is designated as Level 1. The fair value of the financial instruments approximates their carrying values due to their short-term nature.

(b) Financial Risk Management

Unless otherwise noted it is management's opinion that the Company is not exposed to significant credit, liquidity, interest or currency risks arising from its financial instruments.

SUMTRA DIVERSIFIED INC.
Notes to Financial Statements
For the Years Ended August 31, 2017 and 2016

8. Capital Disclosure

The Company's objectives when managing capital is to ensure that the Company can continue as a going concern. This requires the Company to obtain sufficient cash to maintain its day to day operations. The Company considers items included in shareholders' equity to be capital.

	2017	2016
Cash	**$ 310,710**	$ 396,702
Total equity	**$ 297,104**	$ 386,499

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

9. Comparative Amounts

Certain amounts presented for the year ended August 31, 2016 have been reclassified to conform to the presentation adopted in the current year.

SCHEDULE "F"

SUMTRA DIVERSIFIED INC. FINANCIAL STATEMENTS FOR THE FOR THE NINE MONTHS ENDED MAY 31, 2018

Financial Statements of

SUMTRA DIVERSIFIED INC.

For the Nine Months Ended May 31, 2018 and 2017

(Expressed in Canadian dollars)

SUMTRA DIVERSIFIED INC.
Statements of Financial Position
As at May 31, 2018 and August 31, 2017
(Expressed in Canadian Dollars)

	May 31, 2018	August 31, 2017
ASSETS		
Current		
Cash	**$ 261,998**	$ 310,710
	$ 261,998	$ 310,710
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 904**	$ 13,606
SHAREHOLDERS' EQUITY		
Capital stock (note 3)	**2,682,048**	2,682,048
Share-based payment reserves	**1,246,855**	1,246,855
Deficit	**(3,667,809)**	(3,631,799)
	261,094	297,104
	$ 261,998	$ 310,710

APPROVED ON BEHALF OF THE BOARD:

"Robert G. Shoniker" (Director)

"Jay A. Lefton" (Director)

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

SUMTRA DIVERSIFIED INC.
Statements of Loss and Comprehensive Loss
For The Nine Months Ended May 31, 2018 and 2017
(Expressed in Canadian Dollars)

	3 months Ended May 31, 2018	3 months Ended May 31, 2017	**9 months Ended May 31, 2018**	9 months Ended May 31, 2017
Revenues				
Interest	**$ 703**	$ 573	**2,213**	$1,924
Expenses				
Professional fees	**566**	300	**5,193**	28,469
Shareholders' meetings	**-**	1,466	**865**	13,764
Transfer agent fees	**3,156**	3,059	**9,543**	7,606
Management fees (note 5)	**2,712**	2,712	**8,136**	8,136
Regulatory fees	**-**	-	**7,346**	7,246
Directors' fees (note 5)	**1,200**	600	**5,800**	4,000
Head office and corporate charges	**342**	341	**1,340**	1,761
	7,976	8,478	**38,223**	70,982
Net Loss and Comprehensive Loss	**$ (7,273)**	$ (7,905)	**$ (36,010)**	$ (69,058)
Loss per Share Basic and Diluted	**$ (0.001)**	$ (0.001)	**$ (0.006)**	$ (0.01)
Weighted Average Number of Shares Outstanding	**6,237,400**	6,237,400	**6,237,400**	6,237,400

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

SUMTRA DIVERSIFIED INC.
Statements of Changes In Equity
For The Nine Months Ended May 31, 2018 and 2017
(Expressed in Canadian Dollars)

	Number of Shares	Common Shares	Share-based Payment Reserves	Deficit	Shareholders' Equity
Balance at August 31, 2016	6,237,400	$ 2,682,048	$ 1,246,855	$ (3,542,404)	$ 386,499
Net Loss	-	-	-	(69,058)	(69,058)
Balance May 31, 2017	6,237,400	2,682,048	1,246,855	(3,611,462)	317,441
Balance at August 31, 2017	**6,237,400**	**$ 2,682,048**	**$ 1,246,855**	**$ (3,631,799)**	**$ 297,104**
Net Loss				**(36,010)**	**(36,010)**
Balance May 31, 2018	**6,237,400**	**$ 2,682,048**	**$ 1,246,855**	**$ (3,667,809)**	**$ 261,094**

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

SUMTRA DIVERSIFIED INC.
Statements of Cash Flows
For the Nine Months ended May 31, 2018 and 2017
(Expressed in Canadian Dollars)

	3 months Ended May 31, 2018	3 months Ended May 31, 2017	**9 months Ended May 31, 2018**	9 months Ended May 31, 2017
Operating Activities:				
Net Loss	**$(7,273)**	$(7,905)	**$(36,010)**	$(69,058)
Changes in non-cash working capital:				
Sundry Assets and other receivables				16,774
Accounts payable and accrued liabilities		1,304	**(12,702)**	(25,673)
Net Cash Used in Operating Activities	**(7,273)**	(6,601)	**(48,712)**	(77,957)
Net Decrease in Cash	**(7,273)**	(6,601)	**(48,712)**	(77,957)
Cash - Beginning of Period	**269,271**	325,346	**310,710**	396,702
Cash - End of Period	**$261,998**	$318,745	**$261,998**	$318,745

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

1. Nature of Business

Sumtra Diversified Inc. (the "Company") was formed by amalgamation on August 30, 1978 under the laws of the province of Ontario. The Company is listed on the NEX Exchange and currently does not carry on any commercial activity. The Company's registered address is 181 University Avenue, Suite 800, Toronto, ON, M5H 2X7. See note 10 regarding a letter of intent dated January 10, 2018.

2. Significant Accounting Policies

(a) Statement of Compliance with IFRS

These interim financial statements have been prepared in accordance with International Accounting Standard34, International Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and on a basis consistent with the accounting policies disclosed in the annual audited financial statements for the year ended August 31, 2017.

(b) Basis of Presentation

The accounting policies set out below have been applied consistently to all periods presented in these statements.

The policies applied in these financial statements are based on IFRS issued as at October 20th, 2017, the date the Board of Directors approved these consolidated financial statements for issue.

Presentation of the statements of financial position differentiates between current and non-current assets and liabilities. The statements of loss and comprehensive loss are prepared using the nature of expense method.

(c) Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Canadian dollars, which is the reporting entity's functional currency.

(d) Measurement Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies to financial information presented. Actual results may differ from the estimates, assumptions and judgments made. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes made to estimates are reflected in the period the changes are made.

Significant areas requiring the use of estimates and assumptions include the review of asset carrying values, valuation of share-based payment reserves, and recoverability of deferred tax assets. By their nature, these estimates and assumptions are subject to measurement uncertainty, and the impact of changes in estimates in the financial statements of future periods could be material. These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings (loss) in the periods in which they become known.

2. Significant Accounting Policies (cont'd)

(e) Income Taxes

Income tax expense comprises current and deferred income taxes and is recognized in the statements of income (loss) except to the extent that it relates to items recognized directly in equity.

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(f) Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The purchase and sale of financial assets is recognized using trade date accounting. Financial liabilities are derecognized when the obligation is discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

2. Significant Accounting Policies (cont'd)

(f) Financial Instruments (cont'd)

(i) Financial assets and liabilities at fair value through profit or loss

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term or is so designated by the Company at initial recognition. Derivatives are also included in this category unless they are designated as hedges. The Company has designated cash under this category.

(i) Financial assets and liabilities at fair value through profit or loss

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of income (loss). Gains and losses arising from changes in fair value are presented in the statement of income within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit and loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

(ii) Available-for-sale Investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company at this time does not designate any assets as available-for-sale investments.

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income. Available-for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months.

Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the statement of income as part of interest income. Dividends on available-for-sale equity instruments are recognized in the statement of income as part of other gains and losses when the Company's right to receive payment is established. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of operations and included in other gains and losses.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment, if any. The Company has designated sundry assets and other receivables under this category.

2. **Significant Accounting Policies** (cont'd)

(f) Financial Instruments (cont'd)

(iv) Held to maturity investments

Held to maturity investments are non-derivative financial assets with no fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are measured originally at fair value and then subsequently at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, the financial asset is measured at the estimated present value of future cashflows discounted at the entity's original effective interest rate. Any changes to the carrying amount of the investment are recognized in the consolidated statements of income (loss). The Company at this time does not have any financial instruments in this category.

(v) Financial liabilities at amortized cost

Financial liabilities at amortized cost are recognized initially at the amount required to be paid less, when material, a discount to reduce the financial liabilities to fair value. Subsequently, the financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities. The Company at this time does not have any financial instruments in this category.

(vi) Other financial liabilities

Other financial liabilities are non-derivatives liabilities recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost each period. The Company has classified accounts payable and accrued liabilities as other financial liabilities.

(vii) Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

Financial assets carried at amortized cost

The loss is the difference between the amortized cost of the financial assets and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. The amount of the impairment is recognized in the consolidated statement of income.

Available-for-sale financial assets

The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of loss. This amount represents the cumulative loss in accumulated other comprehensive loss that is reclassified to net loss.

Impairment losses on available-for-sale equity instruments are not reversed.

2. Significant Accounting Policies (cont'd)

(g) Income per Common Share

Basic income per share ("EPS") is calculated by dividing the net earnings available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted EPS is calculated using the treasury stock method, which assumes that all outstanding stock options with an exercise price below the average market price during the year are exercised and the assumed proceeds are used to purchase the Company's common shares at the average market price during the year. Due to the loss for the years presented, all potential common shares outstanding are considered anti-dilutive and are excluded from the calculation of diluted loss per share.

(h) Stock-based Compensation

The Company has a stock-based compensation plan, which is described in note 3. The Company follows IFRS 2 (Share Based Payments) of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook under which the fair value of stock options to employees and directors is recognized as an expense. The fair value of the options issued by the Company is determined using the Black-Scholes option pricing model. This model requires the use of subjective assumptions, including expected stock price volatility.

(i) Share-based Payment Reserves

Share-based payment reserves include premiums on shares issued, credits resulting from redemption or conversion of shares, fair value of stock options issued to employees and directors, unclaimed dividends, and any other contribution by shareholders in excess of amounts allocated to share capital.

(j) Revenue Recognition

The Company recognizes interest revenue when interest accrues on investments.

(k) Non-monetary Transactions

Transactions with no cash consideration are measured at the fair value of either the asset given up or the asset received, whichever is more reliably determinable.

(l) Comprehensive Income or Loss

Comprehensive income or loss is the change in equity of an enterprise during a period from transactions, events and circumstances other than those under the control of management and the owners. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company reports comprehensive income or loss in its consolidated statements of income and comprehensive income and in its consolidated statements of changes in equity.

Comprehensive income or loss represents the change in net equity for the period that arises from unrealized gains and losses on available-for-sale financial instruments. Amounts included in other comprehensive income or loss are shown net of tax.

The Company does not have any comprehensive income or loss items other than net income or loss.

2. Significant Accounting Policies (cont'd)

(m) New Accounting Standards

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended August 31, 2017, and have not been applied in preparing these consolidated financial statements. The following standards and interpretations have been issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committees with effective dates relating to the annual accounting periods starting on or after the effective dates as follows:

Financial Reporting Standards		Effective Date
IFRS 9 – Financial Instruments	IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.	January 1, 2018
IFRS 15 – Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers, which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS.	January 1, 2018

2. Significant Accounting Policies (cont'd)

(m) New Accounting Standards (cont'd)

Financial Reporting Standards		Effective Date
IFRS 16 - Leases	This standard replaces IAS 17 Leases. This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is that lessees and lessors provide relevant information in a manner that faithfully represents lease transactions and gives a basis for users of financial statements to assess its effect on the financial position, financial performance and cash flows of an entity.	January 1, 2019

The Company is in the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt the new requirements.

3. Share Capital

(a) Authorized
Unlimited common shares

	2018	2017
Issued and outstanding 6,237,400 common shares	**$ 2,682,048**	$ 2,682,048

(b) Stock Options

The maximum number of common shares that may be reserved for issuance to any one person under the plan is 10% of the common shares outstanding at the time of the grant.

In fiscal 2017, the Company recognized stock-based compensation expense of $nil (2016 - $nil).

	Number	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
Balance, May 31, 2017 and 2018	**623,740**	**$ 0.05**	**623,740**	**$ 0.05**

4. Income Taxes

In assessing the realization of the Company's deferred income tax assets, management considers whether it is probable that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax assets considered realizable could change materially in the near term based on future taxable income generated during the carry-forward period.

a) Deferred Income Tax Assets and Liabilities

No deferred tax asset has been recognized as the Company is reflecting uncertainties associated with realization of all deferred income tax assets.

The significant components of the Company's deferred tax assets are as follows:

	2017	2016
Non-capital tax losses carried forward	**$ 138,000**	$ 114,000
Other	**500**	500
	$ 138,500	$ 114,500

There were no deferred income tax liabilities as at August 31, 2017.

b) Non-capital Losses

As at August 31, 2017 the Company can carry forward non-capital losses to reduce taxable income in future years of $520,500 expiring as follows:

Year	Amount
2029	$ 18,500
2030	62,000
2031	69,000
2032	73,000
2033	56,000
2034	67,000
2036	85,000
2037	90,000
	$ 520,500

4. Income Taxes (continued)

c) Current Income Tax Reconciliation

		2017		2016
Income tax expense (recovery) based on the combined Federal and provincial income tax rate of 26.50% (2016 – 26.50%)	**$**	**(23,700)**	$	(22,000)
Temporary differences		**(100)**		(500)
Benefit of losses carried forward		**23,800**		22,500
Income taxes (recovery)	**$**	**-**	$	-

5. Related Party Transaction

During the current period, $8,136 (2017 - $8,136) was paid for management fees to a shareholder, who is also an officer of the Company, and $5,800 (2017 - $4,000) was paid as remuneration to directors.

These transactions are recorded at the exchange amount agreed to by the parties and are in the normal course of business.

6. Segmented Information

The Company operates in one reportable segment. Segments are defined as components for which separate financial information is available and is regularly evaluated by the chief operating decision maker.

7. Financial Instruments

(a) Fair Value

IFRS 7 establishes a fair value hierarchy that reflects significance of inputs in measuring fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. process) or indirectly (i.e. derived from process); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments at fair value consist of cash, which is designated as Level 1. The fair value of the financial instruments approximates their carrying values due to their short-term nature.

(b) Financial Risk Management

Unless otherwise noted it is management's opinion that the Company is not exposed to significant credit, liquidity, interest or currency risks arising from its financial instruments.

8. Capital Disclosure

The Company's objectives when managing capital is to ensure that the Company can continue as a going concern. This requires the Company to obtain sufficient cash to maintain its day to day operations. The Company considers items included in shareholders' equity to be capital.

	May 31, 2018	Aug. 31,2017
Cash	**$ 261,998**	$ 310,710
Total equity	**$ 261,094**	$ 297,104

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

9. Comparative Amounts

Certain amounts presented for the year ended August 31, 2017 have been reclassified to conform to the presentation adopted in the current year.

10. Letter of Intent

On January 10, 2018 the Company entered into a binding letter of intent to acquire a 100% interest in MJAR Holdings, LLC in a business combination transaction that would constitute a reverse take-over and change control of the Company(the "Proposed Transaction"). As well on May 22, 2018 the Company entered into an amendment to the binding letter of Intent which included changes to extend the time required to finalize the terms of the Proposed Transaction and enter into the definitive agreement and the addition of a provision granting a "break fee" of $200,000 to the Company in certain circumstances. The documentation related to the Proposed transaction has been filed on SEDAR.

The closing of the Proposed Transaction is subject to the execution of definitive documentation, the completion of due diligence, and the receipt of all necessary regulatory, shareholder, and third party consents and approvals.

SCHEDULE "G"

SUMTRA DIVERSIFIED INC. MD&A FOR THE YEARS AUGUST 31, 2017 AND AUGUST 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
As at August 31, 2017
Date: October20 , 2017

The following discussion and analysis provide a review of activities, results of operations and financial condition of Sumtra Diversified Inc. (the "Company") for the year ended August 31, 2017 in comparison with those for the year ended August 31, 2016. It should be read in conjunction with the audited Financial Statements and accompanying notes of the Company for the respective years ended August 31, 2017 and August 31, 2016.

Results of continuing operations of the core business

During the year ended August 31, 2017, the Company incurred expenses of $91,725 compared with $87,637 for the corresponding year ended August 31, 2016. The increase was mainly due to professional fees related to a potential takeover transaction.

Revenue decreased to $2,330 for the year ended August 31, 2017 from $3,143 for the year ended August 31, 2016.

The net loss for the year ended August 31, 2017 was $(89,395) compared to a net loss of $(84,494) for the year ended August 31, 2016.

Two Year Quarterly Financial Information (Figures in thousands except per share amounts)

Quarter	**Revenue**	**Net (Loss)**	**Net(Loss)per share**	
2017				
Q4	-	(20)	$ (0.003)	
Q3	1	(8)	$ (0.001)	
Q2	-	(32)	$ (0.005)	
Q1	1	(29)	$ (0.004)	
2016				
Q4	-	(26)	$ (0.003)	
Q3	1	(11)	$ (0.002)	
Q2	1	(34)	$ (0.006)	
Q1	1	(13)	$ (0.002)	

Working Capital and Liquidity

Working capital, the excess of current assets over current liabilities, decreased to $297,104 at August 31, 2017 compared to $386,499 at August 31, 2016. The Company has no current plans for any major expenditures going forward and is maintaining its cash resources in secure short-term bank certificates of deposit to ensure cash is available to fund current operating overheads.

Outstanding Share Data

The Company has an unlimited number of authorized common shares.

The number of issued and outstanding common shares at August 31, 2017 was 6,237,400.

Selected Annual Information

	Selected Annual Information		
	Aug-31 2017	Aug-31 2016	Aug-31 2015
Total Revenue	$ 2,330	$ 3,143	$ 702,959
Net Income (Loss)	$ (89,395)	$ (84,494)	$ 322,621
Income (Loss) per share-Basic and Diluted	$ (0.01)	$ (0.01)	$ 0.05
Total assets	$ 310,710	$ 413,476	$ 487,640
Total non-current financial liabilities	$ nil	$ nil	$ nil
Cash dividends declared per-share	$ nil	$ nil	$ nil

Related Party Transactions

During the year ended August 31, 2017 $10,848 (2016 - $10,848) was paid for routine corporate secretarial and accounting services to a shareholder and officer of the Company.

Investor Relations

Investor Relations activities during the period consisted of providing investor and broker information in response to inquiries. Additional information relating to the Company is available on SEDAR at www.sedar.com.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
As at August 31, 2016
Date: November 18 , 2016

The following discussion and analysis provide a review of activities, results of operations and financial condition of Sumtra Diversified Inc. (the "Company") for the year ended August 31, 2016 in comparison with those for the year ended August 31, 2015. It should be read in conjunction with the audited Consolidated Financial Statements and accompanying notes of the Company for the respective years ended August 31, 2016 and August 31, 2015.

Results of continuing operations

During the year ended August 31, 2016, the Company incurred expenses of $87,637 compared with $128,968 for the corresponding year ended August 31, 2015. The decrease was mainly due to real estate commission fees of $34,931 related to the sale of land in 2015.

Revenue decreased to $3,143 for the year ended August 31, 2016 from $702,959 for the year ended August 31, 2015. The decrease was related to the proceeds on the land sale of $698,625 in 2015.

The loss before income tax for the year ended August 31, 2016 amounted to $(84,494), which compared with the year ended August 31, 2015 net income before income tax of $355,621. The decrease was the result of the aforementioned sale of land.

The net loss after accounting for income tax of $nil for the year ended August 31, 2016 was $(84,494) compared to net income of $322,621 after income tax of $33,000 for the year ended August 31, 2015.

Two Year Quarterly Financial Information (Figures in thousands except per share amounts)

Quarter	**Revenue**	**Net Income (Loss)**	**Net Income (Loss) per share**	
2016				
Q4	-	(26)	$ (0.003)	
Q3	1	(11)	$ (0.002)	
Q2	1	(34)	$ (0.006)	
Q1	1	(13)	$ (0.002)	
2015				
Q4	1	(28)	$ (0.003)	
Q3	1	(24)	$ (0.003)	
Q2	1	(15)	$ (0.002)	
Q1	699	390	$ 0.06	

Working Capital and Liquidity

Working capital, the excess of current assets over current liabilities, decreased to $386,499 at August 31, 2016 compared to $470,993 at August 31, 2015. The Company has no current plans for any major expenditures going forward and is maintaining its cash resources in secure short-term bank certificates of deposit to ensure cash is available to fund current operating overheads.

Land held for resale

The Company and a joint venture partner owned two building lots totaling six acres in the City of Guelph and sold the land on September 3, 2014.

Capital Transactions

During the year ended August 31, 2015, 60,000 stock options were issued and allocated to directors and officers. This issuance was ratified on April 21, 2015 at the Company's Annual and Special Shareholders' meeting.
As well, at the same meeting, the resolution proposing to reduce the option price for all the 623,740 exercisable options from $0.10 to $0.05 per share for the balance of the remaining term of the options was approved.
During the year ended August 31, 2015 the Company recognized Stock Compensation expense of $2,725 relating to the 60,000 options granted and the exercise price amendment for all the 623,740 exercisable options. The total amount of $2,725 was recognized as Directors' fees during the year ended August 31, 2015.

Outstanding Share Data

The Company has an unlimited number of authorized common shares.

The number of issued and outstanding common shares at August 31, 2016 was 6,237,400.

Selected Annual Information

	Selected Annual Information		
	Aug-31 2016	Aug-31 2015	Aug-31 2014
Total Revenue	$ 3,143	$ 702,959	$ 87,019
Net Income (Loss)	$ (84,494)	$ 322,621	$ 51,861
Income (Loss) per share-Basic and Diluted	$ (0.01)	$ 0.05	$ 0.01
Total assets	$ 413,476	$ 487,640	$ 254,397
Total non-current financial liabilities	$ nil	$ nil	$ nil
Cash dividends declared per-share	$ nil	$ nil	$ nil

Related Party Transactions

During the year ended August 31, 2016 $9,600 (2015 - $9,600) was paid for routine corporate secretarial and accounting services to a shareholder and officer of the Company.

HST Reassessment

During the year ended August 31,2016 the Company received an HST reassessment denying any input tax credit rebates commencing December 1, 2014. As a result the Company has written off and set up as a liability $7,163 related to the year ended August 31, 2015 and as well, has written off $6,125 of sundry receivables related to the current year. The total of $13,228 has been included in Head office and corporate charges in the current fiscal year. The Company has filed a Notice of Objection with the Canada Revenue Agency.

Subsequent Event

On October 11, 2016 the Company announced it has entered into a letter of intent to acquire a 100% interest in Hygea Holdings Corp. in a reverse takeover transaction. It is expected that the transaction will be completed by way of a plan of arrangement under the Business Corporations Act (Ontario) and that the completion of the transaction would constitute a reverse take-over and change of control of the Company.

The closing of this transaction is subject to various conditions, including due diligence, and shareholder and regulatory approval, as well as Hygea obtaining certain financings.

Investor Relations

Investor Relations activities during the period consisted of providing investor and broker information in response to inquiries. Additional information relating to the Company is available on SEDAR at www.sedar.com.

SCHEDULE “H”

SUMTRA DIVERSIFIED INC. MD&A FOR THE NINE MONTHS ENDED MAY 31, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
As at May 31, 2018
Date: July 11, 2018

The following discussion and analysis provide a review of activities, results of operations and financial condition of Sumtra Diversified Inc. (the "Company") for the nine months ended May 31, 2018 in comparison with those for the nine months ended May 31, 2017. It should be read in conjunction with the audited Financial Statements and accompanying notes of the Company for the respective years ended August 31, 2017 and August 31, 2016.

Results of continuing operations of the core business

During the nine months ended May 31, 2018, the Company incurred expenses of $38,223 compared with $70,982 for the corresponding nine months ended May 31, 2017. The decrease was due in large part to the fact that the Company incurred significantly less in professional fees in the most recent nine month period by comparison to the prior period. The prior period included professional fees related to a potential business combination transaction.

Revenue increased to $2,213 for the nine months ended May 31, 2018 from $1,924 for the nine months ended May 31, 2017.

The net loss for the nine months ended May 31, 2018 was $(36,010) compared to a net loss of $(69,058) for the nine months ended May 31, 2017.

Two Year Quarterly Financial Information (Figures in thousands except per share amounts)

Quarter	**Revenue**	**Net (Loss)**	**Net(Loss)per share**	
2018				
Q3	-	(7)	$ (0.001)	
Q2	1	(12)	$ (0.002)	
Q1	1	(17)	$ (0.003)	
2017				
Q4	-	(20)	$ (0.003)	
Q3	1	(8)	$ (0.001)	
Q2	-	(32)	$ (0.005)	
Q1	1	(29)	$ (0.004)	
2016				
Q4	-	(26)	$ (0.003)	

Working Capital and Liquidity

Working capital, the excess of current assets over current liabilities, decreased to $261,094 at May 31, 2018 compared to $297,104 at August 31, 2017. The Company has no current plans for any major expenditures going forward and is maintaining its cash resources in secure short-term bank certificates of deposit to ensure cash is available to fund current operating overheads.

Outstanding Share Data

The Company has an unlimited number of authorized common shares.

The number of issued and outstanding common shares at May 31, 2018 was 6,237,400.

Selected Annual Information

	Selected Annual Information					
		Aug-31 2017		Aug-31 2016		Aug-31 2015
Total Revenue	$	2,330	$	3,143	$	702,959
Net Income (Loss)	$	(89,395)	$	(84,494)	$	322,621
Income (Loss) per share-Basic and Diluted	$	(0.01)	$	(0.01)	$	0.05
Total assets	$	310,710	$	413,476	$	487,640
Total non-current financial liabilities	$	nil	$	nil	$	nil
Cash dividends declared per-share	$	nil	$	nil	$	nil

Related Party Transactions

During the nine months ended May 31, 2018 $8,136 (2017 - $8,136) was paid for routine corporate secretarial and accounting services to a shareholder and officer of the Company.

Letter of Intent

On January 10, 2018 the Company entered into a binding letter of intent to acquire a 100% interest in MJAR Holdings, LLC in a business combination transaction that would constitute a reverse take-over and change control of the Company (the "Proposed Transaction"). As well on May 22, 2018 the Company entered into an amendment to the binding letter of intent, which included changes to extend the time required to finalize the terms of the Proposed Transaction and enter into the definitive agreement, and the addition of a provision granting a "break fee" of $200,000 to the Company in certain circumstances. The documentation related to the Proposed Transaction has been filed on SEDAR.

The closing of the Proposed Transaction is subject to the execution of definitive documentation, the completion of due diligence, and the receipt of all necessary regulatory, shareholder, and third party consents and approvals.

Investor Relations

Investor Relations activities during the period consisted of providing investor and broker information in response to inquiries. Additional information relating to the Company is available on SEDAR at www.sedar.com.

SCHEDULE "I"

CONSOLIDATED PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER

SUMTRA DIVERSIFIED INC.
AND
MJAR HOLDINGS CORP.

PROFORMA COMBINED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2018

and year ended December 31, 2017

(*Expressed in United States dollars*)

(Unaudited)

PRO FORMA COMBINED CONSOLIDATED FINANCIAL STATEMENTS:

MJAR Holdings Corp.
Pro Forma Combined Consolidated Statement of Financial Position
As at June 30, 2018
(Expressed in United States dollars)
(Unaudited)

	MJAR Holdings Corp. as of June 30, 2018	Sumtra Diversified Inc. as of May 31, 2018	Note Ref.	Pro Forma Adjustments	Pro Forma Consolidated
Assets					
Current assets					
Cash and cash equivalents	$ 1,383,454	$ 199,998	2(c)	$ 16,290,572	$
			2(c)	(1,420,254)	16,453,770
Accounts receivable, net	182,437	-		-	182,437
Subscriptions receivable	-	-		-	-
Margin deposit	1,051,658	-		-	1,051,658
Due from affiliates	7,520,981	-		-	7,520,981
Prepaid expenses and other current assets	601,290	-		-	601,290
Total current assets	10,739,820	199,998		14,870,318	25,810,136
Non-current assets					
Property and equipment, net	7,180,198	-		-	7,180,198
Escrow receivable	2,000,000	-		-	2,000,000
Goodwill	17,692,568	-		-	17,692,568
Notes Receivable	16,207,432	-		-	16,207,432
Other non-current assets	485,909	-		-	485,909
Total assets	$ **54,305,927**	$ **199,998**		$ **14,870,318**	$ **69,376,243**
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	855,166	690.00		-	855,856
Forward currency contract	926,542			-	926,542
Other current liabilities	303,761	-		-	303,761
Bridging loan payable, net	20,206,252	-		-	20,206,252
Total current liabilities	22,291,721	690		-	22,292,411
Non-current liabilities					
Escrow payable	2,000,000	-		-	2,000,000
Derivative liability	2,629	-		-	2,629
Convertible Debentures, net	162,120	-	2(b)	(162,120)	-
Total liabilities	$ **24,456,470**	**$ 690**		**$ (162,120)**	**$ 24,295,040**
Shareholders equity					
Share capital	38,552,062	2,047,365	2(b)	162,120	
			2(a)	(2,047,365)	
			2(a)	1,995,242	
			2(c)	16,290,572	
			2(c)	(1,420,254)	
			2(c)	(854,293)	54,725,449
Accumulated Deficit	(9,443,563)	(2,799,855)	2(a)	2,799,855	
			2(a)	(1,795,934)	(11,239,497)
Share-based payment reserves	846,532	951,798	2(c)	854,293	
			2(a)	(951,798)	1,700,825
Accumulated other comprehensive loss	(75,230)	-		-	(75,230)
Non-controlling Interests	(30,344)	-		-	(30,344)
Total members' equity	**$ 29,849,457**	$ **199,308**		$ **15,032,438**	$ **45,081,203**
Total liabilities and members' equity	**$ 54,305,927**	**$ 199,998**		**$ 14,870,318**	**$ 69,376,243**

MJAR Holdings Corp.
Pro Forma Combined Consolidated Statement of Operations and Comprehensive Loss
For the Six Months Ended June 30, 2018
(Expressed in United States dollars)
(Unaudited)

	MJAR Holdings Corp. for the Six Months Ended June 30, 2018	Sumtra Diversified Inc. for the Six Months Ended May 31, 2018	Note Ref.	Pro Forma Adjustments	Pro Forma Consolidated
Revenue	$ 9,870,410	$ 1,050		$ -	$ 9,871,460
Operating Expenses:					
Compensation and benefits	7,277,702	-		-	7,277,702
Sales, general and administrative	937,248	-		-	937,248
Software development and maintenance	107,690	-		-	107,690
Depreciation and amortization	26,547	-		-	26,547
Professional fees	795,825	731		-	796,556
Shareholders' meetings	-	184		-	184
Transfer agent fees	-	4,667		-	4,667
Management fees	-	4,140		-	4,140
Regulatory fees	-	2,156		-	2,156
Directors' fees	-	2,748		-	2,748
Head office and corporate charges	-	614		-	614
Total operating expenses	9,145,012	15,240		-	9,160,252
Earnings before interest and other, net	725,398	(14,190)			711,208
Change in fair value of derivative liability	475,560	-		-	475,560
Restructuring charge	(3,429,864)	-		-	(3,429,864)
Interest expense	(2,436,121)	-		-	(2,436,121)
Listing expense	-	-	2(a)	(1,795,934)	(1,795,934)
Foreign currency transaction losses, net	(107,394)	-			(107,394)
Total other (expense) income, net	(5,497,819)	-		(1,795,934)	(7,293,753)
Loss before provision for income taxes, non-controlling interests and comprehensive income	(4,772,421)	(14,190)		(1,795,934)	(6,582,545)
Provision for income taxes	-	-		-	-
Net loss before other comprehensive loss and non-controlling interest	**(4,772,421)**	**(14,190)**		**(1,795,934)**	**(6,582,545)**
Other comprehensive loss					
Foreign currency translation adjustment	(31,500)	-		-	(31,500)
Comprehensive loss for the period	$ (4,803,921)	$ (14,190)		$ (1,795,934)	$ (6,614,045)
Net loss attributable to:					
Owners of MJardin Group Companies	$ (4,746,707)	$ (14,190)		$ (1,795,934)	$ (6,556,831)
Non-controlling interests	(25,714)	-		-	(25,714)
	$ (4,772,421)	$ (14,190)		$ (1,795,934)	$ (6,582,545)
Comprehensive loss is attributable to:					
Owners of MJardin Group Companies	$ (25,200)	$ -		$ -	$ (25,200)
Non-controlling interests	(6,300)	-		-	(6,300)
	$ (31,500)	$ -		$ -	$ (31,500)

MJAR Holdings Corp.
Pro Forma Combined Consolidated Statement of Operations and Comprehensive Loss
For the Year Ended December 31, 2017
(Expressed in United States dollars)
(Unaudited)

		Mjardin Group of Companies for the Year Ended December 31, 2017 (Audited)		Sumtra Diversified Inc. for the Twelve Months Ended 11/30/17 (Unaudited)	Note Ref.		Pro Forma Adjustments		Pro Forma Consolidated (Unaudited)
Revenue	$	15,387,951	$	1,874		$	-	$	15,389,825
Operating Expenses:									
Compensation and benefits		11,924,755		-			-		11,924,755
Sales, general and administrative		923,302		-			-		923,302
Software development and maintenance		259,129		-			-		259,129
Depreciation		44,576		-			-		44,576
Professional fees		1,006,655		22,043			-		1,028,698
Shareholders' meetings		-		10,983			-		10,983
Transfer agent fees		-		8,401			-		8,401
Management fees		-		8,281			-		8,281
Regulatory fees		-		6,685					6,685
Directors' fees		-		3,817			-		3,817
Head office and corporate charges		-		1,266			-		1,266
Total operating expenses	$	14,158,417	$	61,476		$	-	$	14,219,893
Income before interest, other gains (losses) and income taxes		1,229,534		(59,602)			-		1,169,932
Interest (expense) income, net		(96,602)		-			-		(96,602)
Other gains and losses		17,738		-			-		17,738
Total other expense, net		(78,864)		-			-		(78,864)
Income before provision for income taxes, non-controlling interest and comprehensive income (loss)		1,150,670		(59,602)			-		1,091,068
Provision for income taxes		-		-			-		-
Net income before comprehensive income (loss) and non controlling interest		**1,150,670**		**(59,602)**			**-**		**1,091,068**
Other comprehensive income									
Foreign currency translation adjustment		(43,730)		-			-		(43,730)
Comprehensive income (loss)	$	1,106,940	$	(59,602)		$	-	$	1,047,338
Net income (loss) is attributable to:									
Owners of MJardin Group Companies	$	1,170,900	$	(59,602)		$	-	$	1,091,068
Non-controlling interests		(20,230)		-			-		-
	$	1,150,670	$	(59,602)		$		$	1,091,068
Comprehensive income (loss) is attributable to:									
Owners of MJardin Group Companies	$	(43,028)	$	-		$	-	$	(43,028)
Non-controlling interests		(702)		-			-		(702)
	$	(43,730)	$	-		$	-	$	(43,730)

MJAR Holdings Corp.
Pro Forma Share Continuity
(Expressed in United States dollars)
(Unaudited)

	Note Ref.	Common shares	Amount USD
MJardin roll-up	-	43,772,122	$38,552,062
Conversion of convertible debentures	2(b)	138,220	162,120
Deemed issuance of shares to former Sumtra shareholders	2(a)	217,814	1,995,242
Concurrent subscription receipts financing	2(c)	1,764,812	16,290,572
Concurrent subscription receipts financing – issuance costs	2(c)	-	(1,420,524)
Total share capital		45,892,968	$55,579,472

1. BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated financial statements of Sumtra Diversified Inc. ("Sumtra") has been prepared by management to reflect the amalgamation of MJardin Group Inc. ("MJardin" or "Resulting Issuer") and Sumtra after giving effect to the proposed transactions (the "Transaction") as described in Note 2.

The unaudited pro forma financial statements have been prepared from information derived from and should be read in conjunction with the following:

a. The unaudited financial statements of MJardin as at and for the six months ended June 30, 2018.

b. The audited financial statements of MJardin as at and for the year ended December 31, 2017.

c. The audited financial statements of Sumtra as at and for the year ended August 31, 2017.

d. The unaudited financial statements of Sumtra as at and for the three months ended May 31, 2018.

e. The unaudited financial statements of Sumtra as at and for the three months ended November 30, 2017 and 2016.

f. The unaudited financial statements of Sumtra as at and for the six months ended February 28, 2018 and 2017.

<u>Pro Forma Statement of Financial Position as of June 30, 2018</u>

The unaudited pro forma combined consolidated statement of financial position of MJardin as of June 30, 2018 and Sumtra as of May 31, 2018 is presented assuming the Transaction had been completed on June 30, 2018.

The Sumtra statement of financial position was prepared in Canadian dollars. For purposes of the unaudited pro forma combined consolidated statement of financial position, Sumtra's financial position has been translated into USD using an exchange rate of I USD for 1.31 CAD.

<u>Pro Forma Statement of Operations and Comprehensive loss for the six months ended June 30, 2018</u>

The unaudited pro forma combined consolidated statement of operations and comprehensive loss of MJardin for the six months ended June 30, 2018 is presented assuming the Transaction was completed on July 1, 2018.

The unaudited pro forma combined consolidated statement of operations and comprehensive loss for the six months ended June 30, 2018 includes the operating results from the unaudited statement of loss and comprehensive loss of Sumtra for the six months ended May 28, 2018. This statement has been constructed from the unaudited statement of loss and comprehensive loss of Sumtra for the three months ended February 28, 2018, plus the operating results from the unaudited statement of loss and comprehensive loss for the three months ended May 31, 2018. The Sumtra statements of loss and comprehensive loss were prepared in Canadian dollars. For purposes of the unaudited pro forma combined consolidated statement of operations and comprehensive loss for the six months ended June 30, 2018, Sumtra's operating results have been translated into USD using an exchange rate of I USD for 1.31 CAD.

Pro Forma Statement of Operations and Comprehensive loss for the year ended December 31, 2017

The unaudited pro forma combined consolidated statement of operations and comprehensive loss for the year ended December 31, 2017 includes operating results from audited and unaudited statements of loss and comprehensive loss of Sumtra for the year ended November 30, 2017. This statement has been constructed from the audited statement of loss and comprehensive loss of Sumtra for the year ended August 31, 2017, minus the operating results from the unaudited statement of loss and comprehensive loss for the three months ended November 30, 2016, plus the operating results from the statement of loss and comprehensive loss for the three months ended November 30, 2017. The Sumtra statements of loss and comprehensive loss were prepared in Canadian dollars. For purposes of the unaudited pro forma combined consolidated statement of operations and comprehensive loss for the year ended December 31, 2017, Sumtra's operating results have been translated into USD using an exchange rate of I USD for 1.31 CAD.

The Transaction has been accounted for in accordance with IFRS 2, Share Based Payments. The Transaction has been accounted for in the unaudited proforma combined consolidated statement of financial position as a continuation of the financial statements of MJardin, together with a deemed issuance of shares, equivalent to the shares held by the former shareholders of Sumtra, in return for the net assets of Sumtra and a re-capitalization of the equity of MJardin. The fair value of the deemed share issuance was determined based on the fair value of the units issued by MJardin (i.e. CAD$12 per share) and converted into USD using an exchange rate of 1 USD for 1.31 CAD.

No adjustments have been made to reflect additional costs or cost savings that could result from the combination of the operations of MJardin and Sumtra, as management does not anticipate any material costs or cost savings as a result of this Transaction.

The accompanying unaudited pro forma combined consolidated statements of financial position as of June 30, 2018 and results of operations for the six months ended June 30, 2018 and the year ended December 31, 2017 have been prepared for illustration purposes only and may not be indicative of the combined results or financial position of MJardin and Sumtra, assuming the Transaction had been in effect at the dates indicated above.

2. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

On September 10, 2018, MJardin entered into a definitive agreement with Sumtra pursuant to which Sumtra would become the indirect holder of all the issued and outstanding securities of MJardin through a reverse take-over.

Immediately prior to close of the Transaction, a roll-up will be consummated whereby MJardin Group of Companies will become owned by Sumtra.

(Expressed in United States dollars)

The unaudited pro forma consolidated statement of financial position gives effect to the following assumptions and adjustments:

a. Share capital, contributed surplus and the deficit of Sumtra are eliminated.

Deemed issuance of Resulting Issuer Common Shares to former Sumtra's shareholders:	$	1,995,242
Cash	$	199,998
Accounts payable		(690)
Transaction costs expensed	$	1,795,934
Value attributed to deemed Resulting Issuer shares issued	$	1,995,242

b. Assumed conversion of $200,000 original principal balance of convertible debentures, plus accrued interest, at the price per share obtained by dividing $76,800,000 by the fully-diluted capitalization of the resulting issuer in a going-public transaction.

c. Concurrently with the Transaction, MJardin intends to complete a private placement of 1,764,812 subscription receipts at a price of CAD$12.00 per subscription receipt (the "Private Placement") for gross proceeds of CAD$21,177,744 (USD$16,290,572). Concurrently with the closing of the Transaction each subscription receipt will automatically convert into one share of the Resulting Issuer. In consideration of the services to be rendered by the Agents hereunder and all other matters in connection with the sale of the Subscription Receipts, the Corporation agrees to pay to Canaccord, on behalf of the Agents, a cash commission (the "Agents' Fee") equal to 7.0% of the aggregate gross proceeds of the Offering, 50% of which will be paid to the Agents on Closing (as hereinafter defined) and 50% of which will be held in escrow pending satisfaction of the Escrow Release Conditions, in accordance with the terms of the Subscription Receipt Agreement. As additional compensation for services rendered, the Corporation shall issue to the Agents, at Closing, such number of compensation options (the "Compensation Options"), in such manner as directed by the Agents, as is equal to 7.0% of the number of MJAR Shares issuable upon conversion of the Subscription Receipts sold pursuant to the Offering to purchasers. Each Compensation Option (or applicable Resulting Issuer Compensation Option, as hereinafter defined) will be exercisable to acquire one MJAR Share (or applicable Resulting Issuer Share, following closing of the Transaction) at an exercise price equal to the Offering Price for a period of two years following the Closing Date, subject to adjustment in certain events. Other costs associated with the Private Placement amounted to approximately $251K.

d. Costs associated with the Transaction are estimated to be $2,750,000.