



LISTING STATEMENT - FORM 2A

IN CONNECTION WITH THE LISTING OF THE SHARES OF FLOWER ONE HOLDINGS INC., THE ENTITY FORMERLY KNOWN AS THEIA RESOURCES LTD., AFTER THE REVERSE TAKEOVER BY CNX HOLDINGS INC.

September 21, 2018

Flower One Holdings Inc. will derive a substantial portion of its revenues from the cannabis industry in Nevada, which industry is illegal under United States federal law. Flower One Holdings Inc. will be directly involved (through its licensed subsidiaries subject to closing of the Transaction) in the cannabis industry in the United States where local state laws permit such activities. Currently, its subsidiaries are directly engaged in preparing facilities for the cultivation, manufacture, possession, wholesale, sale or distribution of cannabis in the recreational and/or medicinal cannabis marketplace in the State of Nevada.

The United States federal government regulates drugs through the Controlled Substances Act (as defined below), 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 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On January 4, 2018, U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the United States, including the Cole Memorandum (as defined herein).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.

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, Flower One Holdings 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 the table of concordance under 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 cannabis-related activities.

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Cautionary Note Regarding Forward-Looking Statements

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

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

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

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

Although the Corporation and CNX believe that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those

currently anticipated due to a number of factors and risks. These include, but are not limited to: the availability of sources of income to generate cash flow and revenue; the dependence on management and directors; risks relating to the receipt of the required licenses, risks relating to additional funding requirements; due diligence risks; exchange rate risks; potential transaction and legal risks; risks relating to laws and regulations applicable to the production and sale of cannabis; and other factors beyond the Corporation and CNX's control, as more particularly described under the heading "Risk Factors" in this Listing Statement.

Consequently, all forward-looking statements made in this Listing Statement and other documents of the Corporation, the Resulting Issuer, or CNX, as applicable, are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Corporation, the Resulting Issuer, and CNX. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Corporation, the Resulting Issuer, CNX, and/or persons acting on their behalf may issue. None of the Corporation, the Resulting Issuer, or CNX undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

Date of Information

The information in this Listing Statement is as at September 20, 2018, unless otherwise noted.

Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third-party sources, including industry publications. CNX 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, CNX 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.

Currency

Unless otherwise indicated, all references to "\$" in this Listing Statement refer to United States dollars and all references to "C\$" in this Listing Statement refer to Canadian dollars.

Information Concerning CNX

The information contained or referred to herein relating to CNX has been furnished by CNX, without independent verification by the Corporation. In preparing this Filing Statement, the Corporation has relied upon CNX to ensure that this Filing Statement contains full, true and plain disclosure of all material facts relating to CNX and its subsidiaries.

1. GLOSSARY OF TERMS

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

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

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

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

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

A Person beneficially owns securities that are beneficially owned by:

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

“**Agents**” has the meaning ascribed thereto in Section 4 – Narrative Description of the Business – The Financing.

“**Amalgamation Agreement**” means the business combination agreement entered into among the Corporation, Subco and CNX on June 29, 2018.

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

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

- (i) that Person's spouse or child, or
- (ii) any relative of the Person or of his spouse who has the same residence as that Person.

"BSA" means the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act) (United States).

"CBD" has the meaning ascribed thereto in Section 17 Risk Factors.

"CDS" has the meaning ascribed thereto in Section 17 Risk Factors.

"CNX" means CNX Holdings Inc., a corporation existing under the laws of Ontario which will amalgamate with Subco pursuant to the Transaction.

"CNX Class A Common Shares" means the Class A common voting shares in the capital of CNX.

"CNX Class B Common Shares" means the Class B common voting shares in the capital of CNX.

"CNX Options" means 6,575,000 share purchase options of CNX outstanding as of the date of this Agreement each allowing the holder to acquire one CNX Class A Common Share at an exercise price of C\$0.20 per share and 1,340,000 share purchase options of CNX outstanding as of the date of this Agreement each allowing the holder to acquire one CNX Class A Common Share at an exercise price of C\$0.85 per share.

"CNX Shares" the CNX Class A Common Shares and the CNX Class B Common Shares.

"Cole Memorandum" has the meaning ascribed thereto in Section 17 Risk Factors.

"Consolidation" means the consolidation of the issued and outstanding common shares in the capital of the Corporation on a 10 pre-consolidation common shares for 1 post-consolidation common share basis.

"Controlled Substances Act" or **"CSA"** has the meaning ascribed thereto in Section 17 Risk Factors.

"Corporation" means Theia Resources Ltd., a corporation incorporated under the laws of British Columbia.

"Corporation Circular" means the management information circular of the Corporation in respect of the Corporation Meeting, as the same may be amended or supplemented in accordance with this agreement from time to time.

"Corporation Meeting" means the general and special meeting of the Corporation Shareholders held on August 17, 2018, and any and all adjournments or postponements of such meeting, to approve the following matters:

- (i) the Consolidation;
- (ii) fixing the Board of Directors of the Corporation at five and electing directors of the Corporation for the ensuing year;
- (iii) the change of name of the Corporation to Flower One Holdings Inc., or such other name as may be requested by CNX;
- (iv) the approval of the Corporation's existing 10% rolling stock option plan;
- (v) the delisting of the Corporation Shares from the TSXV and the listing of Flower One Holdings Inc. on the CSE; and
- (vi) those matters as set out in the Corporation Circular.

“Corporation Option Plan” has the meaning ascribed thereto in Section 9 Summary of the Corporation Stock Option Plan.

“Corporation Options” means the share purchase options of the Corporation to be issued pursuant to the Transaction in replacement for the outstanding CNX Options.

“Corporation Shareholders” means the holders of Corporation Shares.

“Corporation Shares” means the common shares in the capital of the Corporation.

“CS Brokered Offering” has the meaning ascribed thereto in Section 4 – Narrative Description of the Business – The Financing.

“CSE” means the Canadian Securities Exchange.

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

“Division” has the meaning ascribed thereto in Section 3.3 Trends, Commitments, Events or Uncertainties - Regulation of the Cannabis Market in the State of Nevada.

“FDA” means the United States Federal Drug Administration.

“FinCEN” has the meaning ascribed thereto in Section 17 Risk Factors.

“FinCEN Guidance” has the meaning ascribed thereto in Section 17 Risk Factors.

“ITA” has the meaning ascribed thereto in Section 17 Risk Factors.

“Lease and Purchase Option Agreement” has the meaning ascribed thereto in Section 22 Material Contracts.

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

“METRC” means Marijuana Enforcement Tracking Reporting & Compliance.

“**MOU**” has the meaning ascribed thereto in Section 17 Risk Factors.

“**NDOT**” has the meaning ascribed thereto in Section 3.3 Trends, Commitments, Events or Uncertainties - Regulation of the Cannabis Market in the State of Nevada.

“**NEO**” means a Named Executive Officer as such term is defined in Form 51-102F6 – Statement of Executive Compensation under National Instrument 51-102 - Continuous Disclosure.

“**NI 52-110**” has the meaning ascribed thereto in Section 13.1 Directors and Officers.

“**Participants**” has the meaning ascribed thereto in Section 9 Summary of the Corporation’s Stock Option Plan.

“**Person**” includes an individual, partnership, association, unincorporated organization, trust and corporation and a natural person acting in such person’s individual capacity or in such person’s capacity as trustee, executor, administrator, agent or other legal representative.

“**RBA**” has the meaning ascribed thereto in Section 17 Risk Factors.

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

“**Resulting Issuer**” means Flower One Holdings Inc., the entity formerly known as Theia Resources Ltd., after giving effect to the transactions contemplated by the Transaction.

“**Resulting Issuer Shares**” means the common shares of the Resulting Issuer after giving effect to the Transaction and the Consolidation.

“**Section 280E**” has the meaning ascribed thereto in Section 17 Risk Factors.

“**SR Brokered Offering**” has the meaning ascribed thereto in Section 4 – Narrative Description of the Business – The Financing.

“**Staff Notice 51-352**” has the meaning ascribed thereto in Section 3.3 Trends, Commitments, Events or Uncertainties.

“**SUA**” has the meaning ascribed thereto in Section 17 Risk Factors.

“**Subco**” means Flower One Corp., a wholly-owned subsidiary of the Corporation existing under the laws of Ontario which will amalgamate with CNX pursuant to the Transaction.

“**THC**” has the meaning ascribed thereto in Section 17 Risk Factors.

“**Transaction**” means the acquisition of all of the issued and outstanding CNX Shares by the Corporation by way of amalgamation of CNX with Subco, as contemplated by the Amalgamation Agreement.

“**TSXV**” means the TSX Venture Exchange.

“U.S. Tax Code” has the meaning ascribed thereto in Section 17 Risk Factors.

2. CORPORATE STRUCTURE

2.1 Corporate Name and Head and Registered Office

This Listing Statement has been prepared in connection with the Transaction and proposed listing on the CSE of the Resulting Issuer.

The head office of the Corporation is at Suite 1650, 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9, Canada and its registered office is located at 910-800 West Pender Street, Vancouver, British Columbia, V6C 2V6.

The head and registered office of Subco is at Bay Adelaide Centre, 333 Bay St #2400, Toronto, Ontario, M5H 2T6, Canada.

CNX’s head and registered office is located at 20 Richmond Street East, Suite 600, Toronto, Ontario, M5C 2R9.

The head office of each of CNX’s subsidiaries is located at 3950 N. Bruce Street, North Las Vegas, NV 89030, and the registered office of each of CNX’s subsidiaries is located at 510 W. Fourth St., Carson City, NV 89703, except for the registered office of CN Landco II, LLC which is located at 300 East Second St. STE 1510, Reno, NV 89501.

Upon completion of the Transaction, the head office of the Resulting Issuer will be located at 20 Richmond Street East, Suite 600, Toronto, Ontario, M5C 2R9, Canada, and the registered office of the Resulting Issuer will be located at 2900 - 550 Burrard St., Vancouver, British Columbia, V6C 0A3, Canada.

2.2 Jurisdiction of Incorporation

The Corporation

The Corporation was incorporated under the *Business Corporations Act* (British Columbia) on January 9, 2007 under the name “Theia Resources Ltd.”

On the closing date of the Transaction, the Corporation will acquire the shares in the capital of CNX through a three-cornered amalgamation. Upon closing of the Transaction, Flower One Corp., the amalgamated entity resulting from the amalgamation between CNX and Subco, will be the sole and wholly-owned subsidiary of the Corporation.

CNX and CNX Subsidiaries

CNX was incorporated under the *Business Corporations Act* (Ontario) on December 18, 2017.

CNX has seven wholly-owned subsidiaries: Cana Nevada Corp., Canna Nevada LLC, CN Landco LLC, CN Landco II, LLC, CN Licenseco I, Inc., CN Labor Management, Inc., and North Las Vegas Equipment Co., Inc., all incorporated under the laws of Nevada. CNX expects to have incorporated CN Licenseco II, Inc. by the end of September.

Subco

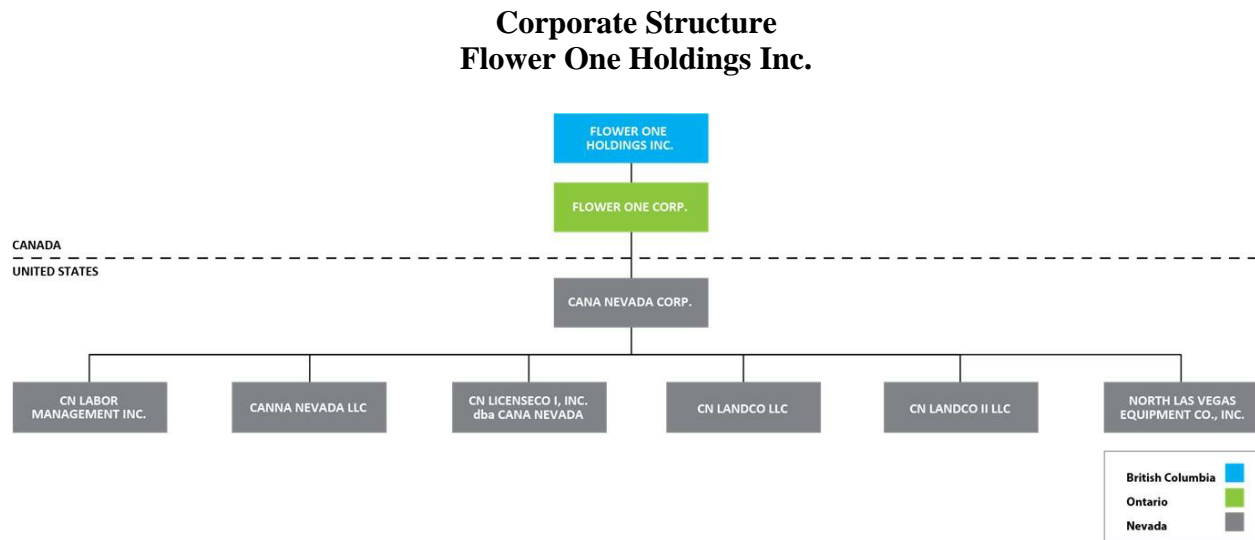
Subco was incorporated under the *Business Corporations Act* (Ontario) on June 29, 2018.

See *Item 3.1– General Development of the Business – CNX*

2.3 Inter-corporate Relationships

The organization chart of the Resulting Issuer setting out the material subsidiaries following the closing of the Transaction, is set forth below. Unless otherwise noted, (i) all information presented on the Resulting Issuer assumes the closing of the Transaction, and (ii) all lines represent 100% ownership of outstanding securities of the applicable subsidiary.

The chart below represents the proposed corporate structure of the Resulting Issuer upon completion of the Transaction:



2.4 Fundamental Change

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

2.5 Non-corporate Corporations and Corporations incorporated outside of Canada

This section is not applicable.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Business

The Corporation

The Corporation does not currently operate any business.

CNX

CNX was incorporated under the *Business Corporations Act* (Ontario) on December 18, 2017.

CNX has seven wholly-owned subsidiaries: Cana Nevada Corp., Canna Nevada LLC, CN Landco LLC, CN Landco II LLC, CN Licenseco I, Inc., , CN Labor Management, Inc., and North Las Vegas Equipment Co., Inc., all incorporated under the laws of Nevada. CNX expects to have incorporated CN Licenseco II, Inc. by the end of September.

CNX's wholly-owned subsidiaries are located in Nevada where it is currently converting the largest commercial scale greenhouse in Nevada. The 430,000 square foot facility will be converted into a 400,000 square foot cannabis cultivation operation and 55,000 square foot production and packaging facility used for the processing, production and high-volume packaging of dry flower, cannabis oils, concentrates and infused products.

On September 1, 2017, Cana Nevada Corp. signed a Purchase and Sale Agreement and Joint Escrow Instructions with a third-party Nevada-based cannabis company regarding the purchase of a percentage of such company's business.

On November 30, 2017, Cana Nevada Corp. signed a first amendment to the Purchase and Sale Agreement and Joint Escrow Instructions in order to further extend the due diligence and closing periods.

Effective January 1, 2018, CNX appointed Ken Villazor as President.

On January 31, 2018, Cana Nevada Corp. signed a second amendment to the Purchase and Sale Agreement and Joint Escrow Instructions in order to further extend the due diligence and closing periods.

On March 13, 2018, Cana Nevada Corp. entered into a Lease and Purchase Option Agreement to acquire the 430,000 square foot greenhouse facility. Subsequently, CNX initiated a Phase I conversion in anticipation of its ownership of a provisional cultivation license and a provisional production licenses.

On March 16, 2018, CNX held the first meeting of its Board of Directors and appointed Jean St. Martin as its Corporate Secretary and Fasken Martineau DuMoulin LLP as its Corporate Counsel.

On April 2, 2018, Cana Nevada Corp. signed a third amendment to the Purchase and Sale Agreement and Joint Escrow Instructions in order to further extend the due diligence and closing periods.

On April 23, 2018, CNX closed a non-brokered private placement which raised proceeds of gross \$26.7M (C\$34.7). The non-brokered private placement was completed in three separate tranches with each tranche closing on March 12, March 14, and April 23, 2018, respectively.

On April 24, 2018, the State of Nevada approved the ownership transfer of a provisional medical cultivation license and a provisional production license from a third-party to CN Licenseco I,

Inc., a wholly-owned subsidiary of Cana Nevada Corp. , as well as approval of a location change for those licenses to the 3950 N. Bruce Street, North Las Vegas, NV location.

On April 26, 2018, the Company paid \$2,000,000 for a provisional medical cultivation and medical production licenses in the State of Nevada.

On May 30, 2018, CNX appointed MNP LLP as its auditor.

Effective June 18, 2018, the CNX appointed Geoff Miachika as Chief Financial Officer.

On June 19, 2018, CN Licenseco I, Inc. completed and submitted applications to the State of Nevada's Department of Taxation for its recreational cultivation license and recreational production license.

On June 29, 2018, CNX announced it had entered into an Amalgamation Agreement with the Corporation and the Subco pursuant to which the Corporation will acquire all the issued and outstanding shares of CNX in exchange for common share of the Corporation.

On June 30, 2018, Cana Nevada Corp. signed a fourth amendment to the Purchase and Sale Agreement and Joint Escrow Instructions in order to further extend the due diligence and closing periods.

On July 1, 2018, CN Licenseco I, Inc. received approval of its medical cultivation and production licenses from the State of Nevada's Department of Taxation.

On August 16, 2018, CN Licenseco I, Inc. received approval its medical cultivation and production business licenses from the City of North Las Vegas for its 3950 N. Bruce Street, North Las Vegas, NV location.

On August 17, 2018, the Corporation shareholders approved all matters at the Corporation Meeting, and CNX shareholders approved the Transaction.

On August 20, 2018, CNX closed a non-brokered private placement of 19,250,130 Class A Common Shares at a price of \$1.50 (C\$2.00) per Class A Common Share for gross proceeds of \$28.8(C\$38.5M). The non-brokered private placement was completed in two separate tranches with each tranche closing on August 14 and 20, 2018, respectively.

On August 22, 2018, CNX entered into a Purchase and Sale Agreement with a North Las Vegas corporation for the purchase of a property to be used as a future marijuana retail establishment.

On August 31, 2018, CN Landco LLC acquired title to the 430,000 square foot greenhouse. The total purchase price included \$22,000,000 in option payments and \$18,000,000 promissory note due March 31, 2019.

On September 14, 2018, CN Licenseco I, Inc. received approval of its recreational manufacturing license and its recreational cultivation license, both with issue date as of September 1, 2018, from the State of Nevada's Department of Taxation for CN Licenseco I, Inc.'s 3950 N. Bruce Street, North Las Vegas, NV location.

On September 20, 2018, CNX completed a brokered private placement of:

- (a) 6,550,867 subscription receipts at a price of \$1.50 per subscription receipt for gross proceeds of \$ 9,826,301; and
- (b) 2,900,820 Class A Common Shares of CNX to certain subscribers on a president's list at a price of \$1.50 (C\$2.00) per Class A Common Shares for gross proceeds of \$4,351,230 (C\$5,801,640).

On September 20, 2018, CNX entered into an advisory agreement with Eight Capital pursuant to which Eight Capital provided general consulting and support services in connection with the SR Brokered Offering in exchange for 4,636 Class A Common Shares and \$13,313.

Pipeline Transactions

CNX is actively pursuing growth opportunities to expand its portfolio in the medical and adult-use cannabis industry. CNX has signed a definitive agreement in relation to a transaction to acquire a majority interest in a Nevada-based cannabis cultivator and producer.

The Transaction

The principal steps of the Transaction are as follows:

- (1) The Corporation will complete the Consolidation. The effect of the proposed Consolidation will be to reduce the number of common shares issued and outstanding from 21,547,750 pre-consolidated common shares to 2,154,775 post-consolidated common shares.
- (2) The Corporation will change its name to "Flower One Holdings Inc." in conjunction with the proposed Consolidation.
- (3) CNX will amalgamate with Subco. The Corporation will be the sole shareholder of the resulting amalgamated entity and the shareholders of CNX will receive, in respect of each CNX Share, one post-consolidation common shares of the Corporation. It is contemplated that the Corporation will also acquire all outstanding CNX Options in exchange for equivalent Corporation Options, adjusted for the applicable exchange ratio.
- (4) The Corporation will seek to delist from the TSXV and will apply to relist the Corporation Shares on the CSE.
- (5) The Corporation will be required to relinquish all claim to its mining assets, in exchange for a release of all claims and liabilities whatsoever related to the mining assets.
- (6) The Corporation will complete a settlement of outstanding indebtedness in the amount of approximately C\$835,000 by way of issuing 250,000 post consolidation shares subject to TSXV approval, to the creditors owed such debt.

Trading in the Corporation Shares on the TSXV is halted at present. Unless the Transaction fails to close, the Corporation does not expect its shares will resume trading on the TSXV.

Upon completion of the Transaction, the directors of the Resulting Issuer will be Ken Villazor, Warner Fong; Amit Varma; and David Wesley.

Upon completion of the Transaction, the outstanding capital of the Resulting Issuer will consist of 172,192,279 Resulting Issuer Shares and 7,915,000 Resulting Issuer common stock options.

The completion of the Transaction will be subject to certain conditions precedent, including the following:

- (a) the Corporation shall have completed the Consolidation;
- (b) completion of the settlement of outstanding indebtedness owed by the Corporation in the amount of approximately C\$835,000 by way of issuing 250,000 Resulting Issuer Shares, subject to TSXV approval, to the creditors owed such debt;
- (c) the approval of the TSXV to delist the Corporation Shares therefrom;
- (d) the approval of the CSE, subject to the CSE's usual conditions, for the listing of the Resulting Issuer Shares existing at the time of the Transaction, issuable pursuant to the Transaction and upon exercise of 7,915,000 Resulting Issuer Options convertible or exercisable into Resulting Issuer Shares;
- (e) the name of the Corporation will have changed to "Flower One Holdings Inc." or such other name is requested by CNX; and
- (f) receipt by CNX of a written resignation effective as at the time of the Transaction from each of the current directors and officers of the Corporation.

The Transaction is expected to close on approximately September 21, 2018. The Transaction is an arm's length transaction.

3.2 Significant Acquisitions and Dispositions

This section is not applicable.

3.3 Trends, Commitments, Events or Uncertainties

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) - Issuers with U.S. Marijuana-Related Activities ("**Staff Notice 51-352**"), as published on October 16 and as revised on February 8, 2018, below is a table of concordance that is intended to assist readers in identifying those parts of this Listing Statement that address the disclosure expectations outlined in Staff Notice 51-352.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
All Issuers with U.S. Marijuana-Related Activities	Describe the nature of the issuer's involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	<i>Section 3.3 – Trends Commitments, Events or Uncertainties - Operational Foundation</i> <i>Section 4 –Narrative Description of the Business</i>
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	<i>Cover Page (disclosure in bold typeface)</i>
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities.	<i>Section 3.3 – Trends, Commitments, Events or Uncertainties – Status of Medical and Recreational Cannabis under United States Federal Law</i> <i>Section 17 – Risk Factors – Marijuana remains illegal under U.S. federal law</i> <i>Section 17 – Risk Factors – Federal regulation of marijuana in the United States</i>

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
	<p>Outline related risks including, among others, the risk that third party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S.</p>	<p>Section 17 – <i>Risk Factors – Restricted access to banking</i></p> <p>Section 17 – <i>Risk Factors – U.S. state regulatory uncertainty</i></p> <p>Section 17 – <i>Risk Factors – Regulatory scrutiny of the Resulting Issuer's interests in the United States</i></p> <p>Section 17 – <i>Risk Factors – Constraints on marketing products</i></p> <p>Section 17 – <i>Risk Factors – Proceeds of crime statutes</i></p> <p>Section 17 – <i>Risk Factors – Heightened scrutiny by Canadian regulatory authorities</i></p> <p>Section 17 – <i>Risk Factors – Limited trademark protection</i></p> <p>Section 17 – <i>Risk Factors – Lack of access to U.S. bankruptcy protections</i></p> <p>Section 17 – <i>Risk Factors – Legality of contracts</i></p> <p>Section 17 – <i>Risk Factors – Newly-established legal regime</i></p> <p>Section 17 – <i>Risk Factors – Risk of civil asset forfeiture</i></p>
	<p>Given the illegality of marijuana under U.S. federal law, discuss the issuer's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.</p>	<p>Section 4(1) – <i>Narrative</i></p> <p><i>Description of the Business -- Total Funds Available</i></p> <p>Section 4(1) – <i>Narrative</i></p> <p><i>Description of the Business – Ability to Access Public and Private Capital</i></p> <p>Section 17 – <i>Risk Factors – Newly-established legal regime</i></p> <p>Section 17 – <i>Risk Factors – Restricted access to banking</i></p>

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
	Quantify the issuer's balance sheet and operating statement exposure to U.S. marijuana-related activities.	<p><i>Section 5 – Selected Consolidated Financial Information</i></p> <p>Schedules “B”, “D” and “E” to the Listing Statement.</p> <p>Note: at the time of the Listing Statement, the major operations of the Resulting Issuer are only in Nevada, United States</p>
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	Legal advice has been obtained.
U.S. Marijuana Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	<i>Section 3.3 – Trends, Commitments, Events or Uncertainties – Regulation of the Cannabis Market in the State of Nevada</i>
	Discuss the issuer's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the issuer is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the issuer's licence, business activities or operations.	<p><i>Section 3.3 – Trends Commitments, Events or Uncertainties – Regulatory Overview</i></p> <p><i>Section 3.3 – Trends, Commitments, Events or Uncertainties – Compliance with Applicable State Law in the United States</i></p> <p><i>Section 17 – Risk Factors – U.S. state regulatory uncertainty</i></p>
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer's investee(s) operate.	<i>Section 3.3 – Trends, Commitments, Events or Uncertainties – Regulation of the Cannabis Market in the State of Nevada</i>
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution	Provide reasonable assurance, through either positive or negative statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non-compliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee's licence, business activities or operations.	<i>Section 3.3 – Trends, Commitments, Events or Uncertainties – Regulation of the Cannabis Market in the State of Nevada</i>

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
U.S. Marijuana Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	<i>Section 3.3 – Trends, Commitments, Events or Uncertainties – Regulation of the Cannabis Market in the State of Nevada</i>

Regulatory Overview

In accordance with Staff Notice 51-352, below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where CNX is currently directly involved through its subsidiaries. CNX's subsidiaries are directly engaged in the cultivation, processing, production and high-volume packaging of dry flower, cannabis oils, concentrates and infused products in the State of Nevada. In accordance with Staff Notice 51-352, CNX will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented and amended to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding cannabis regulation. Any non-compliance, citations or notices of violation which may have an impact on CNX's license, business activities or operations will be promptly disclosed by CNX.

Status of Medical and Recreational Cannabis under United States Federal Law

Ownership, investment, or control of, or engaging in transactions with entities which manufacture, distribute, dispense, or possess cannabis may create a risk of criminal or civil liability. Cannabis is illegal under federal law and the laws of some states and territories. Thirty states and territories have legalized medical or recreational cannabis, but the legal and regulatory frameworks in these jurisdictions vary and may still impose substantial restrictions on the manufacture, distribution, dispensation, or possession of cannabis, and on related business activities, including employment, advertising, and finance. And federal criminal laws apply in those states which have legalized cannabis.

Although CNX's activities are compliant with applicable state and local law in the United States, strict compliance with state and local laws may not act as a shield to federal criminal liability.

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

Operational Foundation

CNX, through its subsidiaries, is currently converting the largest commercial scale greenhouse in the State. The 430,000 square foot facility will be converted into a 400,000 square foot cannabis cultivation operation and 55,000 square foot production and packaging facility, used for cannabis cultivation as well as the processing, production and high-volume packaging of dry flower, cannabis oils, concentrates and infused products.

CNX, through one of its wholly-owned subsidiaries, is currently overseeing an intensive conversion of a greenhouse to prepare it for large-scale hydroponic cannabis cultivation, processing and production. The 455,000 square foot greenhouse is strategically positioned and within close proximity to the lucrative, tourism-driven Las Vegas adult-use and medical cannabis market. To date, more than 10,000 hours of construction and renovation work have been completed on the greenhouse. The greenhouse will be completed and fully planted in Q1 2019. Planting in the facility will begin late 2018 and will be fully operational in early 2019. The Las Vegas Convention and Visitors Authority cites more than 55 million tourists are forecasted to visit the city in 2018.

CNX, through its subsidiaries, currently holds a state-issued medical cultivation license and a state-issued medical production licence. Both licenses are held by CN Licenseco I, Inc. On July 18, 2018, the City of North Las Vegas approved (i) a Medical Marijuana Establishment (MME) Business License, and (ii) a Production of Edible Marijuana Products or Marijuana-infused Products Facility for a MME, both for CN Licenseco I, Inc.

CN Licenseco I, Inc. has obtained from the State of Nevada's Department of Taxation its recreational cultivation license and recreational production license.

CN Licenseco I, Inc. is preparing an application to the State of Nevada's Department of Taxation for a dispensary license.

Specialized Skill and Domain Knowledge Requirements

Domain knowledge in the complexities to successfully execute large-scale commercial high density hydroponic greenhouse operations are integral to the Issuer's commercial success. This breadth of domain knowledge includes greenhouse construction, conversion, intensive operational details (e.g. integrated pest management, climate controls) and facility management.

The main raw materials and components used in the cultivation and production CNX's products are cannabis seeds, clones, substrate, water, plant nutrients, and electricity.

CNX is unaware of any aspect of its business that may be materially affected in the 12 months following the date of this Listing Statement by renegotiation or termination of contracts or sub-contracts.

Environmental

CNX does not anticipate that environmental protection requirements will have a material financial or operational effect on the Resulting Issuer's capital expenditures, earnings, and competitive position in the current financial year or in future years.

Regulation of the Cannabis Market in the State of Nevada

On October 16, 2017, the Canadian Securities Administrators published the Staff Notice 51-352 which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the United States as permitted within a particular state's regulatory framework. All issuers with United States cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents.

Please see Section 3.3 for a table of concordance that is intended to assist readers in identifying those parts of this Listing Statement that address the disclosure expectations outlined in Staff Notice 51-352.

Nevada became a medical marijuana state on November 7, 2000, with voter passage of Ballot Question 9 which was codified on October 1, 2001 in NRS Chapter 453. In 2013, Nevada legislature passed SB374, providing for state licensing of medical marijuana establishments. On November 8, 2016, Nevada voters passed the Nevada Marijuana Legalization Initiative (codified in NRS 435D) taking effect January 1, 2017, and allowing for the sale of marijuana for adult use starting July 1, 2017. There are approximately 115 cultivators, 80 producers, and 61 dispensaries licensed for adult-use in the entire state. Approximately 75% of the state licensed marijuana operations exist within Clark County / Las Vegas City limits, representing an approximate 8,000 square foot area. The remaining 25% of licenses exist throughout the rest of the entire state.¹

The Nevada Division of Public and Behavioral Health (the "**Division**") licensed medical marijuana establishments up until July 1, 2017 when the state's medical marijuana program merged with adult-use marijuana enforcement under the Nevada Department of Taxation ("**NDOT**"). After merging medical and adult use marijuana regulation and enforcement, the single regulatory agency is now known as the "Marijuana Enforcement Division of the Department of Taxation." In 2014, Nevada accepted medical marijuana 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 marijuana dispensary licenses. The number of dispensary licenses was then increased to 66 by legislative action in 2015. As of May 10, 2017, the NDOT reports there are 88 cultivation licenses, 57 licenses for the production of edibles and infused products, 11 independent testing laboratories, and 60 medical marijuana dispensary licenses with Final Medical Marijuana Establishments Certificates. The dispensary application process was merit-based, competitive, and was closed but has re-opened by a July 6, 2018 Notice which provides that, for a ten-day period (Sept. 7, 2018, 8:00 a.m. to Sept. 20, 2018, 5:00 p.m.), the NDOT will accept applications

¹ Nevada Department of Taxation. (2018 April 18). Marijuana Program Overview. Retrieved from <https://tax.nv.gov/Publications/Marijuana Statistics and Reports/>

from qualified existing medical marijuana establishment certificate holders to apply for one or more recreational retail marijuana store license (one per jurisdiction).

In February 2017, the NDOT announced plans to issue "early start" recreational marijuana establishment licenses in the summer of 2017. From May 15-31, 2017, the NDOT accepted applications for an early start program slated to run from July 1 through the end of 2017. For this program, only operational medical marijuana establishment certificate holders "in good standing" could apply for retail marijuana licenses, with the exception of distributor licenses, which is a new license type under the retail program. Beginning on July 1, 2017, marijuana establishments holding both a retail marijuana store and dispensary license were allowed to sell their existing medical marijuana inventory as either medical or adult-use marijuana. All cannabis cultivated and infused products produced under the adult-use program that were not existing inventory at a medical marijuana dispensary must be transported to retail marijuana stores utilizing a licensed retail marijuana distributor.

Starting on July 1, 2017, medical and adult-use marijuana became subject to a 15% excise tax on the first wholesale sale (calculated on the fair market value) and adult-use cannabis is subject to an additional 10% special retail marijuana sales tax in addition to any general state and local sales and use taxes.

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 marijuana from Nevada dispensaries. Nevada also allows for dispensaries to deliver medical marijuana to patients.

Under Nevada's adult-use marijuana law, the NDOT licenses marijuana cultivation facilities, product manufacturing facilities, distributors, retail stores and testing facilities. For the first 18 months after legalization, applications to the NDOT for adult-use establishment licenses can only be accepted from existing medical marijuana establishments and existing liquor distributors for the adult-use distribution license.

In the first twelve months of Nevada adult-use sales, taxable sales by retail stores and medical dispensaries have been reported at \$530 million, with average sales trending materially higher than forecasts submitted by the NDOT.²

The total monthly recreational and medical retail sales in Nevada are the following:³

² <https://www.reviewjournal.com/news/pot-news/nevada-recreational-marijuana-sales-reach-41m-in-march/>

³ https://tax.nv.gov/Publications/Marijuana_Statistics_and_Reports/

Information Type	Jul 2017 (000's)	Aug 2017 (000's)	Sept 2017 (000's)	Oct 2017 (000's)	Nov 2017 (000's)	Dec 2017 (000's)	Jan 2018 (000's)	Feb 2018 (000's)	Mar 2018 (000's)	Apr 2018 (000's)	May 2018 (000's \$)	Jun 2018 (000's \$)	Fiscal Year- to-Date 2018 (000's)
TAXES													
State Marijuana Wholesale Excise Tax (15% Rate - Adult-Use and Medical)	\$ 974	\$ 1,510	\$ 1,949	\$ 2,043	\$ 2,165	\$ 2,190	\$ 2,264	\$ 2,411	\$ 2,994	\$ 2,966	\$ 2,739	\$ 3,066	\$ 27,271
State Marijuana Retail Excise Tax (10% Rate - Adult-Use)	\$ 2,709	\$ 3,352	\$ 2,771	\$ 3,797	\$ 3,341	\$ 3,577	\$ 3,290	\$ 3,535	\$ 4,101	\$ 3,584	\$ 4,374	\$ 4,058	\$ 42,489
Total Marijuana Excise Tax Revenue	\$ 3,683	\$ 4,862	\$ 4,720	\$ 5,839	\$ 5,506	\$ 5,767	\$ 5,554	\$ 5,946	\$ 7,096	\$ 6,550	\$ 7,112	\$ 7,124	\$ 69,760
TAXABLE SALES													
Taxable Sales Reported by Adult-Use Retail Stores and Medical Dispensaries	\$ 39,865	\$ 41,102	\$ 41,477	\$ 42,822	\$ 41,980	\$ 44,822	\$ 42,176	\$ 42,188	\$ 49,558	\$ 47,525	\$ 47,944	\$ 48,392	\$ 529,851
Taxable Sales Reported by Adult-Use Retail Stores and Medical Dispensaries - per day	\$ 1,286	\$ 1,326	\$ 1,383	\$ 1,381	\$ 1,399	\$ 1,446	\$ 1,361	\$ 1,507	\$ 1,599	\$ 1,584	\$ 1,547	\$ 1,613	

The issuance of retail marijuana distribution licenses has been subject to an ongoing legal battle after the NDOT opened distribution licenses to existing medical marijuana establishments based on the premise that there was an insufficient number of applications from existing liquor distributors to service the new adult use cannabis market. Distribution licenses were limited to licensed liquor distributors, but that limitation expires in November 2018. The application window for distribution licenses is currently unknown, however, it is anticipated that the NDOT will begin accepting distribution license applications in late 2018. There are currently 24 licensed distributors that are medical marijuana establishments and six licensed distributors that are liquor distributors.

The NDOT is responsible for licensing and regulating retail marijuana businesses and medical marijuana program in Nevada. There are five types of retail marijuana establishment licenses:

- *Cultivation Facility* – Licenses to cultivate (grow), process, and package marijuana; to have marijuana tested by a testing facility; and to sell marijuana to retail marijuana stores, to marijuana product manufacturing facilities, and to other cultivation facilities, but not to consumers.
- *Distributor* – Licenses to transport marijuana from a marijuana establishment to another marijuana establishment.
- *Product Manufacturing Facility* – Licenses to purchase marijuana; manufacture, process, and package marijuana and marijuana products; and sell marijuana and marijuana products to other product manufacturing facilities and to retail marijuana stores, but not to consumers.
- *Testing Facility* – Licenses to test marijuana and marijuana products, including for potency and contaminants.
- *Retail Store* – Licenses to purchase marijuana from cultivation facilities, marijuana and marijuana products from product manufacturing facilities, and marijuana from other retail stores; can sell marijuana and marijuana products to consumers.

The regular retail marijuana program began in early 2018. The Regulation and Taxation of Marijuana Act specifies that, for the first 18 months of the program, only existing medical marijuana establishment certificate holders can apply for a retail marijuana establishment license. Beginning in November 2018, the NDOT may open up the application process to those not holding a medical marijuana establishment certificate. The regular program is governed by permanent regulations, drafted by the NDOT and approved by the NDOT Commission in January 2018. As of September 2018, CNX does not have a retail dispensary license. However,

CN Licenseco I, Inc. is in the process of applying for a retail dispensary license which application period will be open for a ten-day period (Sept. 7, 2018, 8:00 a.m. to Sept. 20, 2018, 5:00 p.m.), during which time the NDOT will accept applications from qualified existing medical marijuana establishment certificate holders to apply for one or more recreational retail marijuana store license(s).

CNX is in compliance with Nevada state law and the related licensing framework. CNX uses reasonable commercial efforts to confirm, through the advice of its U.S. counsel, through the monitoring and review of its business practices, and through regular monitoring of changes to U.S. Federal enforcement priorities, that its businesses are in compliance with applicable licensing requirements and the regulatory frameworks enacted by Nevada. CNX is not aware of the receipt of noncompliance orders, citations or notices of violation, that may have an impact on its licences, business activities or operations.

On-going Compliance Procedures

The Resulting Issuer's United States legal counsel reviews, and will continue to review, from time to time, documents referenced above in order to confirm such information and identify any deficiencies. CNX's licenses are in good standing to cultivate, possess and/or wholesale cannabis in the State of Nevada and is in compliance with Nevada's cannabis regulatory program. To the knowledge of CNX and the Issuer, CNX has not experienced any material non-compliance that would endanger the status of its license.

CNX Licenses

CNX has licenses to operate in the State of Nevada as a Medical and recreational Cultivator and Producer. The table below under "*Licenses in the State of Nevada*" lists the licenses issued to CNX in respect of its operations in Nevada. Under applicable laws, the licenses permit CNX to cultivate, manufacture, process, package, sell, and purchase cannabis pursuant to the terms of the licenses, which are issued by the NDOT under the provisions of Nevada Revised Statutes section 453A. In 2017, CNX purchased via asset purchase agreements two provisional licenses of the state medical marijuana program for cultivation and production, which provisional licenses were issued as operational permits on July 1, 2018. All licenses are independently issued for each approved activity for use at CNX facilities in Nevada.

All marijuana establishments must register with the NDOT. If applications contain all required information and after vetting by officers, establishments are issued a medical marijuana establishment registration certificate. In a local governmental jurisdiction that issues business licenses, the issuance by the NDOT of a medical marijuana 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 NDOT and include a renewal form. The renewal periods serve as an update for the NDOT on the licensee's status toward active licensure.

The licenses are independently issued for each approved activity for use at CNX facilities. The table below lists the licenses issued to CNX in respect of its operations in Nevada.

Licenses in the State of Nevada

Holding Entity	Permit/License	Issuing Authority	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
CN Licenseco I, Inc.	Special Use Permit UN-63-17	North Las Vegas	Issued 12-19-17, no expiration date	Special use permit to allow production of edible marijuana products or marijuana infused products
CN Licenseco I, Inc.	Special Use Permit UN 64-17	North Las Vegas	Issued 12-19-17, no expiration date	Special use permit to allow a cultivation facility for medical marijuana
CN Licenseco I, Inc.	66298101522105826229	State of Nevada, Department of Taxation	Issued July 1, 2018	State license to allow marijuana cultivation at 3950 North Bruce Street, North Las Vegas
CN Licenseco I., Inc.	93277852865535573437	State of Nevada, Department of Taxation	Issued July 1, 2018	State license to allow marijuana production at 3950 North Bruce Street, North Las Vegas
CN Licenseco I, Inc.	Medical Marijuana Cultivation License	City of North Las Vegas	Issued August 16, 2018	Business license to allow for the operation of a medical marijuana cultivation facility at 3950 North Bruce Street, Las Vegas
CN Licenseco I, Inc.	Medical Marijuana Production License	City of North Las Vegas	Issued August 16, 2018	Business license to allow for the operation of a medical marijuana production facility at 3950 North Bruce Street, Las Vegas
CN Licenseco I, Inc.	Marijuana Product Manufacturing License	State of Nevada, Department of Taxation	Issued September 1, 2018	State license to allow marijuana manufacturing at 3950 North Bruce Street, North Las Vegas
CN Licenseco I, Inc.	Marijuana Cultivation Facility License	State of Nevada, Department of Taxation	Issued September 1, 2018	State license to allow marijuana cultivation at 3950 North Bruce Street, North Las Vegas

CN Licenseco I, Inc. intends to apply for a retail dispensary license within the ten-day period (Sept. 7, 2018, 8:00 a.m. to Sept. 20, 2018, 5:00 p.m.) during which NDOT has indicated it will accept applications from qualified existing medical marijuana establishment certificate holders for one or more recreational retail marijuana store licenses.

Nevada License and Regulations

The medical cultivation licenses permit CNX to acquire, possess, cultivate, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries, facilities for the production of edible medical marijuana products and/or medical marijuana-infused products, or other medical marijuana cultivation facilities after the product has passed Nevada's testing processes. Marijuana cultivation facilities may acquire their initial plants from those patients authorized to possess marijuana plants.

The medical production license permits CNX to acquire, possess, manufacture, deliver, transfer, transport, supply, or sell edible marijuana products or marijuana infused products to other medical marijuana production facilities or medical marijuana dispensaries. A marijuana production facility may only purchase marijuana cultivated at a Nevada licensed facility.

Nevada Reporting Requirements

The State of Nevada uses METRC as the state's computerized T&T system for seed-to-sale tracking for marijuana establishments. Effective November 1, 2017, all medical and adult-use marijuana establishments in Nevada must report their establishment data to the State of Nevada via METRC. This includes cultivators, product manufacturers, testing labs, distributors, and dispensaries/retail stores. Individual licensees, whether directly or through third-party integration systems, are required to send data to the state to meet all reporting requirements. CNX has designated an in-house computerized seed to sale software called BIOTRACK that integrates with METRC, which captures the required data points for cultivation, manufacturing and retail as required in Nevada Revised Statutes section 453A. CNX has access to METRC as of September 2018.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

(1) Narrative Description of the Business

Business of CNX

General Business of the Resulting Issuer

The below description of CNX will become the Resulting Issuer's business.

CNX is currently a privately held, Ontario based company with strategic investments in the cannabis sector through its wholly-owned subsidiaries. CNX's wholly-owned subsidiaries are located in Nevada where it is currently converting the largest commercial scale greenhouse in the State. The 430,000 square foot facility with the addition of 25,000 square feet will be converted to a 400,000 square foot cannabis cultivation operation and 55,000 square foot production and packaging facility, used for cannabis cultivation as well as the processing, production and high-volume packaging of dry flower, cannabis oils, concentrates and infused products.

CNX, through one of its wholly-owned subsidiaries, is currently overseeing an intensive conversion of a greenhouse to prepare it for large-scale hydroponic cannabis cultivation, processing and production. The 455,000 square foot greenhouse is strategically positioned and

within close proximity to the lucrative, tourism-driven Las Vegas adult-use and medical cannabis market. To date, more than 10,000 hours of construction and renovation work have been completed on the greenhouse. The greenhouse will be completed and fully planted and fully operational in Q1 2019. The Las Vegas Convention and Visitors Authority cites more than 55 million tourists are forecasted to visit the city in 2018.

As a wholly-owned business, CNX's operating structure facilitates expansion through the rapid progression from start-up to full operations with a particular focus on cultivation and production, such that the marginal cost of operating decreases with each new facility. This enables CNX to deliver brand consistency and cost efficiency from market to market.

CNX is currently focussed solely on the Nevada market principally for two reasons:

- (a) The rigorous State regulatory framework which protects both consumers and licensed cannabis companies who are committed to making substantive capital investments within that market; and
- (b) The opportunity to leverage a significant high-quality asset in the form of an existing state-of-the-art 430,000 square foot greenhouse which happens to also be the largest facility of its kind within the State to a 400,000 square foot cannabis cultivation operation and 55,000 square foot production and packaging facility.

The intensive conversion of CNX's Nevada greenhouse will serve as an execution and operating template for its entry into other lucrative cannabis markets.

Following completion of the Transaction, the principal business intended to be carried on by the Resulting Issuer in the forthcoming 12-month period is follows:

Milestone	Target Date
Receipt of recreational cultivation license and recreational production license from State of Nevada.	Q3 2018
Launch of new corporate brand (Flower One) and supporting initiatives.	Q3 2018
All construction contracts related to the renovation and conversion of Nevada greenhouse executed.	Q3 2018
Submission of Retail License Application(s) to the State of Nevada.	Q3 2018
Completion of the purchase of a property in North Las Vegas to be used as a future marijuana retail establishment.	Q3 2018
Complete transaction to acquire third-party strategic Nevada-based cultivation and production partner.	Q4 2018
Onboarding of plants in Nevada greenhouse.	Q1 2019

Milestone	Target Date
Nevada greenhouse fully canopied with cannabis plants.	Q1 2019
Installation of production equipment in Nevada greenhouse commences	Q1/Q2 2019
First harvest of Nevada Greenhouse	Q2 2019
First lot of post-production inventory	Q2 2019

Total Funds Available

The pro-forma working capital position of the Resulting Issuer as at April 30, 2018, giving effect to the Transaction as if it had been completed on that date, was approximately \$8,469,825 (C\$11,153,062).

As at June 30, 2018 (the end of the CNX's most recent interim period for which financial statements have been published), CNX had working capital of \$4,880,369. The Resulting Issuer expects to have positive cash flow from operations to fund its ongoing operations in its existing markets.

The consolidated pro-forma balance sheet of the Resulting Issuer, which gives effect to the Transaction as if it had been completed on April 30, 2018, is attached hereto as Schedule "E".

Financing

CNX completed its first financing of \$26.7 million in April 2018.

CNX closed a non-brokered private placement of 19,250,130 Class A Common Shares at a price of \$1.50 (C\$2.00) per Class A Common Share for gross proceeds of \$28.8(C\$38.5M). The non-brokered private placement was completed in two separate tranches with each tranche closing on August 14 and 20, 2018, respectively.

On September 20, 2018, CNX completed a brokered private placement of:

- (a) 6,550,867 subscription receipts (the "**Subscription Receipts**") at a price of \$1.50 (the "**Offering Price**") per Subscription Receipt for gross proceeds of \$9,826,301 (the "**SR Brokered Offering**"); and
- (b) 2,900,820 Class A Common Shares of CNX to certain subscribers on a president's list at a price of \$1.50 (C\$2.00) per Class A Common Shares for gross proceeds of \$4,351,230 (C\$5,801,640) (the "**CS Brokered Offering**").

The SR Brokered Offering was conducted by a syndicate of agents (the "**Agents**") led by Eight Capital and including Industrial Alliance Securities Inc.

Each Subscription Receipt entitles the holder to receive, upon satisfaction of the Escrow Release Conditions (as defined below) on or before the Escrow Release Deadline (as defined below), and without payment of additional consideration, one Class A Common Share of CNX.

The Subscription Receipts were issued pursuant to a subscription receipt agreement (the "**Subscription Receipt Agreement**") among CNX, the Corporation, Eight Capital (on behalf of the Agents) and Odyssey Trust Company (the "**Subscription Receipt Agent**"). Pursuant to the Subscription Receipt Agreement, the proceeds from the SR Brokered Offering, less certain expenses incurred in connection therewith (the "**Escrowed Funds**"), have been placed into escrow pending satisfaction of the following conditions: (i) (written confirmation from each of the Corporation and CNX that all conditions to the completion of the Proposed Transaction have been satisfied or waived, other than release of the Escrowed Funds and the closing of the Proposed Transaction, each of which will be completed forthwith upon release of the Escrowed Proceeds; (ii) the receipt of all shareholder, third party (as applicable) and regulatory approvals required for the Proposed Transaction; and (iii) CNX and the Lead Agent shall have delivered an Escrow Release Notice to the Subscription Receipt Agent (collectively, the "**Escrow Release Conditions**").

Should the Escrow Release Conditions not be satisfied or waived on or before October 19, 2018 (the "**Escrow Release Deadline**"), or if the Proposed Transaction is not completed, the Subscription Receipts will be cancelled, and the Escrowed Funds will be returned to subscribers together with any interest earned thereon (a "**Refund Event**"). To the extent there is any shortfall in the event of a Refund Event, CNX will provide sufficient funds to offset any such shortfall.

CNX will pay the Agents a cash commission equal to seven percent (7%) of the gross proceeds of the SR Brokered Offering and three percent (3.0%) of the gross proceeds of the CS Brokered Offering, fifty percent (50%) of which shall be paid out from the gross proceeds of the SR Brokered Offering on the closing of such offering and deemed to be delivered to the Agents and fifty percent (50%) of which shall be paid out of the Escrowed Funds upon escrow release. In addition, CNX will issue to the Agents on the closing of the SR Brokered Offering Class A Common Shares, equal to three and one half percent (3.5%) of the number of Subscription Receipts sold pursuant to the Offering plus one and three quarters percent (1.75%) of the number of Class A Common Shares sold pursuant to the Offering, for an aggregate of 275,376 Class A Common Shares.

On September 20, 2018, CNX entered into an advisory agreement with Eight Capital pursuant to which Eight Capital provided general consulting and support services in connection with the SR Brokered Offering in exchange for 4,636 Class A Common Shares issued on the closing of the SR Brokered Offering, and \$13,313, fifty percent (50%) of which shall be paid out from the gross proceeds of the SR Brokered Offering on the closing of such offering and deemed to be delivered to Eight Capital and fifty percent (50%) of which shall be paid out of the Escrowed Funds upon escrow release.

Upon completion of the Proposed Transaction it is expected that the current shareholders of the Corporation will hold approximately 1.4% of the equity of the Resulting Issuer, purchasers in the SR Brokered Offering will hold approximately 3.8% of the equity of the Resulting Issuer, and the former shareholders of CNX will hold approximately 94.8% of the equity of the Resulting Issuer.

Purpose of Funds

The gross proceeds of the Offering will be used to complete the acquisition and conversion of the 430,000 square foot greenhouse facility in North Las Vegas, Nevada to a 400,000 square foot cannabis cultivation operation and 55,000 square foot production and packaging facility, complete state licensing requirements, pursue additional dispensary licenses and real estate as well as for general working capital purposes.

Upon completion of the Transaction, the Resulting Issuer expects to have approximately \$34,111,816 (C\$44,918,425) available to it to spend for the principal purposes of the required payments on the Lease and Purchase Option Agreement to acquire the 430,000 square foot greenhouse and to finalize its conversion to a 455,000 square foot large-scale hydroponic cannabis cultivation, processing and production facility.

Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives. The Resulting Issuer may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives and expects to either issue additional securities or incur debt to do so. As of July 15, 2018, CNX has invested approximately \$7.1 million in capital expenditures associated with the build out of cultivation and dispensary facilities in Nevada, \$13.5 million in payments related to the Lease and Purchase Option Agreement and \$2 million for a provisional medical cultivation and medical production licenses in the State of Nevada. There can be no assurance that additional funding required by the Resulting Issuer will be available, if required. It is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer's objectives for the forthcoming 12 month period. The amounts shown in the table below are estimates only and are based on the information available to the Resulting Issuer as of the date of this Listing Statement.

Forecast 12 Month Budget

Expected funds available to the Resulting Issuer ⁽¹⁾	\$34,111,816
Additional financing by way of a prospectus offering	\$30,000,000
Committed to the completion of the conversion of the greenhouse	\$42,800,000
General and administrative expenses	\$700,000
Excess funds available to the Resulting Issuer for general working capital and strategic acquisitions	\$20,611,816

Note:

(1) The Corporation expects to have positive cash from operations over the next 12 months to contribute to funding its ongoing operations.

Ability to Access Public and Private Capital

Due to the present state of the laws and regulations governing financial institutions in the United States, banks often refuse to provide banking services to businesses involved in the cannabis

industry. Consequently, CNX is not able to obtain bank financing in the United States from federally regulated entities.

CNX has historically, and continues to have, robust access to equity financing from private placements in Canada. CNX's executive team and Board of Directors have extensive relationships with sources of private capital (such as funds and high net worth individuals).

In addition to the expected proceeds from the financings discussed, CNX expects to generate adequate cash to fund its continuing operations. CNX's business plan includes aggressive growth, both in the form of additional acquisitions and through facility expansion and improvements. Accordingly, CNX expects to raise additional capital in the form of new equity offerings during the next fiscal year.

There can be no assurance that additional financing will be available to the Resulting Issuer when needed or on terms which are acceptable. See Item 17 Risk Factors – Restricted access to banking and Item 17 Risk Factors – Newly-established legal regime.

(2) Principal Products or Services

CNX will leverage its technology, high-density agriculture domain knowledge to accelerate its scale-up of cannabis cultivation to a commercial, high-volume capacity. The forecasted level of dry flower inventory will provide for the development and production of a diverse range of product derivatives ranging from pre-rolls, oils, concentrates, distillates, edibles and topicals. These products will be sold in both wholesale and packaged formats. The composition of finished product will evolve over time as the largely recreational market in Nevada matures and consumer knowledge of the health and benefits to these product derivatives increases.

The Resulting Issuer plans to have four channels for supplying Nevada's retail cannabis market and post-harvest production market:

- (a) Direct Selling to Nevada's Dispensaries. CNX plans to sell its own branded products along with those of its third-party Nevada partner direct to the more than 60 dispensaries in the State of Nevada.
- (b) Wholesale Market. CNX plans to sell unbranded, wholesale product to existing production and retail license holders who are seeking to reformulate and package under their own brands. CNX plans to sell a broad range of wholesale product offerings including trim, oil, distillates and dry flower.
- (c) Contract Cultivation, Production and Packaging. It is not permissible for cannabis grown and processed by State-sanctioned license holders to cross State boundaries. As such and as the cannabis market continues to rapidly evolve and mature, various well-established brands will seek to enter the Nevada market. CNX's planned commercial scale volume of cultivation, production and packaging will provide the expertise, consistent ability to supply and standard operating procedures to enter private label and white label production to meet this anticipated demands of the Nevada market.

- (d) Supplying CNX-Owned Retail. The State of Nevada has announced a process to allow existing license holders in the State the opportunity to apply in September 2018 for additional retail licenses. If the Resulting Issuer is able to identify and secure retail locations with potential, it intends to submit the appropriate applications. In addition, the Resulting Issuer will continue to explore the option of acquiring existing retail assets in the Nevada market. CN Licenseco I, Inc. is preparing an application to the State of Nevada's Department of Taxation for a dispensary license.

The recreational market in which CNX operates in Nevada has fewer barriers to entry and more closely reflect free market dynamics typically seen in mature retail and manufacturing industries. The growth of this market poses a risk of increased competition.

CNX faces competition from other companies that may have a higher capitalization, access to public equity markets, more experienced management or may be more mature as a business. The vast majority of both manufacturing and retail competitors in the Nevada market consists of localized businesses (i.e. doing business in only a single state market). There are a few multi-state operators that CNX competes directly. Aside from this direct competition, out-of-state operators that are capitalized well enough to enter those markets through acquisitive growth are also considered part of the competitive landscape.

See Item 17 – Risk Factors – Competition.

(3) Lending and Investment Policies and Restrictions

This section is not applicable to the Corporation.

(4) Bankruptcy and Receivership

Neither the Corporation nor CNX, nor any of their subsidiaries, have been the subject of any bankruptcy or any receivership or similar proceedings or any voluntary bankruptcy, receivership or similar proceedings, within any of the three most recently completed financial years (as applicable) or the current financial year.

(5) Material Restructuring

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

(6) Fundamental Social and Environmental Policies

Neither the Corporation nor CNX, nor any of their subsidiaries, have implemented social or environmental policies that are fundamental to any of their operations.

4.2 Asset Backed Securities

The Corporation does not have any asset backed securities.

4.3 Companies with Mineral Projects

The Corporation does not have any mineral projects.

4.4 Companies with Oil and Gas Operations

The Corporation does not have any oil and gas operations.

5. **SELECTED CONSOLIDATED FINANCIAL INFORMATION**

5.1 Consolidated Financial Information – Annual and Interim Information

The Corporation's Annual Information

The following table sets forth selected financial information for the Corporation for the years ended January 31, 2018, 2017 and 2016. Such information is derived from the financial statements of the Corporation and should be read in conjunction with such financial statements.

	As at and for the year ended January 31, 2016 (audited) (C\$)	As at and for the year ended January 31, 2017 (audited) (C\$)	As at and for the year ended January 31, 2018 (audited) (C\$)
Statement of operations			
Total revenue	Nil	Nil	Nil
Net loss from operations	193,223	176,824	174,258
Net loss	195,317	172,651	171,478
Net loss per share (basic and diluted)	0.01	0.01	0.01
Statement of financial position			
Total assets	435,294	439,621	524,473
Total liabilities	445,819	622,797	860,127
Cash dividends declared per share	Nil	Nil	Nil

See Schedule “A”– *Financial Statements of the Corporation*

CNX's Annual Information

The following tables set forth selected financial information for CNX as at December 31, 2017 and for the period from incorporation on December 18, 2017 to December 31, 2017. Such information is derived from the financial statements of CNX and should be read in conjunction with such financial statements.

SELECTED ANNUAL FINANCIAL INFORMATION

	As at December 31, 2017 and for the period from incorporation on December 18, 2017 to December 31, 2017 (audited) (\$)
Statement of operations	
Total revenue	Nil
Loss from operations	(198,065)
Loss for the period	(204,676)
Statement of financial position	
Total assets	Nil
Total liabilities	204,666
Cash dividends declared per share	Nil

See Schedule “B” – Financial Statements of CNX.

5.2 Quarterly Information

The Corporation’s Interim Information

The following tables set forth selected financial information for the Corporation and CNX and selected pro forma financial statements of the Resulting Issuer. Such information is derived from the financial statements of the Corporation and CNX and should be read in conjunction with such financial statements.

SELECTED INTERIM FINANCIAL INFORMATION

	Theia as of April 30, 2018 (unaudited) (C\$)	CNX as of June 30, 2018 (unaudited) (C\$)	Resulting Issuer Pro Forma as at and for the three months ended April 30, 2018 (unaudited) (C\$)
Statement of operations			
Net revenue	Nil	Nil	Nil
Loss from operations	(41,218)	(1,548,274)	(1,589,492)
Loss for the period	(42,919)	(2,031,147)	(2,074,066)
Statement of financial position			
Total assets	537,546	34,341,786	109,206,102
Total liabilities	916,119	76,323	23,828,716

	Theia as of April 30, 2018 (unaudited) (C\$)	CNX as of June 30, 2018 (unaudited) (C\$)	Resulting Issuer Pro Forma as at and for the three months ended April 30, 2018 (unaudited) (C\$)
Members/shareholders' equity	(378,573)	34,265,463	85,377,386

See Schedule “E” – Consolidated Pro-forma Financial Statements of the Resulting Issuer.

5.3 Dividends

Neither the Corporation nor CNX, nor any of their subsidiaries, have declared distributions on their respective issued and outstanding shares in the past.

Any future determination to pay distributions will be at the discretion of the respective Boards of Directors of the Corporation, CNX or their subsidiaries and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of distributions and any other factors that each such Board of Directors deems relevant.

5.4 Foreign GAAP

The financial statements included in this Listing Statement have been, and the future financial statements of the Corporation shall be, prepared in accordance with International Financial Reporting Standards.

6. MANAGEMENT’S DISCUSSION AND ANALYSIS

The Corporation’s MD&As for the year ended January 31, 2018 and for the three months ended April 30, 2018 are attached to this Listing Statement as Schedule “C” – MD&As of the Corporation.

CNX’s MD&A’s as at December 31, 2017 and for the period from incorporation on December 18, 2017 to December 31, 2017 and for the six month period ended June 30, 2018 are attached to this Listing Statement as Schedule “D” – MD&As of CNX.

7. MARKET FOR SECURITIES

Prior to the closing of the Transaction, the Corporation had been listed on the TSXV under the symbol “THH”. The Resulting Issuer intends to be traded on the CSE under the symbol “FONE”.

8. CONSOLIDATED CAPITALIZATION

The following table summarizes the Resulting Issuer’s consolidated capitalization of the share and loan capital of the Resulting Issuer as of the date hereof before and after giving effect to the Transaction. The table should be read in conjunction with the financial statements of the Corporation and CNX, including the notes thereto, included elsewhere.

RESULTING ISSUER PRO FORMA CAP TABLE

Designation of Security	As of April 30, 2018	As of the date of this Listing Statement
Debt (C\$)		
Current liabilities	916,119	126,323
Promissory note	-	23,702,393
Total debt (C\$)	916,119	23,828,716
Equity – fully diluted		
Resulting Issuer Shares	21,397,750 ⁽¹⁾	172,192,279
Options	-	7,915,000
Fully diluted issued and outstanding	-	180,107,279

Notes:

- (1) On a pre-consolidation basis.

9. OPTIONS TO PURCHASE SECURITIES

The stock option plan of the Corporation (the “**Corporation Option Plan**”) was initially approved by the shareholders of the Corporation at the annual and special meeting of the shareholders of the Corporation on October 16, 2009.

Pursuant to the Corporation Option Plan, stock options may be granted to directors, officers, employees and consultants of the Corporation or any subsidiary of the Corporation (the “**Participants**”).

The purpose of the Corporation Option Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate the Participants, to incent the Participants to contribute to the long-term goals of the Corporation and to encourage the Participants to acquire Corporation Shares as long-term investments.

The Corporation Option Plan is a “rolling 10% plan” so the number of Corporation Shares reserved for issuance under the Corporation Option Plan shall not exceed 10% of the issued and outstanding Corporation Shares from time to time. The aggregate number of options granted to any option holder in a twelve month period must not exceed 5% of the issued and outstanding Corporation Shares, unless the Corporation has obtained disinterested shareholder approval of such grants as required by the TSXV. The aggregate number of options granted to any one consultant of the Corporation within any 12 month period must not exceed 2% of the issued and outstanding Corporation Shares. Options granted to all persons retained to provide investor relations activities must not exceed 2% of the issued and outstanding Corporation Shares in any 12 month period, and such options are subject to vesting provisions. The exercise price of options granted under the Corporation Option Plan is determined by the Board of Directors of the Corporation and cannot be less than the market value of the Corporation Shares as of the date of grant. The term of the options cannot exceed 10 years, subject to earlier termination after certain events such as the option holder ceasing to hold office or be employed or engaged by the

Corporation, or the death or disability of the option holder. The Corporation Option Plan does not provide for mandatory vesting provisions of the options. Options granted under the Corporation Option Plan may contain vesting provisions at the discretion of the Corporation's Board of Directors (or a committee thereof).

In accordance with the policies of the TSXV "rolling 10% plans" must be approved annually by the shareholders of the Corporation. Accordingly, the Corporation obtained the approval of its shareholders to the ratification of the Corporation Option Plan at the Corporation Meeting. The Corporation Option Plan was last ratified, confirmed and approved by the shareholders at the Corporation's annual meeting held on December 18, 2017.

10. DESCRIPTION OF THE SECURITIES

10.1 Description of the Resulting Issuer's Securities

The Resulting Issuer will be authorized to issue an unlimited number of Resulting Issuer Shares. Upon completion of the Transaction, the outstanding capital of the Resulting Issuer consists of 172,192,279 Resulting Issuer Shares and 7,915,000 Resulting Issuer common stock options.

All of the Resulting Issuer Shares are of the same class and, once issued, rank equally as to entitlement to dividends, voting powers and participation in assets upon dissolution or winding up.

The holders of Resulting Issuer Shares are entitled to receive dividends if, as and when authorized and declared by the directors of the Corporation.

In the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or other distribution of assets or property of the Corporation amongst the Resulting Issuer Shareholders for the purpose of winding up its affairs, the Resulting Issuer Shareholders shall be entitled to receive all property and assets of the Resulting Issuer properly distributable to the Resulting Issuer Shareholders.

The Resulting Issuer Shareholders shall be entitled to vote at all meetings of the Resulting Issuer and at all such meetings each such holder has, on a vote by show of hands, every one vote, and, on a poll, one vote in respect of each Resulting Issuer Share held.

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

10.2 – 10.4

These Sections are not applicable.

10.3 Modification of Terms

See Section 10.1 above.

10.4 Other Attributes

This section is not applicable.

10.5 Prior Sales of Common Shares

The Corporation

The following tables set forth the issuances of common shares of the Corporation *within the last twelve (12) months before the date of this Listing Statement* (excluding securities issued upon closing of the Transaction).

Date Issued	Number of Common Shares	Issue Price per Share (C\$)	Aggregate Issue Price (\$C)	Nature of Consideration
May 9, 2018	150,000	0.075	11,250	Shares issued per the property option agreement

CNX

The following tables set forth the issuances of common shares of CNX within the last twelve (12) months before the date of this Listing Statement:

Date of Issue	Description	Number of Securities Sold	Price Per Share	Description of Consideration
December 18, 2017	Class A common shares	100	C\$10.00	Cash
March 5, 2018	Class A common shares	33,955,124	C\$0.005	Cash
March 5, 2018	Class A common shares	66,044,776	C\$0.02	Cash
March 12, 2018	Class B common shares	31,048,058	C\$0.85	Cash
March 14, 2018	Class B common shares	8,417,881	C\$0.85	Cash
April 23, 2018	Class B common shares	1,313,261	C\$0.85	Cash
April 23, 2018	Class B common shares	25,000	C\$0.85	Finders fees paid in shares
August 14, 2018	Class A common shares	18,052,909	C\$2.00	Cash
August 20, 2018	Class A common shares	1,197,221	C\$2.00	Cash
September 20, 2018	Class A common shares	1,475	N/A	Compensation shares

Date of Issue	Description	Number of Securities Sold	Price Per Share	Description of Consideration
September 20, 2018	Class A common shares	2,900,820	\$1.50	Cash
September 20, 2018	Subscription Receipts ⁽¹⁾	6,550,867	\$1.50	Cash
September 20, 2018	Class A common shares	280,012	N/A	Compensation and advisory shares
September 21, 2018	Class A common shares	133,331 ⁽²⁾	\$1.50	Conversion of Subscription Receipts
September 21, 2018	Class A common shares	6,417,536 ⁽²⁾	\$1.50	Conversion of Subscription Receipts

Notes:

(1) Exchangeable for Class A common shares on satisfaction of the Escrow Release Conditions.

(2) Expected to be issued on September 21, 2018 upon closing of the Transaction and conversion of the Subscription Receipts described under (1) above.

10.6 Stock Exchange Price

The Corporation Shares were listed on the TSXV, as follows:

Date	Price Range	Volume
August 2018	N/A	N/A
July 2018	N/A	N/A
June 2018	C\$0.075-C\$0.085	38,000
May 2018	C\$0.065-C\$0.075	81,500
April 2018	C\$0.065-C\$0.08	96,000
March 2018	C\$0.075	60,125
February 2018	C\$0.07-C\$0.095	109,500
November 2017 - January 2018	C\$0.07-C\$0.12	319,100
August 2017 - October 2017	C\$0.08-C\$0.12	42,000
May 2017 - July 2017	C\$0.07-C\$0.10	57,000

Date	Price Range	Volume
February 2017 - April 2017	C\$0.075-C\$0.09	16,900
November 2016 - January 2017	C\$0.12-C\$0.20	212,000
August 2016 - October 2016	C\$0.095-C\$0.17	189,000
May 2016 - July 2016	C\$0.10-C\$0.155	11,500

11. ESCROWED SECURITIES

As required under the policies of the CSE, principals of the Issuer will, in connection with the completion of the Transaction, enter into an escrow agreement (the “**Escrow Agreement**”) as if it was subject to the requirements of National Policy 46-201 – Escrow for Initial Public Offerings (“NP 46-201”). The escrow agent is Odyssey Trust Company. Escrow releases will be scheduled at periods specified in NP 46-201 for established issuers.

The form of the Escrow Agreement must be as provided in NP 46-201, subject to the aforementioned modifications. The following securities of the Issuer will be held in escrow on completion of the Transaction:

Designation and Class of Shares	Number of Securities Held in Escrow	Percentage of Class of Shares
Common Shares	99,150,000	58%

12. PRINCIPAL SHAREHOLDERS

12.1 Principal Shareholders

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

Name, Jurisdiction of Residence	Number of Shares	Class of Shares	Ownership	Percentage of CNX’s Issued and Outstanding Shares ⁽¹⁾
Southlands Family Trust (Vancouver, Canada)	36,000,000	Common Shares	Beneficial and of Record	20.9%
Yaletown Family Trust (Vancouver, Canada)	36,000,000	Common Shares	Beneficial and of Record	20.9%

Notes:

1 Assuming that the Escrow Release Conditions have been satisfied and such Subscription Receipts exchanged for Class A Common Shares

12.2 Voting Trusts

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

12.3 Associates and Affiliates

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

13. DIRECTORS AND OFFICERS

13.1 13.1 –13.5 Directors and Officers

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

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

Name, Municipality of Residence and Position Held	Principal Occupation for Past Five Years	Director or Officer of the CNX Since	Number and Percentage of Common Shares Beneficially Owned or Controlled Prior to the Transaction	Number and Percentage of Common Shares Beneficially Owned or Controlled After the Transaction
Ken Villazor ⁽¹⁾⁽²⁾ Director, President and CEO Ontario, Canada	Corporate Executive	03/2018	5,750,000 common shares 3.5%	5,750,000 Resulting Issuer Shares 3.3%
Warner Fong ⁽¹⁾ Director British Columbia, Canada	Controller	03/2018	618,926 common shares 0.4%	618,926 Resulting Issuer Shares 0.4%

Name, Municipality of Residence and Position Held	Principal Occupation for Past Five Years	Director or Officer of the CNX Since	Number and Percentage of Common Shares Beneficially Owned or Controlled Prior to the Transaction	Number and Percentage of Common Shares Beneficially Owned or Controlled After the Transaction
Amit Varma ⁽¹⁾ Director British Columbia, Canada	VP Corporate Finance and Banking	03/2018	1,208,390 common shares 0.7%	1,208,390 Resulting Issuer Shares 0.7%
David Wesley ⁽²⁾ Director British Columbia, Canada	VP Construction and Development	03/2018	540,000 common shares 0.3%	540,000 Resulting Issuer Shares 0.3%
Geoff Miachika Chief Financial Officer British Columbia, Canada	Senior Manager, Public Practice Accounting	06/2018	5,000 common shares 0%	5,000 Resulting Issuer Shares 0%
Jean St. Martin Corporate Secretary California, USA	Lawyer	03/2018	Nil common shares	Nil

Notes:

- (1) Member of the audit committee.
(2) Member of the compensation committee.

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

Upon completion of the Transaction, all directors and officers, as a group, will beneficially own, directly or indirectly, 8,122,316 Resulting Issuer Shares or 4.7% (non-diluted) of the Resulting Issuer Shares.

Board Committees

The Corporation currently has an audit committee and compensation committee. A brief description of each committee is set out below. Following the completion of the Transaction, the directors of the Resulting Issuer intend to establish such committees of the Board of Directors as determined to be appropriate in addition to the audit committee and compensation committee.

Audit Committee

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

The members of the audit committee after completion of the Transaction include the following three directors. Also indicated is whether they are “independent” and “financially literate” within the meaning of National Instrument 52-110 – Audit Committees (“NI 52-110”).

Name of Member	Independent⁽¹⁾	Financially Literate⁽²⁾
Ken Villazor	No	Yes
Warner Fong	Yes	Yes
Amit Varma	Yes	Yes

Notes:

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

Compensation Committee

The compensation committee assists the Corporation’s Board of Directors in fulfilling its responsibilities for compensation philosophy and guidelines, and fixing compensation levels for the Corporation’s executive officers. In addition, the compensation committee is charged with reviewing the employee stock option plan and proposing changes thereto, approving any awards of options under the employee stock option plan and recommending any other employee benefit plans, incentive awards and perquisites with respect to the Corporation’s executive officers. The Compensation Committee is also responsible for reviewing, approving and reporting to the Corporation’s Board of Directors annually (or more frequently as required) on the Corporation’s succession plans for its executive officers.

The proposed members of the compensation committee after completion of the Transaction include the following three directors: Ken Villazor, Warner Fong and David Wesley.

13.2 13.6– 13.9 Corporate Cease Trade Orders or Bankruptcies; Penalties or Sanctions; Personal Bankruptcies

No proposed director or officer of the Resulting Issuer or a shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is, or within 10 years before the date of this Listing Statement has been, a director or officer of any other company that, while the person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other company access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days;
- (b) was the subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

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

No proposed director or officer of the Resulting Issuer, or a shareholder holding sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

13.3 See 13.1 above

13.4 See 13.1 above

13.5 See 13.1 above

13.6 See 13.2 above

13.7 See 13.2 above

13.8 See 13.2 above

13.9 See 13.2 above

13.10 Conflicts of Interest

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

13.11 Management

It is anticipated that upon completion of the Transaction, all of the directors and officers of the Corporation will resign and will be replaced with nominees of CNX which will include the following persons, subject to the approval of the CSE:

Ken Villazor / Director & President and CEO (Age 49)

Mr. Villazor has more than 20 years of experience in Corporate Affairs including communications, public relations, business development, regulatory affairs, government relations, philanthropy and public policy. He has held numerous senior positions in the pharmaceutical industry working extensively in government regulated aspects of commercial operations including formulary/market access, pricing compliance, price controls, manufacturing grants, regulatory approvals and shaping federal and provincial government policies. Mr. Villazor has been a director of Organic Garage Ltd. (TSXV:OG) since 2016 and serves on its Audit Committee, Governance Committee and Compensation Committee. He has worked for a number of large pharmaceutical companies including SmithKline Beecham, GlaxoSmithKline and Biovail Corporation as well as with the industry's national trade association based in Ottawa. In addition, Mr. Villazor also spent more than decade in the sports and entertainment industry including having served as an Alternate Governor and advisor to a National Hockey League franchise. His Board experience spans the academic sector, not-for-profit sector and publicly-traded companies.

Warner Fong / Director (Age 53)

Mr. Fong has over 25 years of experience in accounting and administration, with the past 14 years in a senior management role in the greenhouse industry, responsible for the reporting requirements of the business, including annual audit and reviewed quarter-end financial statements reporting, operations and capital budgeting, cash flow management, trade credit, and developing internal control processes for new reporting entities. Mr. Fong has worked for private enterprises and large multi-national, publicly traded corporations in Canada and Europe with their head offices situated in Canada. He is a licensed CPA, CMA in Canada.

Amit Varma / Director (Age 36)

Mr. Varma brings with him over 17 years of experience in cross border commercial banking, and corporate finance roles with some of the largest financial institutions in Canada as well senior management and executive roles with some of Canada's largest agricultural companies. Mr. Varma has worked in both large private and public companies and has been responsible for sourcing, developing, and maintaining new and existing relationships with strategic financial partners to ensure the long-term availability of adequate sources of capital including equity and debt required for the ongoing operations, trade finance, cash management, covenant compliance, planned capital expenditures and the funding of the company's strategic initiatives including possible mergers and acquisitions. Throughout his career in both the private and public sectors, Mr. Varma has successfully delivered several billion dollars in operating loans, term debt, subordinated debt and equity financing.

David Wesley / Director (Age 46)

Mr. Wesley has a decade of experience in the development, implementation and operational handover of some of the largest commercial greenhouse operations in North America. He has delivered over \$400 million dollars of agricultural, office, industrial and other green field construction. Mr. Wesley has extensive multi-national experience leading Development efforts and Regulatory compliance from the local City level to Federal agencies. He has experience in

both private company and advisory Boards. Mr. Wesley holds a Masters Degree in Business Administration in Executive Management with a Specialization in Management Consulting, a Masters Certificate in Project Management, and Certificate in Business Administration.

Geoff Miachika / Chief Financial Officer (Age 37)

Mr. Miachika is a Chartered Professional Accountant with 10 years of experience in finance and accounting. Prior to joining CNX, he was a Senior Manager with KPMG in Vancouver where he primarily served Canadian and US public companies in audit, accounting advisory and securities engagements. Mr. Miachika has extensive experience working with clients listed on the TSX, TSX-V, CSE, NYSE. Mr. Miachika has regulatory and financial reporting experience in IFRS, US GAAP and US internal control certifications, accounting for mergers, acquisitions, dispositions and other shareholder related matters. Operationally, Mr. Miachika has also managed teams of professional resources in the execution of large scale global audits. Mr. Miachika also holds a Bachelor of Commerce from the University of British Columbia.

Jean St. Martin / Corporate Secretary (Age 44)

Ms. St. Martin is an experienced real estate and business attorney concentrating in real estate and land use, environmental law, corporate and business law. Ms. St. Martin received her B.A. degree, magna cum laude, in Urban Planning & Development from the University of Southern California in 1996. She also received her law degree from the University of Southern California in 1999. Ms. St. Martin has been in private law practice for 19 years, spending 11 years at her first firm where she became a partner, followed by 6 years as a sole practitioner, and again more recently as a partner in another firm. Her legal practice includes commercial real property leasing, purchase and finance, permitting for oil and gas facilities, real estate subdivision and development, and corporate formation and management. In her practice, Ms. St. Martin has served both privately held and public companies, and appeared before various regulatory boards and agencies on behalf of her clients. Ms. St. Martin has served as counsel to the boards of directors of several private U.S. companies, both attending and overseeing shareholder and director meetings, as well as served as a director on the board of a successful hotel and hospitality company.

See 3.1 above.

14. CAPITALIZATION

14.1 Issued Capital

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

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	172,192,279	180,107,279	96%	100%
Held by Related Persons or employees of the Corporation or Related Person of the Corporation, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Corporation (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Corporation upon exercise or conversion of other securities held) (B)	82,678,488	87,728,488	48%	49%
Total Public Float (A-B)	89,513,791	92,378,791	52%	51%
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)	102,092,904	106,792,904	59%	59%
Total Tradeable Float (A-C)-	70,099,375	73,314,375	41%	41%

Public Securityholders (Registered)

Class of Security

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	-	-
100 – 499 securities	1	100
500 – 999 securities	1	700
1,000 – 1,999 securities	6	8,657
2,000 – 2,999 securities	10	24,694
3,000 – 3,999 securities	7	23,517
4,000 – 4,999 securities	2	8,082
5,000 or more securities	275	89,448,041
Total	302	89,513,791

Public Securityholders (Beneficial)

This information is unknown to CNX.

Non-Public Securityholders (Registered) Class of Security

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	9	82,678,488
Total	9	82,678,488

14.2 Convertible/Exchange Securities

CNX

All outstanding convertible securities of CNX, being the CNX Option, will be cancelled pursuant to the terms of the Transaction and exchanged for Corporation Options, as follows:

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
Stock options exercisable at a price of C\$0.20, term of 5 years and vest 100% upon CNX going public.	2,400,000	2,400,000
Stock options exercisable at a price of C\$0.20, term of 5 years and vest 50% upon CNX going public, 25% after 6 months of the grant date and 25% after 12 months of the grant date.	4,175,000	4,175,000
Stock options exercisable at a price of C\$0.85, term of 5 years and vest 50% upon CNX going public, 25% after 6 months of the grant date and 25% after 12 months of the grant date.	1,340,000	1,340,000

14.3 Other Listed Securities

Neither the Corporation nor CNX have any other listed securities reserved for issuance that are not included in section 14.1.

15. EXECUTIVE COMPENSATION

The following table sets forth the anticipated compensation to be paid or awarded to the directors and the following executive officers of the Resulting Issuer: (i) the Chief Executive Officer; (ii) the Chief Financial Officer; and (iii) Directors:

Table of Compensation Excluding Compensation Securities							
Name & position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of Perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Ken Villazor, President, CEO and Director	2018	250,000 ⁽¹⁾	Nil	Nil	7,500 ⁽²⁾	Nil	257,500
Geoff Miachika, CFO	2018	125,000	Nil	Nil	122,500 ⁽³⁾	Nil	247,500
Jean St. Martin, Corporate Secretary	2018	Nil	Nil	Nil	750	Nil	750
Amit Varma, Director	2018	Nil	Nil	Nil	3,150 ⁽²⁾	Nil	3,150
David Wesley, Director	2018	Nil	Nil	Nil	3,150 ⁽²⁾	Nil	3,150
Warner Fong, Director	2018	Nil	Nil	Nil	3,150 ⁽²⁾	Nil	3,150

Notes:

- (1) Base salary compensation for executive officer position
- (2) Option values have been determined using the Black Scholes model. Key assumptions include a grant date share price of C\$0.02, exercise price of C\$0.20, expected term of 5 years, discount rate of 2.04%, volatility of 100% and nil rate of dividends.
- (3) Option values have been determined using the Black Scholes model. Key assumptions include a grant date share price of C\$0.85, exercise price of C\$0.85, expected term of 5 years, discount rate of 2.11%, volatility of 100% and nil rate of dividends.

Termination and Change of Control Benefits

Other than disclosed herein, the Resulting Issuer will not have any contracts, agreements, plans or arrangements that provide for payments to a Named Executive Officer (“NEO”) at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Resulting Issuer or a change in an NEO’s responsibilities.

The resulting issuer has an employment agreement with Mr. Villazor that will pay in lieu of notice, 2 weeks salary plus one months' salary for every completed year of service (minimum of 6 months), upon termination without cause. Additionally, upon change of control, Mr. Villazor is entitled to 2 weeks salary plus one months' salary for every completed year of service, or 12-month salary, whichever is greater.

The Resulting Issuer has an employment agreement with Mr. Miachika that will pay in lieu of notice, 2 weeks salary plus one months' salary for every completed year of service (minimum of 6 months), upon termination without cause. Additionally, upon change of control, Mr. Miachika is entitled to 2 weeks salary plus one months' salary for every completed year of service, or 12-month salary, whichever is greater.

Oversight and Description of Director and Named Executive Officer Compensation

The Board of Directors of the Resulting Issuer will review the compensation of its executives following completion of the Transaction and make such changes as it deems appropriate.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

17. RISK FACTORS BUSINESS OF THE RESULTING ISSUER RISKS

Business of the Resulting Issuer Risks

Marijuana is illegal under U.S. federal law

The cultivation, manufacture, distribution, and possession of marijuana is illegal under federal U.S. law. Federal law applies even in those states in which the use of marijuana has been legalized. Enforcement of federal law regarding marijuana would harm the Resulting Issuer's business, prospects, results of operation, and financial condition.

As a result of the conflict between state and federal laws regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. Although prior administrations have taken a more permissive view of legalization at the state level, there is no assurance that the federal government will not seek to prosecute cannabis businesses that are compliant with state law.

Under the Controlled Substances Act, 21 U.S.C. ("CSA"), § 801 *et seq.*, it is a felony to manufacture, distribute, dispense or possess with intent to manufacture, distribute or dispense a controlled substance, including marijuana; to use a communication facility, which includes the mail, telephone, wire, radio, and all other means of communication, to cause or facilitate a violation of the CSA; and to place an advertisement knowing that the advertisement is intended to offer to sell or buy marijuana, or to use the internet to advertise the sale of marijuana. It is also

a federal misdemeanor to knowingly or intentionally possess marijuana and a felony to attempt or conspire to violate the CSA. The CSA does not apply to conduct that takes place entirely outside the United States if the conduct involves cannabis that never reaches, and is never intended to reach, the United States.

Participating in transactions involving proceeds derived from cannabis may constitute criminal money laundering. It is a federal crime to engage in certain transactions involving the proceeds of “Specified Unlawful Activities” (“SUA”) when those transactions are designed to promote an underlying SUA, or conceal the source of the funds. Violations of the CSA and violations of a foreign state’s laws are both SUA. It is a federal crime to engage in an international transaction into or out of the United States if the transaction is intended to promote an SUA, irrespective of the source of the funds. It is a federal crime to engage in a transaction in property worth greater \$10,000 knowing that the property is derived from a SUA.

It is also a federal crime to engage in interstate or foreign travel or commerce with the intent to distribute the proceeds of or promote a SUA.

Anyone who aids and abets another to commit a federal crime, including violations of the CSA, can be charged with committing the underlying offenses and punished as much as the person who committed them.

Violations of federal criminal laws carry a risk of civil penalties in addition to or instead of criminal penalties. The federal government can seek, (i) civil forfeiture of property involved in or traceable to certain crimes, including money laundering and violations of the CSA; and (ii) prosecution of the Resulting Issuer’s employees, directors, officers, managers and investors for criminal violations of the CSA, federal money laundering laws, or the Travel Act. Even when the government does not bring criminal charges, it may use the threat of an investigation or charges to incentivize civil settlements.

Violations of federal law could result in significant fines, penalties, administrative sanctions, criminal prosecution, including arrest, pre-trial incarceration, and sentences including monetary fines or incarceration, disgorgement of profits, cessation of business activities or divestiture, and forfeiture of real and personal property. This could have a material adverse effect on the Resulting Issuer, including its reputation and ability to conduct business, its holding (directly or indirectly) of cannabis licenses in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded common shares. It is difficult to estimate the time or resources needed to respond to a government investigation or prosecution of such matters without knowing the nature and extent of any information requested by the applicable authorities involved. Such time or resources could be substantial.

Marijuana is strictly regulated in those states which have legalized it for medical or recreational use

The U.S. states and territories which have legalized marijuana for medical or recreational use impose substantial regulatory and licensing burdens on marijuana businesses. The legal and regulatory framework applicable to cannabis businesses is different in every state and territory. Obtaining a license or permit to grow, distribute, or dispense marijuana can be a difficult, costly,

and lengthy process. Violations of a state's legal and regulatory framework can result in revocation of licenses, civil penalties, and other punishments. No assurance can be given that the Resulting Issuer will receive the requisite licenses, permits, or cards to operate its businesses.

Local laws and ordinances could restrict the Resulting Issuer's business activity. Local governments may have the ability to limit or ban cannabis businesses from operating within their jurisdiction, or impose requirements in addition to those imposed by state law. Land use, zoning, local ordinances, and similar laws could be adopted or changed, which may have a material adverse effect on the Resulting Issuer's business.

The Resulting Issuer is aware that multiple states are considering special taxes or fees on businesses in the marijuana industry. Other states may be in the process of reviewing such additional fees and taxation, or may impose them in the future. This could have a material adverse effect upon the Resulting Issuer's business, results of operations, financial condition, or prospects.

CNX currently and following the Transaction intends to operate in the State of Nevada, but may consider opportunities in other jurisdictions as deemed appropriate by management.

Restricted access to banking

The Resulting Issuer may have limited or no access to banking or other financial services in the United States. Federal money laundering statutes and BSA regulations discourage financial institutions from working with marijuana businesses, regardless of whether marijuana is legal in the state in which the financial institution or its customers are located. The inability or limitation in the Resulting Issuer's ability to open or maintain bank accounts, obtain other banking services, or accept credit card and debit card payments may make it difficult for the Resulting Issuer to operate and conduct its business as planned or to operate efficiently.

Federally chartered financial institutions are subject to federal regulation, including oversight by the Financial Crimes Enforcement Network ("**FinCEN**") bureau of the U.S. Treasury Department. Because marijuana is illegal under federal law, financial institutions may subject themselves to federal civil or criminal liability for banking the proceeds of marijuana businesses, and there are relatively few financial institutions who provide banking services to marijuana businesses.

In February 2014, FinCEN issued guidance (the "**FinCEN Guidance**") to financial institutions providing banking services to cannabis business. The FinCEN Guidance was intended to "clarify how financial institutions can provide services to marijuana-related businesses consistent with their" obligations under the BSA, and "enhance the availability of financial services for, and the financial transparency of, marijuana-related businesses."⁴ The FinCEN Guidance may have increased the availability of financial services to marijuana-related businesses. FinCEN could

⁴ Department of the Treasury Financial Crimes Enforcement Network. (2014). Guidance re: BSA Expectations Regarding Marijuana-Related Businesses (FIN-2014-G001). Retrieved from <https://www.fincen.gov/resources/statutes-regulations/guidance/bsa-expectations-regarding-marijuana-relatedbusinesses>.

rescind that guidance, which might cause financial institutions currently providing financial services to marijuana businesses to cease offering such services.

Financial institutions which do provide financial services to marijuana businesses may charge increased fees to or impose additional requirements on marijuana businesses. Some financial institutions refuse to process debit or credit card payments to marijuana businesses. Financial institutions which do process such transactions may also charge fees higher than those imposed on other businesses. The Resulting Issuer may experience increased costs, or decreased profits, as a result of its inability to accept debit or credit card payments, or as a result of increased fees it pays to the financial institutions processing such transactions.

Heightened scrutiny by Canadian regulatory authorities

For the reasons set forth above, the Resulting Issuer'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, the Resulting Issuer may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Resulting Issuer's ability to operate or invest in the United States or any other jurisdiction, in addition to those described herein.

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 ("**MOU**") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSXV.⁵ The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS Clearing and Depository Services Inc. ("**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.

Regulatory scrutiny of the Resulting Issuer's interests in the United States

For the reasons set forth above, the Resulting Issuer's interests in the United States cannabis market, and future licensing arrangements, may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. As a result, the Resulting Issuer may be subject to significant direct and indirect interaction with public officials.

⁵ Memorandum from The Canadian Depository for Securities, Aequitas NEO Exchange Inc., CNSX Markets Inc., TSX Inc., and TSX Venture Exchange Inc. (8 February 2018). Retrieved from <https://www.cds.ca/resource/en/249/>.

There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Resulting Issuer's ability to carry on its business in the United States.

Constraints on marketing products

The development of the Resulting Issuer's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The legal and regulatory environment in the United States limits the Resulting Issuer's ability to compete for market share in a manner similar to other industries. If the Resulting Issuer is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Resulting Issuer's sales and operating results could be adversely affected.

Unfavorable tax treatment of cannabis businesses

Under Section 280E ("**Section 280E**") of the United States Internal Revenue Code of 1986 as amended (the "**U.S. 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, processing, production and packaging 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.

Risk of Civil Asset Forfeiture

United States federal law enforcement officials are empowered to seize property they allege has been involved in certain criminal activity. Because marijuana remains illegal under U.S. federal law, property owned by marijuana businesses could be subject to seizure and subsequent civil asset forfeiture by law enforcement, whether or not the owner is charged with a crime. Property can be seized and forfeited through criminal, civil, and administrative proceedings. Property owners seeking the return of their property must establish that the property was not involved in criminal activity, which can be a substantial burden.

Proceeds of crime statutes

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

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

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

EACH SHAREHOLDER SHOULD SEEK TAX ADVICE, BASED ON SUCH SHAREHOLDER'S PARTICULAR CIRCUMSTANCES, FROM AN INDEPENDENT TAX ADVISOR.

Security Risks

The business premises of the Resulting Issuer's operating locations are targets for theft. While the Resulting Issuer has implemented security measures at its operating locations and continues to monitor and improve its security measures, its cultivation and processing facilities could be subject to break-ins, robberies and other breaches in security. If there was a breach in security and the Resulting Issuer fell 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 the Resulting Issuer.

As the Resulting Issuer's business may involve the movement and transfer of cash which is collected from its locations and deposited into financial institutions, there is a risk of theft or robbery during the transport of cash. The Resulting Issuer may engage a security firm to provide security in the transport and movement of large amounts of cash. While the Resulting Issuer 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.

Limited trademark protection

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

The Resulting Issuer May be Exposed to Infringement or Misappropriation Claims by Third Parties, Which, if Determined Adversely to the Resulting Issuer, Could Subject the Resulting Issuer to Significant Liabilities and Other Costs

The Resulting Issuer's success may likely depend on its ability to use and develop new extraction technologies, recipes, know-how and new strains of cannabis without infringing the intellectual property rights of third parties. The Resulting Issuer cannot assure that third parties will not assert intellectual property claims against it. The Resulting Issuer is subject to additional risks if entities licensing to it intellectual property do not have adequate rights in any such licensed materials. If third parties assert copyright or patent infringement or violation of other intellectual property rights against the Resulting Issuer, it will be required to defend itself in litigation or administrative proceedings, which can be both costly and time consuming and may significantly divert the efforts and resources of management personnel. An adverse determination in any such litigation or proceedings to which the Resulting Issuer may become a party could subject it to significant liability to third parties, require it to seek licenses from third parties, to pay ongoing royalties or subject the Resulting Issuer to injunctions prohibiting the development and operation of its applications.

Currency Fluctuations

Due to the Resulting Issuer's present operations in the United States, its intention to continue future operations outside Canada, and certain of its operating expenses being incurred in Canadian dollars, the Resulting Issuer is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. All or substantially all of the Resulting Issuer's revenue will be earned in US dollars, but a portion of its operating expenses are incurred in Canadian dollars. The Resulting Issuer does not have currency hedging arrangements in place and there is no expectation that the Resulting Issuer will put any currency hedging arrangements in place in the future. Fluctuations in the exchange rate between the US dollar and the Canadian dollar, may have a material adverse effect on the Resulting Issuer's business, financial position or results of operations.

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 the Resulting Issuer were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available to the Resulting Issuer, which would have a material adverse effect.

Potential FDA regulation

Should the federal government legalize cannabis, it is possible that the FDA, would seek to regulate it under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations including good manufacturing practices, related to the growth, cultivation, harvesting and processing of medical cannabis. Clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where medical-use cannabis is grown register with the FDA and comply with certain federally prescribed

regulations. In the event that some or all of these regulations are imposed, the impact would be on the cannabis industry is unknown, including what costs, requirements and possible prohibitions may be enforced. If the Resulting Issuer is unable to comply with the regulations or registration as prescribed by the FDA it may have an adverse effect on the Resulting Issuer's business, operating results and financial condition.

Legality of contracts

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

Unfavourable Publicity or Consumer Perception

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

Voting Control

As a result of the Transaction, the Southlands Family Trust and the Yaletown Family Trust, each owning approximately 20.1% of the voting common shares of the Resulting Issuer, are anticipated to exercise a significant majority of the voting power in respect of the Resulting Issuer's outstanding shares upon completion of the Transaction. As a result, they are expected to have the ability to influence the outcome of all matters submitted to the Resulting Issuer's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of the Resulting Issuer.

This concentrated control could delay, defer, or prevent a change of control of the Resulting Issuer, arrangement or amalgamation involving the Resulting Issuer or sale of all or substantially all of the assets of the Resulting Issuer that its other shareholders support. Conversely, this concentrated control could allow the holders of the Resulting Issuer Shares to consummate such a transaction that the Resulting Issuer's other shareholders do not support.

The Resulting Issuer is a holding company

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

Sales of substantial amounts of Resulting Issuer Shares may have an adverse effect on the market price of the Resulting Issuer Shares

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

Volatile market price for the Resulting Issuer Shares

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

- actual or anticipated fluctuations in the Resulting Issuer's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Resulting Issuer will operate;
- addition or departure of the Resulting Issuer's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Resulting Issuer Shares;
- sales or perceived sales of additional Resulting Issuer Shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;

- regulatory changes affecting the Resulting Issuer's industry generally and its business and operations both domestically and abroad;
- announcements of developments and other material events by the Resulting Issuer or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Resulting Issuer or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Resulting Issuer or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Resulting Issuer's industry or target markets.

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

Liquidity

The Resulting Issuer cannot predict at what prices the Resulting Issuer 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 the Resulting Issuer.

Increased costs as a result of being a public company

As a public issuer, the Resulting Issuer will be subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Resulting Issuer's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase the Resulting Issuer's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business, financial condition, and results of operations.

Future acquisitions or dispositions

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Resulting Issuer's ongoing business; (ii) distraction of management; (iii) the Resulting Issuer may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Resulting Issuer's operations; and (vi) loss or reduction of control over certain of the Resulting Issuer's assets. Additionally, the Resulting Issuer may issue additional Resulting Issuer Shares in connection with such transactions, which would dilute a shareholder's holdings in the Resulting Issuer.

The presence of one or more material liabilities of an acquired company that are unknown to the Resulting Issuer at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Resulting Issuer. A strategic transaction may result in a significant change in the nature of the Resulting Issuer's business, operations and strategy. In addition, the Resulting Issuer may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Resulting Issuer's operations.

Resulting Issuer's products

As a relatively new industry, there are not many established players in the recreational cannabis industry whose business model the Resulting Issuer can follow or build on the success of. Similarly, there is no information about comparable companies available for potential investors to review in making a decision about whether to invest in the Resulting Issuer.

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

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

Risks inherent in an agricultural business

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

Energy costs

The Resulting Issuer's recreational cannabis growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Resulting Issuer and its ability to operate profitably.

Unknown environmental risks

There can be no assurance that the Resulting Issuer will not encounter hazardous conditions at the site of the real estate used to operate its businesses, such as asbestos or lead, in excess of expectations that may delay the development of its businesses. Upon encountering a hazardous condition, work at the facilities of the Resulting Issuer may be suspended. If the Resulting Issuer receives notice of a hazardous condition, it may be required to correct the condition prior to continuing construction. The presence of other hazardous conditions will likely delay construction and may require significant expenditure of the Resulting Issuer's resources to correct the condition. Such conditions could have a material impact on the investment returns of the Resulting Issuer.

Reliance on management

A risk associated with the production and sale of recreational cannabis is the loss of important staff members. Success of the Resulting Issuer will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Resulting Issuer's business, operating results or financial condition.

Insurance and uninsured risks

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

Although the Resulting Issuer intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Resulting Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage

may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Resulting Issuer is not generally available on acceptable terms. The Resulting Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Resulting Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Emerging Industry

The recreational cannabis industry is emerging. There can be no assurance that an active and liquid market for shares of the Resulting Issuer will develop and shareholders may find it difficult to resell their Resulting Issuer Shares. Accordingly, no assurance can be given that the Resulting Issuer or its business will be successful.

Dependence on key inputs, suppliers and skilled labour

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 the Resulting Issuer. 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, the Resulting Issuer 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 the Resulting Issuer 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 the Resulting Issuer.

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

Difficulty to forecast

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

Management of growth

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

Internal controls

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

Litigation

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

Product liability

The Resulting Issuer faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Resulting Issuer's products would involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Resulting Issuer's products alone or in combination with other medications or substances could occur. The Resulting Issuer may be subject to various product liability claims, including, among others, that the Resulting Issuer's products caused injury or illness or death, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Resulting Issuer could result in increased costs, could adversely affect the Resulting Issuer's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations and

financial condition of the Resulting Issuer. There can be no assurances that the Resulting Issuer will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Resulting Issuer's potential products.

Product recalls

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

Results of Future Clinical Research

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as cannabidiol ("CBD") and tetrahydrocannabinol ("THC")) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Resulting Issuer believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, prospective purchasers of Resulting Issuer Shares should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this Listing Statement or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Resulting Issuer's products with the potential to lead to a material adverse effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

Competition

The Resulting Issuer will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Resulting Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Resulting Issuer.

Because of the early stage of the industry in which the Resulting Issuer operates, the Resulting Issuer expects to face additional competition from new entrants. If the number of users of recreational cannabis in the states in which the Resulting Issuer will operate its business increases, the demand for products will increase and the Resulting Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Resulting Issuer will require a continued high level of investment in research and development, marketing, sales and client support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of its operations.

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

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

Newly established legal regime

The Resulting Issuer business activities will rely on newly established and/or developing laws and regulations in the state in which it operates. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Resulting Issuer's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by the FDA, Securities and Exchange Commission, the Department of Justice, the Financial Industry Regulatory Advisory or other federal or applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the industry may adversely

affect the business and operations of the Resulting Issuer, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital.

General economic risks

The Resulting Issuer's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and spending and, consequently, impact the Resulting Issuer's sales and profitability.

18. PROMOTERS

18.1 18.1–18.2 Promoters

No person or company has been within the two years immediately preceding the date of this Listing Statement, a promoter of the Resulting Issuer or CNX.

19. LEGAL PROCEEDINGS

19.1 Legal Proceedings

There are no actual or contemplated legal proceedings material to the Corporation, CNX or their subsidiaries or of which any of their respective property is the subject matter and there are no such proceedings known to the Corporation, CNX or their subsidiaries to be contemplated.

There have been no penalties or sanctions imposed against the Resulting Issuer by a court or regulatory authority, and the Resulting Issuer has not entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, in the three years prior to the date of this Listing Statement.

19.2 Regulatory Actions

Neither the Corporation, CNX nor their subsidiaries are subject to: (i) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within three years immediately preceding the date of this Listing Statement; (ii) any other penalties or sanctions imposed by a court or regulatory body against the Corporation that are necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed. Neither the Corporation, CNX nor their subsidiaries have entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Listing Statement.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Corporation, CNX or their subsidiaries or person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of the outstanding voting securities of the Corporation or CNX, or any associate or affiliate of any of the foregoing has or had any material

interest, direct or indirect, in any transaction within the three years before the date of this Listing Statement, or in any proposed transaction, which has materially affected or will materially affect the Corporation, CNX or any of their subsidiaries.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditors

The auditors of the Corporation are MNP, LLP located at Suite 2200, MNP Tower, 1021 West Hastings St, Vancouver, BC V6E 0C3.

The auditors of CNX are MNP LLP, located at Suite 2200, MNP Tower, 1021 West Hastings St, Vancouver, BC V6E 0C3.

The auditors of the Resulting Issuer will be MNP LLP, located at Suite 2200, MNP Tower, 1021 West Hastings St, Vancouver, BC V6E 0C3.

21.2 Transfer Agent and Registrar

The transfer agent and registrar of the Resulting Issuer Shares is, and will be upon closing of the Transaction, Odyssey Trust Company, at its offices located at Stock Exchange Tower, 350 – 300 5th Ave SW Calgary, Alberta, T2P 3C4.

22. MATERIAL CONTRACTS

During the course of the two years prior to the date of the Listing Statement, the Corporation has entered into the Amalgamation Agreement, as well as other contracts entered into in the ordinary course of business.

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

- (a) the Amalgamation Agreement;
- (b) the Subscription Receipt Agreement;
- (c) Industrial Lease and Purchase Option Net-Net-Net dated March 13, 2018 by and between North Las Vegas Properties, Inc., as lessor, and Cana Nevada Corp., a Nevada corporation, as original lessee, as assigned by Cana Nevada Corp. to CN Licenseco I, Inc. pursuant to that certain Assignment of Lease dated April 23, 2018, and as amended by the First Amendment dated June 1, 2018 and Second Amendment dated June 15, 2018 (the “**Lease and Purchase Option Agreement**”).
- (d) Consulting Services Agreement by and between Cana Nevada Corp. and North American Consulting Services, Inc., a Delaware corporation.

- (e) A141-2014 Standard Form of Agreement Between Owner and Design-Builder by and between The Dennis Group, as design builder, and CN Licenseco I, Inc., as owner, including Design Build Amendment of even date therewith.

22.2 Special Agreements

This section is not applicable.

23. INTEREST OF EXPERTS

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

24. OTHER MATERIAL FACTS

An appraisal report was completed for the vendors of the greenhouse by an independent internationally recognized appraisal firm specializing in providing opinions on business and property valuations. The report indicated a value of \$610 million which was on a going concern basis as a cannabis operation assuming a discount rate of 35%.

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

25. FINANCIAL STATEMENTS

25.1 Financial Statements of the Corporation

Schedule “A” contains copies of all financial statements including the auditor’s reports, where applicable, prepared and filed under applicable securities legislation for the preceding three years and for the three-month period ended April 30, 2018.

25.2 Financial Statements of CNX

Schedule “B” contains copies of all financial statements including the auditor’s reports, where applicable, prepared and filed under applicable securities legislation for the preceding year and for the six month period ended June 30, 2018.

25.3 Pro-forma Consolidated Financial Statements

Schedule “E” contains copies of the pro-forma consolidated financial statements for the Resulting Issuer giving effect to the Transaction for the year ended January 31, 2018 and for the three month period ended April 30, 2018.

See Sections 5.1 to 5.3 above.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Theia Resources Ltd., hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Theia Resources Ltd. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia this 21st day of September, 2018.

“Kenneth E. Berry”

Kenneth E. Berry
Chief Executive Officer

“Rajwant S. Kang”

Rajwant S. Kang
Chief Financial Officer

“Susan McDonald”

Susan McDonald
Director

“Christopher Curran”

Christopher Curran
Director

CERTIFICATE OF THE TARGET

Pursuant to a resolution duly passed by its Board of Directors, CNX Holdings Inc. hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to CNX Holdings 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 Vancouver, British Columbia this 21st day of September, 2018.

“Ken Villazor”

Ken Villazor
President and CEO, Director

“Geoff Miachika”

Geoff Miachika
Chief Financial Officer

“Amit Varma”

Amit Varma
Director

“Warner Fong”

Warner Fong
Director

“David Wesley”

David Wesley
Director

CERTIFICATE OF THE TARGET

Pursuant to a resolution duly passed by its Board of Directors, CNX Holdings Inc. hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to CNX Holdings 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 Vancouver, British Columbia this 21st day of September, 2018.



Ken Villazor
President and CEO, Director

Geoff Miachika
Chief Financial Officer

Amit Varma
Director

Warner Fong
Director


David Wesley
Director

CERTIFICATE OF THE TARGET

Pursuant to a resolution duly passed by its Board of Directors, CNX Holdings Inc. hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to CNX Holdings 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 Vancouver, British Columbia this 21st day of September, 2018.

Ken Villazor
President and CEO, Director



Geoff Miachika
Chief Financial Officer

Amit Varma
Director

Warner Fong
Director

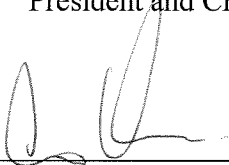
David Wesley
Director

CERTIFICATE OF THE TARGET

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Dated at Vancouver, British Columbia this 21st day of September, 2018.

Ken Villazor
President and CEO, Director



Amit Varma
Director

Geoff Miachika
Chief Financial Officer

Warner Fong
Director

David Wesley
Director

CERTIFICATE OF THE TARGET


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Dated at Vancouver, British Columbia this 21st day of September, 2018.

Ken Villazor
President and CEO, Director

Geoff Miachika
Chief Financial Officer

Amit Varma
Director

Warner Fong
Director



David Wesley
Director

**SCHEDULE “A”
FINANCIAL STATEMENTS OF THE CORPORATION**

See attached.

Theia Resources Ltd.

INTERIM FINANCIAL STATEMENTS

For the period ending

April 30, 2018

and

April 30, 2017

(Unaudited)

(Expressed in Canadian dollars)

Notice of no Auditor review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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THEIA RESOURCES LTD.

INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

Exhibit 1

	April 30, 2018	January 31, 2018
ASSETS		
Current:		
Cash and cash equivalents	\$ 490	\$ 1,456
Prepaid expenses	1,745	1,745
Receivable and advances	4,504	3,965
Total current assets	6,739	7,166
Non-current assets:		
Mineral properties (Note 4)	530,807	517,307
	\$ 537,546	\$ 524,473
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities (Note 7)	\$ 916,119	\$ 860,127
Total current liabilities	916,119	860,127
Equity:		
Share capital (Note 5)	1,692,326	1,692,326
Contributed surplus	14,378	14,378
Deficit	(2,085,277)	(2,042,358)
Total equity	(378,573)	(335,654)
Total liabilities and equity	\$ 537,546	\$ 524,473

Going concern (Note 1)

Approved on Behalf of the Board:

"Kenneth Berry"
Director

"Bruce Youngman"
Director

THEIA RESOURCES LTD.

INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

	Exhibit 2	
	Three Months Ended April 30,	
	2018	2017
Administrative Expenses		
General and administrative	\$ 2,469	\$ 2,551
Management fees (Note 7)	21,000	21,000
Professional & consulting fees	7,500	10,411
Regulatory and filing	5,262	5,804
Rent and office	4,987	4,983
Net loss for the period	41,218	44,749
Other items		
Interest income	(6)	(19)
Foreign exchange loss (gain)	1,707	(18)
Net and comprehensive loss for the year	42,919	44,712
Deficit, beginning of the year	2,042,358	1,870,880
Deficit, end of year	\$ 2,085,277	\$ 1,915,592
Basic and diluted loss per share (Note 5d)	\$ (0.01)	\$ (0.01)
Basic and diluted weighted average number of shares outstanding	21,397,750	21,197,750

THEIA RESOURCES LTD.

INTERIM STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars)

Exhibit 3

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Total Equity
Balance, January 31, 2017	21,197,750	\$ 1,673,326	\$ 14,378	\$ (1,870,880)	\$ (183,176)
Net and comprehensive loss for the period	-	-	-	(172,651)	(44,712)
Balance, April 30, 2017	21,197,750	\$ 1,673,326	\$ 14,378	\$ (1,915,592)	\$ (227,888)
Balance, January 31, 2018	21,397,750	\$ 1,692,326	\$ 14,378	\$ (2,042,358)	\$ (335,654)
Net and comprehensive loss for the period	-	-	-	(42,919)	(42,919)
Balance, April 30, 2018	21,397,750	\$ 1,692,326	\$ 14,378	\$ (2,085,277)	\$ (378,573)

THEIA RESOURCES LTD.

INTERIM STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

Exhibit 4

	Three Months Ended April 30	
	2018	2017
Cash Flows From (Used in) Operating Activities		
Net loss for the period	\$ (42,919)	\$ (44,712)
Non-cash items:		
Foreign exchange gain	1,707	-
Changes in non-cash working capital balances:		
Receivable and advances	(539)	(557)
Accounts payable and accrued liabilities	40,785	32,982
	(966)	(12,287)
Decrease in Cash and Cash Equivalents	(966)	(12,287)
Cash and Cash Equivalents, Beginning of Year	1,456	14,008
Cash and Cash Equivalents, End of Period	\$ 490	\$ 1,721
Cash and Cash Equivalents consists of:		
Cash	\$ 490	\$ 1,721

Supplemental Disclosure of Cash and Non-Cash Activities (Note 8)

THEIA RESOURCES LTD.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the Three Months Ended April 30, 2018 and 2017

(Expressed in Canadian dollars)

1 Reporting Entity:

Theia Resources Ltd. (the "Company") is a Canadian exploration stage company incorporated on January 9, 2007 under the Business Corporations Act (British Columbia). The address of the Company's registered office is 1820 – 1055 West Hastings St. Vancouver, British Columbia, Canada.

The Company's main business is acquiring and exploring mineral properties principally located in the North America, with the objective of identifying mineralized deposits economically worthy of subsequent development, mining or sale.

Going Concern

These interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. There are conditions and events, which constitute material uncertainties that may cast significant doubt on the validity of this assumption. The Company has incurred operating losses since inception, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available. The Company's ability to continue as a going concern is dependent upon its ability to obtain financing by issuance of share capital, and to realize future profitable operations.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of resource property expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties. The Company will need access to capital to continue advancing its Fox and Two Times Fred projects.

These interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption were not appropriate for these interim financial statements, then adjustments would be necessary in the carrying values of assets, liabilities, the reported income and expenses and the balance sheet classifications used.

	April 30 2018	April 30 2017
	\$	\$
Working capital (deficiency)	(909,380)	(659,573)
Deficit	(2,085,277)	(1,915,592)

2 Basis of Presentation:

Statement of Compliance

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to the preparation of financial statements.

THEIA RESOURCES LTD.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the Three Months Ended April 30, 2018 and 2017

(Expressed in Canadian dollars)

2 Basis of Presentation (continued):

The accounting policies applied in these interim financial statements are consistent with the accounting policies disclosed in Note 3 of the audited consolidated financial statements for the year ended January 31, 2018. These consolidated interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended January 30, 2018.

Functional and presentation currency

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

3 Significant Accounting Policies:

Basis of measurement

These interim financial statements have been prepared on a historical cost basis, except for available-for-sale financial instruments, which are measured at fair value through profit or loss.

The accounting policies set out below have been applied consistently to all periods presented in these interim financial statements unless otherwise indicated.

Cash and cash equivalents

Cash is comprised of cash on hand. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Foreign currency translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the statements of loss and comprehensive loss.

Critical accounting estimates and judgements

The preparation of the interim financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements, and revenues and expenses for the year. By their nature, these estimates and judgments are subject to uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Actual results may differ from those estimates and judgements.

Significant estimates used in the preparation of the interim financial statements include, but are not limited to:

(i) Exploration and evaluation assets

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of exploration and evaluation assets. These assumptions are changed when conditions exist that indicate the carrying value may be impaired, at which time an impairment loss is recorded.

THEIA RESOURCES LTD.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the Three Months Ended April 30, 2018 and 2017

(Expressed in Canadian dollars)

3 Significant Accounting Policies (continued):

(ii) Taxes

Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax planning strategies.

Significant judgements used in the preparation of the interim financial statements include, but are not limited to:

- (i) those relating to the assessment of the Company's ability to continue as a going concern.

Current and Future accounting policy changes issued but not yet in effect

There were no new accounting standards adopted during the three months ended April 30, 2018.

The following amendments to existing standards were issued by the IASB and are effective for annual periods beginning on or after February 1, 2018. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded from below:

The IASB intends to replace IAS 39, *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9, *Financial Instruments* ("IFRS 9") and to reduce the complexity in the classification and measurement of financial instruments. The completed version of IFRS 9 includes classification and measurement, impairment and hedge accounting requirements and is effective for annual periods beginning on or after January 1, 2018. The Company has evaluated the impact of adopted IFRS 9 on the interim financial statements with no significant impact anticipated.

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which replaces IAS 18 Revenue, IAS 11 Construction Contracts and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework which requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. The new standard is effective for periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company has evaluated the impact of adopted IFRS 15 on the interim financial statements with no significant impact anticipated.

In January 2016, the IASB issued IFRS 16, *Leases*, which replaces IAS 17, *Leases*, and other lease related interpretations. The new standard establishes the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a lease contract. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted only in conjunction with IFRS 15. The Company is currently evaluating the impact of the standard on its interim financial statements. The IASB intends to replace IAS 39, *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9, *Financial Instruments* ("IFRS 9") and to reduce the complexity in the classification and measurement of financial instruments. The completed version of IFRS 9 includes classification and measurement, impairment and hedge accounting requirements and is effective for annual periods beginning on or after January 1, 2018. The Company has evaluated the impact of adopted IFRS 16 on the interim financial statements with no significant impact anticipated.

THEIA RESOURCES LTD.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the Three Months Ended April 30, 2018 and 2017

(Expressed in Canadian dollars)

4 Mineral Properties:

On July 8, 2014, the Company entered into an option agreement with Kootenay Silver Inc. ("Kootenay"), whereby the Company has the right to earn a 60% undivided interest in the Fox and Two Times Fred properties (the "Properties"). Under the terms of the agreement, the Company must issue an aggregate total of 750,000 common shares of the Company to Kootenay and incur an aggregate total of \$2.5 million of exploration expenditures on the Properties within a five-year period. The Company issued a total of 600,000 common shares to Kootenay with a fair value of \$56,000 pursuant to the agreement with 200,000 common shares with a fair value of \$19,000 issued during the year ended January 31, 2018. Additionally, the Company has made total cash payments of \$60,000, and as accrued \$20,000 which is outstanding as at the year ended January 31, 2018 (2017: \$15,000) payable under the option agreement for the Fox and Two Times Fred projects. Subsequent to the reporting period, the Company issued 150,000 shares under the same agreement (Note 11).

	Fox Project \$	Two Times Fred Project \$	Mineral Property Total \$
Acquisition Costs			
Balance, beginning	53,000	83,000	136,000
Incurrd	-	-	-
Balance, ending	53,000	83,000	136,000
Exploration Expenditures			
Balance, beginning	162,349	264,464	426,813
Geological consulting	6,750	6,750	13,500
Incurrd	6,750	6,750	13,500
Balance, ending	169,099	271,214	440,313
Total property balance	222,099	354,214	576,313
Mineral tax credit refund	(22,298)	(23,208)	(45,506)
Cumulative mineral property costs	199,801	331,006	530,807

5 Share Capital:

a) Share Capital

Authorized:

The authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consisting of only common shares, are fully paid. Subsequent to the three months ended April 30, 2018, the Company issued 150,000 shares under the option agreement with Kootenay Silver Inc. as disclosed in Note 11.

b) Stock Options

The Company has adopted an incentive stock option plan under the rules of the TSX Venture Exchange ("TSXV") pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option is equal to the market price of the Company's shares on the date of grant. The options can be granted for a maximum term of 10 years and generally vest 25% in specified increments. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time. Pursuant to the policies of the TSXV, shares issued on exercise of options are restricted from trading during the four-month period subsequent to the date of grant.

THEIA RESOURCES LTD.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the Three Months Ended April 30, 2018 and 2017

(Expressed in Canadian dollars)

5 Share Capital (continued):

As at April 30, 2018 and 2017, the Company had no options outstanding. The fair value of options is estimated using the Black-Scholes option-pricing model. Options are included in contributed surplus until exercised, at which time they are transferred into share capital.

c) Warrants

As at April 30, 2018 and 2017, the Company had no outstanding share purchase warrants.

The fair value of warrants is estimated using the Black-Scholes option-pricing model. Warrants are included in contributed surplus until exercised, at which time they are transferred into share capital. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. The Company has used historical volatility in its share price to estimate expected volatility. Changes in the subjective input assumption can materially affect the fair value estimated.

d) Loss per share

The calculation of basic loss per share for the three months ended April 30, 2018 was based on the loss of \$42,919 (2017 – \$44,712) respectively and the weighted average number of common shares outstanding of 21,397,750 (2017 – 21,197,750). The Company does not have any instruments that would give rise to a dilution effect as of April 30, 2018 and 2017.

6 Income Taxes:

As at January 31, 2018, the Company has non-capital loss carryforwards of approximately \$1,633,730 (2017: \$1,462,614) which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry	Amount
2027	\$ 275
2028	56,261
2029	92,147
2030	71,663
2031	132,482
2032	172,906
2033	284,047
2034	119,438
2035	154,187
2036	197,478
2037	181,368
2038	171,478
Total	\$ 1,633,730

THEIA RESOURCES LTD.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the Three Months Ended April 30, 2018 and 2017

(Expressed in Canadian dollars)

7 Related Parties:

Except as disclosed elsewhere in these interim financial statements, related party transactions are as follows:

The following related party transactions were incurred in the normal course of business and are non-interest bearing, unsecured, due on demand and were measured at the exchange amount:

	April 30 2018	April 30 2017
	\$	\$
Management fees charged by companies controlled by officers	21,000	21,000

As of April 30, 2018, \$218,711 (2017 - \$147,450) was due to a company with a director and officer in common and is included in accounts payable. Included in accrued liabilities was \$357,000 (2017 - \$273,000) due to companies controlled by directors and officers in respect to accrued management fees which remain unpaid.

8 Supplemental Disclosure of Non-Cash Activities:

The following transactions incurred during the year did not include cash:

	April 30 2018	April 30 2017
Mineral property exploration expenditure included in accounts payable and accrued liabilities	\$ 13,500	\$ 13,500

9 Capital Disclosure:

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the development of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure.

The Company considers its capital structure to include working capital and shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the development of its mineral properties, the Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary.

To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, enter into joint venture arrangements whereby they can earn property interest.

The Company's investment policy is to hold cash in interest bearing bank accounts and highly liquid short-term interest-bearing investments with maturities of one year or less which can be liquidated at any time without penalties.

The Company is not subject to externally imposed capital requirements. During the three months ended April 30, 2018 and 2017 there was no change in the Company's approach to capital management.

THEIA RESOURCES LTD.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the Three Months Ended April 30, 2018 and 2017

(Expressed in Canadian dollars)

10 Financial Instruments and Financial Risk Management:

The Company's financial instruments include cash and cash equivalents, receivables and advances, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values due to their relatively short periods to maturity.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these interim financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's receivables relates to receivables from Goods and Services Tax input tax credits and advances. Accordingly, the Company views credit risk on accounts receivable as minimal, being the refund of tax credits in Canada, and advances, which are expected to be received within one year.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. To facilitate its expenditure program, the Company raises funds through private equity placements. The Company anticipates it will have adequate liquidity to fund its financial liabilities through future equity contributions.

As at April 30, 2018, the Company's financial liabilities were comprised of accounts payable and accrued liabilities, which have a maturity of less than one year.

(c) Market risk:

Market risk consists of commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

THEIA RESOURCES LTD.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the Three Months Ended April 30, 2018 and 2017

(Expressed in Canadian dollars)

10 Financial Instruments and Financial Risk Management (continued):

(i) Currency risk:

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is considered to be in the exploration stage and has not yet developed commercial mineral interests; the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian and the United States dollar. The Company's transactions are denominated in Canadian dollars and United States dollars. The Company has not entered into any arrangements to hedge currency risk but does maintain cash balances within each currency with a predominate balance held in Canadian dollars. Canadian dollars are exchanged when needed to meet foreign denominated liabilities.

At April 30, 2018, \$164 (2017 - \$282) of the Company's cash and cash equivalents were denominated in U.S. dollars. A 10% variation in the U.S. dollar exchange rate would result in an impact of approximately \$16 (2017 - \$30) on net loss.

(ii) Commodity price risk:

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. The Company is exposed to the price volatilities for precious and base metals that could significantly impact its future operating cash flow. As part of its routine activities, management is closely monitoring the trend of international metal prices.

(iii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash and cash equivalents is limited because of their short-term investment nature. A variable rate of interest is earned on cash and cash equivalents, changes in market interest rates at the year-end would not have a material impact on the Company's interim financial statements.

(d) Fair value of financial instruments:

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

		Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	\$	490	\$ -	\$ -	\$ 490

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Due to their short-term nature, accounts payable and accrued liabilities' carry value approximate to their fair value.

THEIA RESOURCES LTD.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the Three Months Ended April 30, 2018 and 2017

(Expressed in Canadian dollars)

11 Subsequent Event:

During May 2018, the Company issued 150,000 common shares in connection with the option agreement with Kootenay Silver Inc (Note 4).

Theia Resources Ltd.

FINANCIAL STATEMENTS

For the years ending

January 31, 2018

and

January 31, 2017

(Expressed in Canadian dollars)

Management's Responsibility

To the Shareholders of Theia Resources Ltd.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

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

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board of Directors fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Theia Resources Ltd.'s external auditors.

We draw attention to Note 1 in the financial statements, which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

May 30, 2018

"Kenneth Berry"
Kenneth Berry
Chief Executive Officer

"Raj Kang"
Rajwant Kang
Chief Financial Officer

Independent Auditors' Report

To the Shareholders of Theia Resources Ltd.:

We have audited the accompanying financial statements of Theia Resources Ltd., which comprise the statements of financial position as at January 31, 2018 and 2017, 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Theia Resources Ltd. as at January 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of these financial statements, which states that Theia Resources Ltd. incurred significant losses from operations, negative cash flows from operating activities and has an accumulated deficit. This, along with other matters described in Note 1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of Theia Resources Ltd. to continue as a going concern.

Vancouver, British Columbia
May 30, 2018



Chartered Professional Accountants

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THEIA RESOURCES LTD.

STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

Exhibit 1

	January 31, 2018	January 31, 2017
ASSETS		
Current:		
Cash and cash equivalents	\$ 1,456	\$ 14,008
Prepaid expenses	1,745	2,558
Receivable and advances	3,965	4,870
Total current assets	7,166	21,436
Non-current assets:		
Mineral properties (Note 4)	517,307	418,185
	\$ 524,473	\$ 439,621
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities (Note 7)	\$ 860,127	\$ 622,797
Total current liabilities	860,127	622,797
Equity:		
Share capital (Note 5)	1,692,326	1,673,326
Contributed surplus	14,378	14,378
Deficit	(2,042,358)	(1,870,880)
Total equity	(335,654)	(183,176)
Total liabilities and equity	\$ 524,473	\$ 439,621

Going concern (Note 1)

Approved on Behalf of the Board:

"Bruce Youngman"
Director

"Kenneth Berry"
Director

THEIA RESOURCES LTD.

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

	Exhibit 2	
	Year Ended January 31,	
	2018	2017
Administrative Expenses		
General and administrative	\$ 11,196	\$ 18,805
Management fees (Note 7)	84,000	84,000
Professional & consulting fees	44,605	38,913
Regulatory and filing	14,523	15,762
Rent and office	19,934	19,380
Net loss for the year	174,258	176,824
Other items		
Interest income	(36)	(385)
Foreign exchange gain	(2,744)	(3,788)
Net and comprehensive loss for the year	171,478	172,651
Deficit, beginning of the year	1,870,880	1,698,229
Deficit, end of year	\$ 2,042,358	\$ 1,870,880
Basic and diluted loss per share (Note 5d)	\$ (0.01)	\$ (0.01)
Basic and diluted weighted average number of shares outstanding	21,333,092	21,197,750

THEIA RESOURCES LTD.

STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars)

Exhibit 3

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Total Equity
Balance, January 31, 2016	21,197,750	\$ 1,673,326	\$ 14,378	\$ (1,698,229)	\$ (10,525)
Net and comprehensive loss for the year	-	-	-	(172,651)	(172,651)
Balance, January 31, 2017	21,197,750	\$ 1,673,326	\$ 14,378	\$ (1,870,880)	\$ (183,176)
Acquisition of mineral properties	200,000	19,000	-	-	19,000
Net and comprehensive loss for the year	-	-	-	(171,478)	(171,478)
Balance, January 31, 2018	21,397,750	\$ 1,692,326	\$ 14,378	\$ (2,042,358)	\$ (335,654)

THEIA RESOURCES LTD.

STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

Exhibit 4

	Year ended January 31	
	2018	2017
Cash Flows From (Used in) Operating Activities		
Net loss for the year	\$ (171,478)	\$ (172,651)
Non-cash items:		
Foreign exchange gain	(2,744)	-
Changes in non-cash working capital balances:		
Prepaid expenses	813	6,851
Receivable and advances	905	(567)
Accounts payable and accrued liabilities	176,507	150,530
	4,003	(15,837)
Cash Flows Used in Investing Activities		
Mineral properties expenditures	(16,555)	(56,091)
	(16,555)	(56,091)
Decrease in Cash and Cash Equivalents	(12,552)	(71,928)
Cash and Cash Equivalents, Beginning of Year	14,008	85,936
Cash and Cash Equivalents, End of Year	\$ 1,456	\$ 14,008
Cash and Cash Equivalents consists of:		
Cash	\$ 1,456	\$ 14,008

Supplemental Disclosure of Cash and Non-Cash Activities (Note 8)

THEIA RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended January 31, 2018 and 2017

(Expressed in Canadian dollars)

1 Reporting Entity:

Theia Resources Ltd. (the "Company") is a Canadian exploration stage company incorporated on January 9, 2007 under the Business Corporations Act (British Columbia). The address of the Company's registered office is 1820 – 1055 West Hastings St. Vancouver, British Columbia, Canada.

The Company's main business is acquiring and exploring mineral properties principally located in the North America, with the objective of identifying mineralized deposits economically worthy of subsequent development, mining or sale.

Going Concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. There are conditions and events, which constitute material uncertainties that may cast significant doubt on the validity of this assumption. The Company has incurred operating losses since inception, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available. The Company's ability to continue as a going concern is dependent upon its ability to obtain financing by issuance of share capital, and to realize future profitable operations.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of resource property expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties. The Company will need access to capital to continue advancing its Fox and Two Times Fred projects.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets, liabilities, the reported income and expenses and the balance sheet classifications used.

	January 31 2018	January 31 2017
	\$	\$
Working capital (deficiency)	(852,961)	(601,361)
Deficit	(2,042,357)	(1,870,880)

2 Basis of Presentation:

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to the preparation of financial statements.

THEIA RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended January 31, 2018 and 2017

(Expressed in Canadian dollars)

2 Basis of Presentation (continued):

The accounting policies applied in these interim financial statements are consistent with the accounting policies disclosed in Note 3 and were consistently applied to all the years presented unless otherwise noted. These policies are based on IFRS issued and outstanding as of May 30, 2018, the date the Board of Directors approved the financial statements for the year ended January 31, 2018.

Functional and presentation currency

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

3 Significant Accounting Policies:

Basis of measurement

These financial statements have been prepared on a historical cost basis, except for available-for-sale financial instruments, which are measured at fair value through profit or loss.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

Cash and cash equivalents

Cash is comprised of cash on hand. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Foreign currency translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the statements of loss and comprehensive loss.

Critical accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements, and revenues and expenses for the year. By their nature, these estimates and judgments are subject to uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Actual results may differ from those estimates and judgements.

Significant estimates used in the preparation of the financial statements include, but are not limited to:

(i) Exploration and evaluation assets

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of exploration and evaluation assets. These assumptions are changed when conditions exist that indicate the carrying value may be impaired, at which time an impairment loss is recorded.

THEIA RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended January 31, 2018 and 2017

(Expressed in Canadian dollars)

3 Significant Accounting Policies (continued):

(ii) Taxes

Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax planning strategies.

Significant judgements used in the preparation of the financial statements include, but are not limited to:

- (i) those relating to the assessment of the Company's ability to continue as a going concern.

Mineral properties

Mining properties corresponded to acquired interests in mining exploration permits/claims which include the right to explore, mine, extract and sell all minerals from such claims.

All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest, are expensed as incurred. Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized in respect of each identifiable area of interest until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Exploration and evaluation assets are carried at historical cost, less any impairment losses recognized.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Company stops capitalizing exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development assets according to the nature of the assets.

The amounts shown for mineral properties do not necessarily represent present or future values. The recoverability of mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permits necessary to complete the development and future profitable production, or proceeds from the disposition thereof.

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

Decommissioning liabilities

The Company recognizes the present value of estimated costs of legal and constructive obligations for decommissioning liabilities in the year in which it is incurred or when there is a legal or constructive obligation. The fair value of decommissioning liabilities is recorded as a liability and a corresponding increase in mineral properties. Changes in the liability for decommissioning liabilities due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. Actual costs incurred upon settlement are charged against the decommissioning liabilities. Any difference between the actual costs and the recorded liability is recognized as a gain or loss in earnings in the year in which the settlement occurs. At present, estimated future site restoration costs for the Company's mineral property interests are considered minimal.

THEIA RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended January 31, 2018 and 2017

(Expressed in Canadian dollars)

3 Significant Accounting Policies (continued):

Impairment

i) Financial assets

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

ii) Non-financial assets

The carrying amounts of mining properties and exploration and evaluation assets are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances applies:

- Exploration rights have / will expire in the near future;
- No future substantive exploration expenditures are budgeted;
- No commercially viable quantities discovered and exploration and evaluation activities will be discontinued;
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The level identified by the group for the purposes of testing exploration and evaluation assets for impairment corresponds to each mining property.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Share capital

Common shares are classified as equity. The Company records proceeds from share issuances net of share issuance costs. Share capital issued for non-monetary consideration is recorded at the fair market value of the shares on the date the shares are issued.

THEIA RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended January 31, 2018 and 2017

(Expressed in Canadian dollars)

3 Significant Accounting Policies (continued):

Loss per share

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

Share-based payments

The grant date fair value of share-based payment awards granted to employees and directors is recognized as an employee expense, with a corresponding increase in contributed surplus, over the period during which the employees and directors unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Warrants

Warrants are classified as equity as they are derivatives over the Company's own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company's own equity instruments.

When shares and warrants are issued at the same time, the proceeds are allocated first to warrants issued, according to their fair value using the Black-Scholes pricing model, the residual value being allocated to shares.

Financial instruments

All financial instruments are recognized, initially, at fair value. The Company classifies financial instruments as either available-for-sale, fair value through profit or loss, loans and receivables, or other liabilities. Financial assets, loans and receivables and financial liabilities other than those designated as fair value through profit or loss, are measured at amortized cost using the effective interest method. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in comprehensive income, unless an unrealized loss is considered to be other than temporary in which case the loss is recorded on the statements of loss and comprehensive loss for the year.

Instruments classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recognized on the statements of loss and comprehensive loss.

Transaction costs on financial assets and liabilities classified other than as fair value through profit or loss are treated as part of the investment cost.

THEIA RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended January 31, 2018 and 2017

(Expressed in Canadian dollars)

3 Significant Accounting Policies (continued):

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after 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.

The Company has classified its financial assets and liabilities as follows:

<u>Fair value through profit or loss</u>	<u>Loans and receivables</u>	<u>Other liabilities</u>
Cash and cash equivalents	Receivable and Advances	Accounts payable and accrued liabilities

Finance income and finance costs

Interests received and interests paid are classified under operating activities in the statements of cash flows.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the statements of loss and comprehensive loss.

Income taxes

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

Current tax

Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

THEIA RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended January 31, 2018 and 2017

(Expressed in Canadian dollars)

3 Significant Accounting Policies (continued):

Deferred tax

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

Deferred tax liabilities:

- are generally recognized for all taxable temporary differences;
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future; and
- are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets:

- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- are reviewed at the end of the reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of an asset to be recovered.

Government assistance

B.C. mining exploration tax credits ("METC") for certain exploration expenditures incurred in B.C., if applicable, are treated as a reduction of the exploration and development costs of the respective mineral property. The Company will record any recovered tax credits at the time of receipt unless certainty of receipt can be established.

Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company manages its business on the basis of one reportable and operating segment, being the acquisition and exploration and future development of mineral properties. The Company's current assets, current liabilities and mineral properties are all located in Canada.

Risk management

The Company's activities expose it to a variety of financial risks: market risk (foreign exchange risk), credit risk and liquidity risk. The Company's risk management program focuses on ensuring liquidity is available to the Company in to order to fund its exploration efforts. Risk management is the responsibility of the Company's management who identifies and evaluates financial risks.

THEIA RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended January 31, 2018 and 2017

(Expressed in Canadian dollars)

3 Significant Accounting Policies (continued):

Current and Future accounting policy changes issued but not yet in effect

There were no new accounting standards adopted during the year ended January 31, 2018.

The following amendments to existing standards were issued by the IASB and are effective for annual periods beginning on or after February 1, 2018. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded from below:

The IASB intends to replace IAS 39, *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9, *Financial Instruments* ("IFRS 9") and to reduce the complexity in the classification and measurement of financial instruments. The completed version of IFRS 9 includes classification and measurement, impairment and hedge accounting requirements and is effective for annual periods beginning on or after January 1, 2018. The Company has evaluated the impact of adopted IFRS 9 on the consolidated financial statements with no significant impact anticipated.

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which replaces IAS 18 Revenue, IAS 11 Construction Contracts and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework which requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. The new standard is effective for periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company has evaluated the impact of adopted IFRS 15 on the consolidated financial statements with no significant impact anticipated.

In January 2016, the IASB issued IFRS 16, *Leases*, which replaces IAS 17, *Leases*, and other lease related interpretations. The new standard establishes the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a lease contract. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted only in conjunction with IFRS 15. The Company is currently evaluating the impact of the standard on its consolidated financial statements. The IASB intends to replace IAS 39, *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9, *Financial Instruments* ("IFRS 9") and to reduce the complexity in the classification and measurement of financial instruments. The completed version of IFRS 9 includes classification and measurement, impairment and hedge accounting requirements and is effective for annual periods beginning on or after January 1, 2018. The Company has evaluated the impact of adopted IFRS 16 on the consolidated financial statements with no significant impact anticipated.

4 Mineral Properties:

On July 8, 2014, the Company entered into an option agreement with Kootenay Silver Inc. ("Kootenay"), whereby the Company has the right to earn a 60% undivided interest in the Fox and Two Times Fred properties (the "Properties"). Under the terms of the agreement, the Company must issue an aggregate total of 750,000 common shares of the Company to Kootenay and incur an aggregate total of \$2.5 million of exploration expenditures on the Properties within a five-year period. The Company issued a total of 600,000 common shares to Kootenay with a fair value of \$56,000 pursuant to the agreement with 200,000 common shares with a fair value of \$19,000 issued during the year ended January 31, 2018. Additionally, the Company has made total cash payments of \$60,000, and as accrued \$20,000 which is outstanding as at the year ended January 31, 2018 (2017: \$15,000) payable under the option agreement for the Fox and Two Times Fred projects. The Company issued 150,000 shares after year-end under the same agreement (Note 11).

THEIA RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended January 31, 2018 and 2017

(Expressed in Canadian dollars)

4 Mineral Properties (continued):

	Fox Project \$	Two Times Fred Project \$	Mineral Property Total \$
Acquisition Costs			
Balance, beginning	43,500	53,500	97,000
Incurred	9,500	29,500	39,000
Balance, ending	53,000	83,000	136,000
Exploration Expenditures			
Balance, beginning	133,378	233,313	366,691
Geological consulting	28,971	31,150	60,121
Incurred	28,971	31,150	60,121
Balance, ending	162,349	264,463	426,812
Total property balance	215,349	347,463	562,812
Mineral tax credit refund	(22,298)	(23,208)	(45,506)
Cumulative mineral property costs	193,051	324,255	517,307

5 Share Capital:

a) Share Capital

Authorized:

The authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consisting of only common shares, are fully paid. During the year ended January 31, 2018, the Company issued 200,000 shares under the option agreement with Kootenay Silver Inc. as disclosed in Note 4.

b) Stock Options

The Company has adopted an incentive stock option plan under the rules of the TSX Venture Exchange ("TSXV") pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option is equal to the market price of the Company's shares on the date of grant. The options can be granted for a maximum term of 10 years and generally vest 25% in specified increments. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time. Pursuant to the policies of the TSXV, shares issued on exercise of options are restricted from trading during the four-month period subsequent to the date of grant.

As at January 31, 2018 and 2017, the Company had no options outstanding. The fair value of options is estimated using the Black-Scholes option-pricing model. Options are included in contributed surplus until exercised, at which time they are transferred into share capital.

THEIA RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended January 31, 2018 and 2017

(Expressed in Canadian dollars)

5 Share Capital (continued):

c) Warrants

As at January 31, 2018 and 2017, the Company had no outstanding share purchase warrants.

The fair value of warrants is estimated using the Black-Scholes option-pricing model. Warrants are included in contributed surplus until exercised, at which time they are transferred into share capital. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. The Company has used historical volatility in its share price to estimate expected volatility. Changes in the subjective input assumption can materially affect the fair value estimated.

d) Loss per share

The calculation of basic loss per share for the year ended January 31, 2018 was based on the loss of \$171,478 (2017 – \$172,651) respectively and the weighted average number of common shares outstanding of 21,333,092 (2017 – 21,197,750). The Company does not have any instruments that would give rise to a dilution effect as of January 31, 2018 and 2017.

6 Income Taxes:

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statement of operations and comprehensive loss for the years ended January 31, 2018 and 2017:

	2018	2017
	\$	\$
Net loss before tax	(171,478)	(172,651)
Statutory tax rate	26.08%	26.00%
Expected income tax (recovery)	(44,721)	(44,889)
Change in deferred tax asset not recognized	44,721	44,889
Total income tax expense (recovery)	-	-

The statutory tax rate increased from 26.00% to 26.08% due to an increase in the BC provincial tax rate effective January 1, 2018.

The unrecognized deductible temporary differences as at January 31, 2018 and 2017 are comprised of the following:

	2018	2017
	\$	\$
Non-capital losses carryforwards	1,633,730	1,462,252
Mineral properties	357,108	357,108
Total unrecognized deductible temporary differences	1,990,838	1,819,360

THEIA RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended January 31, 2018 and 2017

(Expressed in Canadian dollars)

6 Income Taxes (continued):

As at January 31, 2018, the Company has non-capital loss carryforwards of approximately \$1,633,730 (2017: \$1,462,614) which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry	Amount
2027	\$ 275
2028	56,261
2029	92,147
2030	71,663
2031	132,482
2032	172,906
2033	284,047
2034	119,438
2035	154,187
2036	197,478
2037	181,368
2038	171,478
Total	\$ 1,633,730

7 Related Parties:

Except as disclosed elsewhere in these financial statements, related party transactions are as follows:

The following related party transactions were incurred in the normal course of business and are non-interest bearing, unsecured, due on demand and were measured at the exchange amount:

	January 31 2018	January 31 2017
	\$	\$
Management fees charged by companies controlled by officers	84,000	84,000

As of January 31, 2018, \$206,224 (2017 - \$132,150) was due to a company with a director and officer in common and is included in accounts payable. Included in accrued liabilities was \$336,000 (2017 - \$252,000) due to companies controlled by directors and officers in respective to accrued management fees which remain unpaid.

The Company issued common shares to a company controlled by officers and directors in common pursuant to the option agreement for the Fox and Two Times Fred projects, as described in Note 4.

8 Supplemental Disclosure of Non-Cash Activities:

The following transactions incurred during the year did not include cash:

	January 31 2018	January 31 2017
Mineral property exploration expenditure included in accounts payable and accrued liabilities	\$ 135,151	\$ 67,539
Shares issued for mineral property acquisitions	19,000	-

THEIA RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended January 31, 2018 and 2017

(Expressed in Canadian dollars)

9 Capital Disclosure:

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the development of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure.

The Company considers its capital structure to include working capital and shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the development of its mineral properties, the Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary.

To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, enter into joint venture arrangements whereby they can earn property interest.

The Company's investment policy is to hold cash in interest bearing bank accounts and highly liquid short-term interest-bearing investments with maturities of one year or less which can be liquidated at any time without penalties.

The Company is not subject to externally imposed capital requirements. During the years ended January 31, 2018 and 2017 there was no change in the Company's approach to capital management.

10 Financial Instruments and Financial Risk Management:

The Company's financial instruments include cash and cash equivalents, receivables and advances, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values due to their relatively short periods to maturity.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's receivables relates to receivables from Goods and Services Tax input tax credits and advances. Accordingly, the Company views credit risk on accounts receivable as minimal, being the refund of tax credits in Canada, and advances, which are expected to be received within one year.

THEIA RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended January 31, 2018 and 2017

(Expressed in Canadian dollars)

10 Financial Instruments and Financial Risk Management (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. To facilitate its expenditure program, the Company raises funds through private equity placements. The Company anticipates it will have adequate liquidity to fund its financial liabilities through future equity contributions.

As at January 31, 2018, the Company's financial liabilities were comprised of accounts payable and accrued liabilities, which have a maturity of less than one year.

(c) Market risk:

Market risk consists of commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

(i) Currency risk:

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is considered to be in the exploration stage and has not yet developed commercial mineral interests; the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian and the United States dollar. The Company's transactions are denominated in Canadian dollars and United States dollars. The Company has not entered into any arrangements to hedge currency risk but does maintain cash balances within each currency with a predominate balance held in Canadian dollars. Canadian dollars are exchanged when needed to meet foreign denominated liabilities.

At January 31, 2018, \$164 (2017 - \$282) of the Company's cash and cash equivalents were denominated in U.S. dollars. A 10% variation in the U.S. dollar exchange rate would result in an impact of approximately \$16 (2017 - \$30) on net loss.

(ii) Commodity price risk:

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. The Company is exposed to the price volatilities for precious and base metals that could significantly impact its future operating cash flow. As part of its routine activities, management is closely monitoring the trend of international metal prices.

THEIA RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended January 31, 2018 and 2017

(Expressed in Canadian dollars)

10 Financial Instruments and Financial Risk Management (continued):

(iii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash and cash equivalents is limited because of their short-term investment nature. A variable rate of interest is earned on cash and cash equivalents, changes in market interest rates at the year-end would not have a material impact on the Company's financial statements.

(d) Fair value of financial instruments:

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

		Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	\$	1,456	\$ -	\$ -	\$ 1,456

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Due to their short-term nature, accounts payable and accrued liabilities' carry value approximate to their fair value.

11 Subsequent Event:

In May 2018, the Company issued 150,000 common shares in connection with the option agreement with Kootenay Silver Inc (Note 4).

**SCHEDULE “B”
FINANCIAL STATEMENTS OF CNX**

See attached.



CNX HOLDINGS INC.

Condensed Consolidated Interim Financial Statements

(UNAUDITED, PREPARED BY MANAGEMENT)

FOR THE SIX MONTHS ENDED JUNE 30, 2018



CNX HOLDINGS INC.

Condensed Consolidated Interim Statements of Financial Position (Expressed in United States Dollars)

	Notes	June 30, 2018	December 31, 2017
Assets			
Current assets			
Cash and cash equivalents		\$ 3,763,327	\$ -
Accounts receivable	8	642,614	-
Prepaid expenses	9	532,389	-
		4,938,330	-
Property, plant and equipment	10	19,013,906	-
Intangible assets	11	2,127,500	-
Total assets		\$ 26,079,736	\$ -
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7	\$ 57,961	\$ 204,666
		57,961	204,666
Shareholders' equity			
Share capital	5	27,622,912	10
Contributed surplus	6	192,735	-
Deficit		(1,793,872)	(204,676)
		26,021,775	(204,666)
Total liability and shareholders' equity		\$ 26,079,736	\$ -

Approved and authorized on behalf of the Board:

Director

Director

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



CNX HOLDINGS INC.

Condensed Consolidated Interim Statement of Operations (Expressed in United States Dollars)
For the six-month period ended June 30, 2018

Expenses	Notes		
General and Administrative		\$	1,018,655
Share based compensation	13		
	6		192,735
<hr/>			
Income (loss) from operations			1,211,390
Other expenses			
Foreign Exchange Loss (gain)			377,806
<hr/>			
Loss for the period		\$	(1,589,196)

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



CNX HOLDINGS INC.

Condensed Consolidated Interim Statement of Cash Flow (Expressed in United States Dollars)

		Six months ended June 30, 2018
Operating:		
Loss for the period	\$	(1,589,196)
Items not involving cash:		
Share based compensation		192,735
Changes in Non-cash Operating Working Capital		
Accounts receivable		(642,614)
Prepaid expenses		(532,389)
Accounts payable and accrued liabilities		(146,705)
		(2,718,169)
Financing:		
Proceeds on issuance of common shares net of share issuance costs		27,622,902
Investing:		
Purchase of property, plant and equipment		(19,013,906)
Purchase of intangible assets		(2,127,500)
		(21,141,406)
Increase in cash		3,763,327
Cash and cash equivalents, beginning of period		-
Cash and cash equivalents, end of period	\$	3,763,327

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



CNX HOLDINGS INC.

Condensed Consolidated Interim Statement of Shareholders' Equity (Expressed in United States Dollars)
For the six-month period ended June 30, 2018

	NUMBER	AMOUNT \$	CONTRIBUTED SURPLUS	DEFICIT	TOTAL
Amount Issued on Incorporation on December 18, 2017	100	10	–	–	10
Net Loss	–	–	–	(204,676)	(204,676)
Balance at December 31, 2017	100	10	–	(204,676)	(204,666)
Amounts issued on private placement	139,805,777	27,826,025	-	-	27,826,025
Shares issued as fees for private placement	998,323	668,876	-	-	668,876
Share issuance costs	-	(871,999)	-	-	(871,999)
Share based compensation (Note 6)	-	-	192,735	-	192,735
Net loss	-	-	-	(1,589,196)	(1,589,196)
Balance at June 30, 2018	140,804,200	27,622,912	192,735	(1,793,872)	26,021,775

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



CNX HOLDINGS INC.

Notes to the Condensed Consolidated Interim Financial Statements
Six-month period ended June 30, 2018

1) NATURE OF OPERATIONS AND GOING CONCERN

CNX Holdings Inc. (the "Company") was incorporated under the Ontario Business Corporations Act on December 18, 2017 and is engaged in venture capital activities. The Company intends to identify and evaluate opportunities for the acquisition of an interest in properties, assets or businesses, and once identified and evaluated, to negotiate an acquisition thereof, merger with or participation therein.

These financial statements have been prepared on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business. The Company does not currently have a recurring source of revenue and has historically incurred losses. As at June 30, 2018, the Company had working capital of \$4,880,369 which consisted primarily of cash, accounts receivable and prepaids. Subsequent to June 30, 2018, the Company raised \$28,875,195 through the issuance of common shares (Note 5). The Company expects to require further funding in the longer term to fund future acquisitions and operations.

The registered office of the Company is located at 20 Richmond Street, Toronto Ontario, M5C 2R9.

2) BASIS OF PRESENTATION

Statement of Compliance

These financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). These should be read in conjunction with the Company's last annual consolidated financial statements as at and for the year ended December 31, 2017 ("last annual financial statements"). The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the last annual financial statements. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Company's financial position and performance since the last annual financial statements.

On September 17, 2018, the Company's Board of Directors approved these financial statements for issuance.

Basis of Measurement

These financial statements have been prepared on a historical cost basis.

Functional and Presentation Currency

These financial statements have been prepared in United States dollars, which is the Company's functional and presentation currency.

CNX HOLDINGS INC.

Notes to the Consolidated Financial Statements

Six-month period ended June 30, 2018

2) BASIS OF PRESENTATION (CONTINUED)

Use of Judgements

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments that affect the application of accounting policies regarding certain types of assets, liabilities, revenues and expenses and estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses recognized during the reporting period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. There were no estimates made in these consolidated financial statements.

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments. The Company's assessment of its ability to continue as a going concern requires judgements about the Company's ability to execute its strategy by funding future working capital requirements. See Note 1.

3) SUMMARY OF ACCOUNTING POLICIES

Principals of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances, transactions, revenues and expenses have been eliminated on consolidation.

Property, plant and equipment

Land, buildings, plant and equipment are recorded at cost, including all expenditures incurred to prepare an asset for its intended use.

Repairs and maintenance costs are charged to expense as incurred, except when these repairs significantly extend the life of an asset or result in an operating improvement. In these instances, the portion of these repairs relating to the betterment is capitalized as part of plant and equipment.

Depreciation is based on the cost of the asset less residual value. Where an item of plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items and depreciated separately. Depreciation commences when an asset is available for use. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

CNX HOLDINGS INC.

Notes to the Consolidated Financial Statements

Six-month period ended June 30, 2018

3) SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

Construction in progress includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Construction in progress includes advances on long lead items. Construction in progress is not depreciated. Once the asset is complete and available for use, the costs of construction are transferred to the appropriate category of property, plant and equipment, and depreciation commences.

Intangible assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization is provided on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The estimated useful lives, residual values, and amortization methods are reviewed at each year end, and any changes in estimates are accounted for prospectively.

The Nevada state licenses (note 11) are classified as indefinite life intangible assets and are not amortized but are tested for impairment on an annual basis. These licenses do not expire, as such, there is no foreseeable limit to the period over which these assets are expected to generate future cash inflows to the Company.

4) DETERMINATION OF FAIR VALUES

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. At June 30, 2018, there were no financial assets and liabilities measured and recognized at fair value on a recurring basis. The fair value of cash, accounts receivable, and accounts payable and accrued liabilities is not materially different from its carrying value given the short term to maturity.

5) SHARE CAPITAL

Authorized:

- (a) An unlimited number of Class A Common Shares, voting, without nominal or par value;
- (b) An unlimited number of Class B Common Shares, voting, without nominal or par value, convertible into Class A Common Shares immediately prior to and conditional upon the completion of a going public transaction involving the Company;



CNX HOLDINGS INC.

Notes to the Consolidated Financial Statements

Six-month period ended June 30, 2018

5) SHARE CAPITAL (CONTINUED)

During the six-month period ended June 30, 2018, the Company closed non-brokered private placements of:

- 33,955,124 common shares at a price of \$0.005 per share for gross proceeds of \$131,669.
- 66,044,776 common shares at a price of \$0.02 per share for gross proceeds of \$1,024,418.
- 39,805,877 common shares at a price of \$0.67 per share for gross proceeds of \$26,669,938.

The Company paid cash of \$203,123 and issued 998,323 common shares, with a deemed value of \$0.67 per share, as fees in relation to these private placements.

Subsequent to June 30, 2018, the Company closed a non-brokered private placement of 19,250,130 common shares at a price of \$1.50 per share for gross proceeds of \$28,875,195.

6) STOCK OPTIONS

The Company has established a stock option plan (the "Plan"). Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares and the exercise term of any option granted under the Plan may not exceed ten years. Each option vesting period is determined on a grant by grant basis by the Board of Directors.

On March 7, 2018, the Company granted a total of 6,575,000 stock options with fair value of \$40,674 to shareholders. These stock options are exercisable at an exercise price of \$0.15 (CAD\$0.20) per share and may be exercised for five years. Among these options, 2,400,000 options will be vested 100% upon the Company's completion of a going public transaction, the other 4,175,000 will be 50% vested upon the Company's completion of a going public transaction, 25% vested on the date that is six months from the date of the options are granted, and 25% vested on the date that is twelve months from the date the options are granted. During the six-months ended June 30, 2018, the Company expensed \$25,899 related to these options.

On June 1, 2018, the Company granted a total of 1,340,000 stock options with fair value of \$659,915 to shareholders. These stock options are exercisable at an exercise price of \$0.67 (CAD\$0.85) per share and may be exercised for five years. All options will be 50% vested upon the Company's completion of a going public transaction, 25% vested on the date that is six months from the date of the options are granted, and 25% vested on the date that is twelve months from the date the options are granted. During the six-months ended June 30, 2018, the Company expensed \$166,836 related to these options.

CNX HOLDINGS INC.

Notes to the Consolidated Financial Statements

Six-month period ended June 30, 2018

6) STOCK OPTIONS (CONTINUED)

The fair value of each option grant is calculated using the following assumptions:

Expected life – year	5
Interest rate	2.04-2.11%
Volatility	100.00%
Dividend yield	--%
Forfeiture rate	--%

				Weighted Average Exercise Price (CAD\$)			Expire Date	
				Number of Options				
Balance, December 31, 2017				-	\$ -		-	
Granted, on March 7, 2018				6,575,000	0.20		March 7, 2023	
Granted, on June 1, 2018				1,340,000	0.85		June 1, 2023	
Balance, June 30, 2018				7,915,000	\$ 0.31			

Outstanding June 30, 2018				Exercisable as at June 30, 2018			
Exercise Price (CAD\$)	Number of Options	Weighted Average Exercise Price (CAD\$)	Weighted Average Remaining Contractual Life (years)	Number of Options	Weighted Average Exercise Price (CAD\$)	Weighted Average Remaining Contractual Life (years)	
\$ 0.20	2,400,000	\$ 0.20	4.69	-	\$ 0.20	4.69	
0.20	4,175,000	0.20	4.69	-	0.20	4.69	
0.85	1,340,000	0.85	4.92	-	0.85	4.92	
	7,915,000	\$ 0.31	4.73	-	\$ 0.31	4.73	



CNX HOLDINGS INC.

Notes to the Consolidated Financial Statements

Six-month period ended June 30, 2018

7) RELATED PARTY TRANSACTIONS

Key management personnel includes the Company's Directors, President and Chief Financial Officer. The amounts owing to key management personnel were included in accounts payable and accrued liabilities. During the six-months ended June 30, 2018, the Company incurred \$125,741 in consulting fees and \$43,495 in share based compensation to key management personnel.

8) ACCOUNTS RECEIVABLE

During the six-month period ended June 30, 2018, the Company provided an advance of \$600,000 to a third party which is secured by the assets of the third party.

9) PREPAID EXPENSES

At June 30, 2018, the prepaid amount includes prepaid rent incurred as part of the purchase agreement entered into with a Nevada corporation ("NevadaCo") (note 10). The agreement included rent for the use of the property for six months until the purchase closing date or September 30, 2018, whichever is earlier. Subsequent to June 30, 2018, the Company completed the purchase of the property.

10) PROPERTY, PLANT & EQUIPMENT

During the six-months ended June 30, 2018, the Company entered a purchase agreement with a Nevada corporation ("NevadaCo") for the purchase of land and buildings at a purchase price of \$40,000,000 which will be paid by \$22,000,000 in cash and a note payable of \$18,000,000 non-interest bearing, which is secured by the first charge of the property and due on March 31, 2019. The \$22,000,000 cash payment includes option payments for the exclusive right to purchase the property and rent for the use of the property for six months until the purchase closing date, the earlier of September 30, 2018 and the date on which the Company purchases the property. At June 30, 2018, the Company paid \$13,500,000 of the option payments. All option payments will be applied in full against the purchase price. Subsequent to June 30, 2018, the Company paid the remaining \$8,500,000 and completed the purchase of the property.

The Company is currently constructing a cultivation and production facility in North Las Vegas on the property it has entered the purchase agreement with NevadaCo. As at June 30, 2018, costs related to the construction of this facility were capitalized as construction in progress and not amortized. Amortization will commence when construction is complete and the facility is available for its intended use.

11) INTANGIBLE ASSETS

In April 2018, the Company paid \$2,000,000 for a provisional medical cultivation and medical production licenses in the state of Nevada. The Company received approval of the transfer of the provisional licenses from the state on April 24, 2018. Subsequent to June 30, 2018, these licenses were approved for operational medical and recreational cultivation and medical and recreational production by the state of Nevada.



CNX HOLDINGS INC.

Notes to the Consolidated Financial Statements

Six-month period ended June 30, 2018

12) SUBSEQUENT EVENTS

Subsequent to June 30, 2018, the Company commenced a further private placement. As of the date of these financial statements, \$13,977,534 has been received and will be held in escrow until the closing of the private placement.

13) GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses for the six-month period ended June 30, 2018 consist of the following:

Accounting & Legal	\$	175,784
Bank Charges		1,013
Business Fees & Licenses		50,000
Consulting service		185,982
Rent		280,000
Repair & Maintenance		99,356
Travel & Entertainment		226,520
General & Administrative	\$	1,018,655



CNX HOLDINGS INC.

Consolidated Financial Statements

FOR THE PERIOD ENDED DECEMBER 31, 2017



CNX HOLDINGS INC.

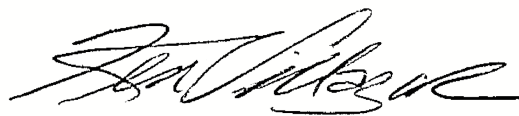
Consolidated Statements of Financial Position

As at December 31, 2017

(Expressed in United States Dollars)

Liabilities		Notes	
Current Liabilities			
Accrued Liabilities	7	\$	204,666
Total Liabilities			204,666
Shareholders' Equity			
Share Capital			10
Deficit			(204,676)
Total Shareholders' Equity			(204,666)
Total Liability and Shareholders' Equity		\$	-
Subsequent events (notes 5, 6 and 9)			

Approved and authorized on behalf of the Board:


Director

Director

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



CNX HOLDINGS INC.

Consolidated Statement of Operations

For the period from incorporation on December 18, 2017 to December 31, 2017

(Expressed in United States Dollars)

Expenses	Notes		
General and Administrative	10	\$	198,065
Income (loss) from operations			(198,065)
Other expenses			
Foreign Exchange Loss (gain)			6,611
Loss for the period		\$	(204,676)

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



CNX HOLDINGS INC.

Consolidated Statement of Cash Flow

For the period from incorporation on December 18, 2017 to December 31, 2017

(Expressed in United States Dollars)

Cash flows from operating activities

Net Loss	\$	(204,676)
Items not Involving Cash		
Foreign Exchange Loss		6,611
Changes in Non-cash Operating Working Capital		
Accounts Payable and Accrued Liabilities		198,055
Cash provided by (used in) operating activities		(10)

Cash flow from financing activity

Net proceeds from common share issuance		10
Cash provided by financing activity		10

Increase in Cash		—
Cash, Beginning of Period		—

Cash, End of Period	\$	—
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The accompanying notes are an integral part of these consolidated financial statements.



CNX HOLDINGS INC.

Consolidated Statement of Shareholders' Equity

For the period of Incorporation on December 18, 2017 to December 31, 2017

(Expressed in United States Dollars)

	NUMBER (Class A Common Shares)	AMOUNT \$	DEFICIT	TOTAL
Amount Issued on Incorporation on December 18, 2017	100	10	–	10
Loss for the period	–	–	(204,676)	(204,676)
Balance at December 31, 2017	100	10	(204,676)	(204,666)

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



CNX HOLDINGS INC.

Notes to the Consolidated Financial Statements

Year ended December 31, 2017

1) NATURE OF OPERATIONS AND GOING CONCERN

CNX Holdings Inc. (the "Company") was incorporated under the Ontario Business Corporations Act on December 18, 2017 and is engaged in venture capital activities. The Company intends to identify and evaluate opportunities for the acquisition of an interest in properties, assets or businesses, and once identified and evaluated, to negotiate an acquisition thereof, merger with or participation therein.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business. The Company does not currently have a recurring source of revenue and has historically incurred losses. As at December 31, 2017, the Company had a working capital deficit of \$194,666 which consisted entirely of accounts payable. Subsequent to December 31, 2017, the Company raised \$27,352,993 through the issuance of common shares (Note 5). The Company expects to require further funding in the longer term to fund future acquisitions and operations.

The registered office of the Company is located at 20 Richmond Street, Toronto, Ontario, M5C 2R9.

2) BASIS OF PRESENTATION

Statement of Compliance

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). On June 29, 2018, the Company's Board of Directors approved these financial statements for issuance.

Basis of Measurement

These financial statements have been prepared on a historical cost basis.

Functional and Presentation Currency

These financial statements have been prepared in United States dollars, which is the Company's functional and presentation currency.

Use of Judgements

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments that affect the application of accounting policies regarding certain types of assets, liabilities, revenues and expenses and estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses recognized during the reporting period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. There were no estimates made in these consolidated financial statements.

2) BASIS OF PRESENTATION (CONTINUED)

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments. The Company's assessment of its ability to continue as a going concern requires judgements about the Company's ability to execute its strategy by funding future working capital requirements. See Note 1.

3) SUMMARY OF ACCOUNTING POLICIES**Principals of Consolidation**

These consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries. All intercompany balances, transactions, revenues and expenses have been eliminated on consolidation.

Cash

Cash and cash equivalents include cash on hand and deposits with maturities from the date of acquisition of 90 days or less, which are readily convertible to known amounts of cash and are subject to insignificant changes in value.

Foreign Currency Translation

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the Company's functional currency at the period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss.

Earnings per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding, if any, that may add to the total number of common shares.

Income Taxes

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

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

3) SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**Income Taxes (Continued)**

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

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

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

Financial Instruments

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise.

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using effective interest rate method.

3) SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Share Based Compensation

Equity-settled share-based compensation arrangements such as the Company's stock option plan are measured at fair value at the date of grant and recorded within equity. The fair value at grant date of all share-based compensation is recognized as compensation expense over the vesting period, with a corresponding credit to shareholders' equity. The amount recognized as an expense is adjusted to reflect share options forfeited. The Company estimates the fair value of share options granted using the Black-Scholes option pricing model.

New and Revised IFRS Issued but Not Effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below except those which the Company does not expect any impacts on the financial statements.

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9, Financial Instruments, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39, Financial Instruments – Recognition and Measurement, 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. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. IFRS 9 is effective for reporting periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The Company has adopted IFRS 9 in these financial statements.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Under IFRS 15, revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not currently have revenue and will adopt IFRS 15 upon the commencement of sales in the future.

IFRS 16, Leases ("IFRS 16")

In January 2017, the IASB issued this standard which is effective for periods beginning on or after January 1, 2019, which replaces the current guidance in IAS 17, Leases, and is to be applied either retrospectively or a modified retrospective approach. Early adoption is permitted, but only in conjunction with IFRS 15, Revenue from Contracts with Customers. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflective of future lease payments and a 'right-of-use asset' for virtually all lease contracts. The Company has not yet determined the effect of adoption of IFRS 16 on its consolidated financial statements.

4) DETERMINATION OF FAIR VALUES

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. At December 31, 2017, there were no financial assets and liabilities measured and recognized at fair value on a recurring basis. The fair value of accounts payable and accrued liabilities is not materially different from its carrying value given the short term to maturity.

5) SHARE CAPITAL

Authorized:

- (a) An unlimited number of First Preferred Shares (deleted subsequent to December 31, 2017);
- (b) An unlimited number of Second Preferred Shares (deleted subsequent to December 31, 2017);
- (c) An unlimited number of Third Preferred Shares (deleted subsequent to December 31, 2017);
- (d) An unlimited number of Fourth Preferred Shares (deleted subsequent to December 31, 2017);
- (e) An unlimited number of Class A Common Shares, voting, without nominal or par value;
- (f) An unlimited number of Class B Common Shares, voting, without nominal or par value, convertible into Class A Common Shares immediately prior to and conditional upon the completion of a going public transaction involving the Company;
- (g) An unlimited number of Class C Common Shares (deleted subsequent to December 31, 2017).

Subsequent to December 31, 2017, the Company issued 99,999,900 Class A common shares for gross proceeds of \$1,156,087, and 39,780,877 Class B Common shares for gross proceeds of \$26,653,188.

6) STOCK OPTIONS

The Company established a stock option plan (the "Plan"). Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares and the exercise term of any option granted under the Plan may not exceed ten years. Each option vesting period is determined on a grant by grant basis by the Board of Directors.

On March 7, 2018, the Company granted a total of 6,575,000 stock options with fair value of \$40,674 to shareholders. These stock options are exercisable at an exercise price of USD\$0.15 (CAD\$0.20) per share and may be exercised for five years. Among these options, 2,600,000 options will be vested 100% upon the Company's completion of a going public transaction, the other 3,975,000 will be 50% vested upon the Company's completion of a going public transaction, 25% vested on the date that is six months from the date of the options are granted, and 25% vested on the date that is twelve months from the date the options are granted.

On June 1, 2018, the Company granted a total of 1,340,000 stock options with fair value of \$659,915 to shareholders. These stock options are exercisable at an exercise price of USD\$0.67 (CAD\$0.85) per share and may be exercised for five years. All options will be 50% vested upon the Company's completion of a going public transaction, 25% vested on the date that is six months from the date of the options are granted, and 25% vested on the date that is twelve months from the date the options are granted.

7) RELATED PARTY TRANSACTIONS

As of December 31, 2017, the Company incurred general and administrative expenses of \$177,356 payable to its directors and included in accounts payable and accrued liabilities.

8) INCOME TAXES

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of operations for the period from incorporation on December 18, 2017 to December 31, 2017:

		2017
Loss before taxes	\$	(204,676)
Statutory tax rate		26.00%
Expected income tax (recovery)		(53,216)
Non-deductible items		1,263
Change in deferred tax asset not recognized		51,953
Total income tax expense (recovery)	\$	-

The unrecognized deductible temporary differences as at December 31, 2017 are comprised of the following:

		2017
Non-capital loss carryforwards	\$	199,818
Unrecognized deductible temporary differences	\$	199,818

The Company has non-operating loss carryforwards, for which no deferred tax asset has been recognized of approximately \$199,818 which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following year:

Expiry		Total
2037	\$	199,818
TOTAL	\$	199,818



CNX HOLDINGS INC.

Notes to the Consolidated Financial Statements

Year ended December 31, 2017

9) SUBSEQUENT EVENTS

The Company entered a purchase agreement with a Nevada corporation for the purchase of land and buildings at a purchase price of \$40,000,000 which will be paid by \$22,000,000 in cash and a note payable of \$18,000,000. The \$22,000,000 cash payment includes option payments for the exclusive right to purchase the property and rent for the use of the property for six months until the purchase closing date. As of June 29, 2018, the Company paid \$13,500,000 of the option payments as well as \$560,000 for rent.

In April 2018 the Company paid \$2,000,000 for a provisional medical license in the State of Nevada. The Company received approval of the transfer of the provisional license from the State on April 24, 2018.

The Company provided a loan of Six Hundred Thousand American Dollars (\$600,000) to a third party, secured by the assets of the entity. The loan is due on demand and bears no interest.

10) GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses for the period of incorporation on December 18, 2017 to December 31, 2017 consist of the following:

Accounting and legal	\$	56,280
Travel and entertainment		141,785
General and administrative	\$	198,065

**SCHEDULE “C”
MD&As OF THE CORPORATION**

See attached.

THEIA RESOURCES LTD.

Management Discussion and Analysis for the three months ended April 30, 2018

This Management Discussion & Analysis ("MD&A") was prepared by management as at June 28, 2018, and was reviewed and approved by the Audit Committee appointed by the Board of Directors of Theia Resources Ltd. (the "Company" or "Theia"). The following discussion of performance, financial condition and future prospects should be read in conjunction with the interim financial statements for the three months ended April 30, 2018 and 2017 and the annual audited financial statements for the years ended January 31, 2018 and 2017, and notes thereto (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The information provided herein supplements but does not form part of the interim financial statements. This discussion covers the three months ended April 30, 2018, and the subsequent period up to the date of issue of this MD&A. Unless otherwise noted, all dollar amounts are stated in Canadian dollars.

The Company has prepared this MD&A following the requirements of National Instrument 51-102. These statements are filed with the relevant regulatory authorities in Canada. Unless otherwise indicated the geological disclosure contained within this MD&A has been reviewed and verified by James McDonald, P.Geo (a qualified person for the purpose of National Instrument 43-101, Standards of Disclosure for Mineral Projects). Mr. McDonald is the President and CEO of Kootenay Silver Inc. who is the optionor of the properties under earn-in agreements.

Forward-Looking Information

This MD&A contains forward-looking statements or forward-looking information within the meaning of the United States Private Securities Litigation Reform Act of 1995, and applicable Canadian securities laws. Forward-looking statements are frequently, but not always, identified by words such as "expects," "anticipates," "believes," "intends," "estimated," "potential," "possible" and similar expressions, or statements that events, conditions or results "will," "may," "could" or "should" occur or be achieved. Forward-looking statements are statements concerning the Company's current beliefs, plans and expectations about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, the risks that: (i) any of the assumptions in the resource estimates turn out to be incorrect, incomplete, or flawed in any respect; (ii) the methodologies and models used to prepare the resource estimates either underestimate or overestimate the resources due to hidden or unknown conditions, (iii) operations are disrupted or suspended due to acts of god, unforeseen government actions or other events; (iv) the Company experiences the loss of key personnel; (v) the Company's mine operations are adversely affected by other political or military, or terrorist activities; (vi) the Company becomes involved in any material disputes with any of its key business partners, lenders, suppliers or customers; or (vii) the Company is subjected to any hostile takeover or other unsolicited attempts to acquire control of the Company. Other factors that could cause the actual results to differ include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Other risks are more fully described under the heading "RISKS AND UNCERTAINTIES" below. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made and the Company assumes no obligation to update such forward-looking statements in the future, except as required by law. For the reasons set forth above, investors should not place undue reliance on the Company's forward-looking statements.

Description of Issuer's Business

The Company was incorporated on January 9, 2007 pursuant to the provisions of the *Business Corporations Act* (British Columbia).

The Company is an exploration stage mining company involved in the acquisition and exploration of mineral properties with a current focus in Canada. The Company's main business objective is identifying mineralized deposits economically worthy of subsequent development, mining or sale. The core management and technical team are proven professionals, with extensive international experience in all aspects of mineral exploration, operations and venture capital markets. The Company continues to focus on opportunities that will create shareholder wealth within the mining sector.

Overall Performance

The Company is focussed on the exploration of the Fox and Two Times Fred ("2x's Fred") properties. During the three months ended April 30, 2018 the Company reviewed and planned potential exploration programs subject to financing with a limited follow up to the 2017 sampling program which yielded high grade gold and silver assays which indicate the possibility of the discovery of potentially economic high grade gold and silver. The exposures of new epithermal veins

along strike of the Saki and Gold Hill veins have returned encouraging numbers from grab samples. Sample results graded up to 11.4 grams per tonne ("gpt") gold with 39 gpt silver and 12.7 gpt gold with 139 gpt silver. A total of 54 samples were collected, 40 samples collected from the veins (excluding the high-grade values) had an average value of 202 ppb gold and 4.2 ppm silver. The highest grades encountered indicate that the 3 by 1.4-kilometre epithermal vein system has potential for the discovery of high grade gold and silver. High grade results from the 2016 grab samples returned from sub-cropping quartz veins within a 100 by 50 metre area of argillic and pyritic host rocks located approximately 750 metres north of the area drill tested in 2015. These samples may represent the edge of a higher-grade shoot within the larger vein system. To view a map, follow the link: [Two Times Fred sampling and vein system](#).

The Company completed initial drilling on the 2x's Fred property in 2016. The drilling program on 2x's Fred focused on providing information on the grade, dip and width of the Saki and Gold Hill veins. Eight holes were drilled for a total of approximately 717 meters with four holes drilled on the Saki vein and four on the Gold Hill vein. The best interval was 3.2 gpt Au and 46.48 gpt Ag over 1.9 meters within 7.6 meters of 1.69 gpt Au and 29.36 gpt Ag. The longest interval was 67 meters of 0.370 gpt Au and 7.2 gpt Ag. Holes 6 and 8 bottomed in vein material with hole 6 just entering the vein when it had to be abandoned due to hole conditions.

The Saki and Gold Hill veins were discovered by a grass roots prospecting program. The Company conducted a machine trenching program during 2014 on the Two Times Fred property, which confirmed the discovery of a new low sulphidation vein system in Central British Columbia. A total of 563 rock samples have been assayed to date and results averaged 0.4 grams per tonne ("gpt") Au and 7.1 gpt Ag. Of the 244 channel and composite rock samples taken from 16 trenches, an average of all the samples assayed 0.49 gpt Au and 8.7 gpt Ag. The highest assay value from sampling reported 5.5 gpt Au and 100 gpt Ag. The longest continuous exposure of vein material totaling 24 meters averaged 0.53 gpt Au and 6.9 gpt Ag, and the highest grade was 1.52 gpt Au and 24.2 gpt Ag over 3.65 meters.

The Company also conducted a channel sampling program on the Fox property: a total of 12 trenches were hand cleared and channel sampled. The discovery zone trench was opened up for a strike length of 16 meters: 17 channel samples taken over an average width of 0.9 meters reported an average assay grade of 6.5 gpt Au and 1194 gpt Ag. The zone remains open along strike. A total of 6 different zones of mineralization over an area of 400 by 100 meters were trenching and sampled with zones up to 5 meters of length.

The Company continues reviewing and investigating potential business opportunities.

Mineral Properties

The Company entered into a letter of agreement with Kootenay Silver Inc. ("Kootenay") on July 8, 2014, whereby the Company has the right to earn a 60% undivided interest in the Fox and 2x's Fred properties (the "Properties"). Under the terms of the agreement, the Company must issue an aggregate total of 750,000 common shares of the Company to Kootenay; and finance an aggregate \$2.5 million of exploration expenditures on the Properties within a five-year period. The Company has issued 600,000 common shares to Kootenay with a fair market value of \$56,000 pursuant to the agreement, with 200,000 common shares with a fair value of \$19,000, issued during the year ended January 31, 2018, which were due under the terms of the agreement. Subsequent to April 30, 2018, the Company issued the final 150,000 shares due under the letter agreement.

Fox Property, British Columbia, Canada

The Fox property is located approximately 20 km southwest of the past producing Endako molybdenum mine and roughly 40 km to the southeast of the past producing Equity Silver mine. It is an epithermal gold/silver prospect, consisting of seven land tenures covering 3,912.97 hectares. The mineral system at Fox is comprised of numerous anomalous to highly anomalous gold-silver showings within a broad alteration envelope whose minimum extent is 1000 meters across by 1000 meters long. Outcrop is sparse and the system limits are not defined. A well-defined northeast trending magnetic low shows within a broader magnetic high and referred to as the Fox Low dissects the property; this magnetic feature extends over five kilometers in distance is coincident with mineralization and thus considered prospective. Work to date by Kootenay has consisted of rock geochemistry and prospecting conducted in three preliminary passes. A trial VLF/Mag survey over a limited portion of the mineralized areas has also been conducted. Currently permits are in place for trenching of newly discovered zones.

Two Times Fred Property, British Columbia, Canada

The 2x's Fred property is located in the mineral rich central plateau of British Columbia approximately 62 km south of the city of Vanderhoof and consists of 10 land tenures covering 4,618.19 hectares. The Two Times Fred is an epithermal gold/silver prospect that covers a prominent east-west trending magnetic anomaly that coincides with a geological boundary. All the mineralized showings found to date are spatially associated with a magnetic high and broader low located in the center of the property. Gold and silver mineralization on the property is hosted by chalcedonic to banded quartz veins, stockworks, and breccia fills that are hosted predominantly in basalt flows and conglomerates. At least four vein systems are exposed in outcrop at surface. In total, the mineralized veins occur over an area measuring approximately 3.0 X 1.75 km. Work conducted by Kootenay to date has included rock sampling, biogeochemistry, geological mapping, and ground geophysical surveys (magnetic and VLF-EM) as well as permitting for trenching and

drilling. The large aerial extent of the system and anomalous gold content indicates potential for large sized gold deposits to have formed.

Summary of Annual Financial Information

The financial statements have been prepared in accordance with IFRS and are expressed in Canadian dollars.

As at	January 31 2018	January 31 2017	January 31 2016
	\$	\$	\$
Current Assets	7,166	21,436	99,648
Mineral Properties	517,307	418,185	335,646
Total Assets	524,473	439,621	435,294
Current Liabilities	860,127	622,797	445,819
Non-current Liabilities	-	-	-
Total Liabilities	860,127	622,797	445,819
Shareholders' Equity	(335,654)	(183,176)	(10,525)
Shareholders' Equity & Liabilities	524,473	439,621	435,294

As at	January 31 2018	January 31 2017	January 31 2016
	\$	\$	\$
General and administrative	11,196	18,805	34,078
Professional & consulting fees	44,605	38,913	43,828
Management fees	84,000	84,000	84,000
Regulatory and filing	14,523	15,726	14,200
Rent	19,934	19,380	17,117
Total expenses and loss for the year	174,258	176,824	193,228
Foreign exchange loss	(2,744)	(3,788)	2,970
Interest income	(36)	(385)	(876)
Net loss & comprehensive loss for the year	171,478	172,654	195,317
Basic and diluted loss per share	\$(0.01)	\$(0.01)	\$(0.01)
Weighted average number of common shares outstanding	21,333,092	21,197,750	21,068,435

Results of Operations

For the three months ended April 30, 2018, the Company reported a net loss of \$42,919 or \$0.01 per share (2017: \$44,712 or \$0.01 per share). General and administration costs decreased compared to the prior comparable period to \$2,469 (2017: \$2,551). Professional & consulting fees decreased versus the prior comparable period and totalled \$7,500 (2017: \$10,411). Management fees for the period were \$21,000 (2017: \$21,000). Management fees remain unpaid and are recorded in accrued liabilities. Regulatory and filing fees decreased to \$5,262 (2017: \$5,804). Rent and office expense for the period remained consistent and totalled \$4,987 (2017: \$4,983). The Company recorded a foreign exchange loss of \$1,707 (2017: gain \$18).

Summary of Quarterly Financial Information

The following table presents the Company's summarized financial information for the last eight quarters, prepared in accordance with IFRS.

	Apr 2018 \$	Jan 31 2018 \$	Oct 31 2017 \$	Jul 31 2017 \$	Apr 30 2017 \$	Jan 31 2017 \$	Oct 31 2016 \$	Jul 31 2016 \$
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	42,919	48,592	37,792	40,382	44,712	45,391	39,612	39,914
Total Assets	537,546	524,473	515,580	499,473	441,391	439,621	435,547	414,416
Total Liabilities	916,119	860,127	802,642	748,743	669,279	622,797	573,332	512,589
Shareholders' Equity	(378,573)	(335,654)	(287,062)	(249,270)	(227,888)	(183,176)	(137,785)	(98,173)

Liquidity and Capital Resources

As at January 31, 2018, the Company had a negative working capital of \$909,380 (2017: negative \$659,573), which included cash of \$490 (2017: \$1,456), prepaid expenses of \$1,745 (2017: \$2,558), and current liabilities of \$916,119 (2017: \$669,279). Included in current liabilities is accrued management fees totalling \$357,000 (2017: \$273,000) and accrued consulting fees totalling \$229,500 (2017: \$175,500), of which respective parties have agreed to defer receipt of payment until working capital permits.

The Company will require additional infusions of capital to permit continued exploration at the Fox and Two Times Fred properties. The Company expects to obtain financing in the future primarily through further equity and/or debt financing, as well as through joint venturing. The Company received an extension from Kootenay related to the required expenditures for the forthcoming year. There can be no assurance that the Company will succeed in obtaining financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its mineral properties.

The junior exploration industry is seeing a tightening in investment dollars as a result of the pressure on precious and base metals, which is adding pressure to junior explores to ensure dollars are effectively invested into their resource projects. This pressure on metals could, among other things, make it more difficult for us to obtain, or increase our cost of obtaining, capital and financing for our operations.

The Company's access to additional capital may not be available on terms acceptable to us or at all. As we expect our reliance on equity financings to continue into the future, these current market conditions could make it difficult or impossible for us to raise necessary funds to meet our capital requirements. If we are unable to obtain financing through equity investments, we will seek multiple solutions including, but not limited to, credit facilities or debenture issuances.

All cash is held with Canadian Schedule I banks either in deposit account or guaranteed investment certificates, and the Company has no joint ventures with any parties that potentially create derivative or hedge risk.

Financial Instruments and Financial Risk Management

The Company's financial instruments include cash and cash equivalents, receivables and advances, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values due to their relatively short periods to maturity.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's receivable relates to receivables from Goods and Services Tax input tax credits, accounts receivable and advances. Accordingly, the Company views credit risk on accounts receivable, which are expected to be received within one year.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. To facilitate its expenditure program, the Company raises funds through private equity placements. The Company anticipates it will have adequate liquidity to fund its financial liabilities through future equity contributions.

As at April 30, 2018, the Company's financial liabilities were comprised of accounts payable and accrued liabilities, which have a maturity of less than one year.

(c) Market risk:

Market risk consists of commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

(i) Currency risk:

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is considered to be in the exploration stage and has not yet developed commercial mineral interests; the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian and the United States dollar. The Company's transactions are denominated in Canadian dollars and United States dollars. The Company has not entered into any arrangements to hedge currency risk but does maintain cash balances within each currency with a predominate balance held in Canadian dollars. Canadian dollars are exchanged when needed to meet foreign denominated liabilities.

(ii) Commodity price risk:

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. The Company is exposed to the price volatilities for precious and base metals that could significantly impact its future operating cash flow. As part of its routine activities, management is closely monitoring the trend of international metal prices.

(iii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash and cash equivalents is limited because of their short-term investment nature. A variable rate of interest is earned on cash and cash equivalents, changes in market interest rates at the period-end would not have a material impact on the Company's financial statements.

Related Party Transactions

The following related party transactions were incurred in the normal course of business and are non-interest bearing, unsecured, due on demand and were measured at their fair value as determined by management.

	Q1 April 30, 2018	Q4 January 31, 2018	Q3 October 31, 2017	Q2 July 31, 2017	Q1 April 30, 2017	Q4 January 31, 2017	Q3 October 31, 2016	Q2 July 31, 2016
	\$	\$	\$	\$	\$	\$	\$	\$
Management fees charged by companies with a director and or officer in common	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000

As at April 30, 2018, \$218,711 (2017: \$147,450) was due to companies with a director and officers in common and is included in accounts payable. Included in accrued liabilities was \$357,000 (2017: \$273,000) due to companies controlled by directors and officers in common. Management compensation has not been paid but accrued only.

The Company issued 600,000 common shares with a fair value of \$56,000, with 200,000 common shares issued with a fair market value of \$19,000 issued during the year ended January 31, 2018, to Kootenay, a company with a common director and officer, pursuant to the option agreement for the Fox and Two Times Fred properties, as described in Note 4 of the Company's Financial Statements. Also under the option agreement, the Company has made total cash payments of \$60,000, and have accrued \$20,000 which is due under the option agreement (2017: \$15,000).

Contractual Obligations

The Company is currently negotiating its office space and is currently incurring month to month expenditure.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC) ("Corporations Act") dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

Critical Accounting Estimates

Please refer to Note 3 of the Company's audited financial statement for the year ended January 31, 2018 for additional information under "Significant Accounting Policies".

Significant areas requiring the use of management estimates include the collectability of amounts receivable, the balances of accrued liabilities, the determination of estimates of deferred tax assets and liabilities, and the determination of variables used in the calculations of share based payments. While management believes, these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Current and Future accounting policy changes issued but not yet in effect

There were no new accounting standards adopted during the three months ended April 30, 2018.

The following amendments to existing standards were issued by the IASB and are effective for annual periods beginning on or after February 1, 2017. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded from below:

The IASB intends to replace IAS 39, *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9, *Financial Instruments* ("IFRS 9") and to reduce the complexity in the classification and measurement of financial instruments. The completed version of IFRS 9 includes classification and measurement, impairment and hedge accounting requirements and is effective for annual periods beginning on or after January 1, 2018. The Company has evaluated the impact of IFRS 9 on its consolidated financial statements with no significant impact anticipated.

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which replaces IAS 18 Revenue, IAS 11 Construction Contracts and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework which requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. The new standard is effective for periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company has evaluated the impact of IFRS 15 on its consolidated financial statements with no significant impact anticipated.

In January 2016, the IASB issued IFRS 16, *Leases*, which replaces IAS 17, *Leases*, and other lease related interpretations. The new standard establishes the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a lease contract. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted only in conjunction with IFRS 15. The Company is currently evaluating the impact of the standard on its consolidated financial statements. The IASB intends to replace IAS 39, *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9, *Financial Instruments* ("IFRS 9") and to reduce the complexity in the classification and measurement of financial instruments. The completed version of IFRS 9 includes classification and measurement, impairment and hedge accounting requirements and is effective for annual periods beginning on or after January 1, 2018. The Company has evaluated the impact of IFRS 16 on its consolidated financial statements with no significant impact anticipated.

Disclosure of outstanding Share Data

The following table states the diluted share capital of the Company as at June 28, 2018:

	Number Shares Outstanding (Diluted)
Outstanding as at January 31 and April 30, 2018	21,397,750
Shares issued for acquisition of mineral properties	150,000
Outstanding and Diluted total as at June 28, 2018	<u>21,547,750</u>

Disclosure Controls and Procedures

Management is responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Company. Based on an evaluation of the Company's disclosure controls and procedures as of the end period covered by this MD&A, management believes such controls and procedures are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

Risks and Uncertainties

The Company is in the business of acquiring, exploring mineral properties. It is exposed to a number of risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, exchange rates for currency, inflation and other risks. The Company currently has no source of revenue other than interest on cash balances. The Company will rely mainly on equity financing to fund exploration activities on its mineral properties.

The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties to which the Company may be subject.

Early Stage – Need for Additional Funds

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to other companies in the same business, including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

The Company anticipates future expenditures will require additional infusions of capital; there can be no assurance that such financing will be available or, if available, will be on reasonable terms. If financing is obtained by issuing common shares from treasury, control of the Resulting Issuer may change and investors may suffer additional dilution. Furthermore, if financing is not available, lease expiry dates, work commitments, rental payments and option payments, if any may not be satisfied and could result in a loss of the shareholders entire investment.

Exploration and Development

Mineral exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, though present, are of insufficient size and/or grade to return a profit from production.

All of the mineral claims to which the Company has a right to acquire an interest are in the exploration stages only, and are without a known body of commercial ore. Upon discovery of a mineralized occurrence, several stages of exploration and assessment are required before its economic viability can be determined. Development of the subject mineral properties would follow only if favourable results are determined at each stage of assessment. Few precious and base metal deposits are ultimately developed into producing mines.

Operating Hazards and Risks

Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of exploration, development and production of mineral properties, certain risks, and in particular unexpected or unusual geological operating conditions, including rock bursts, cave-ins, fires, flooding and earthquakes, may occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral deposits, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage.

Supplies, Infrastructure, Weather and Inflation

The Company's property interests are often located in remote, undeveloped areas and the availability of infrastructures such as surfaces access, skilled labour, fuel and power at an economic cost cannot be assured. These are integral requirements for exploration, production and development facilities on mineral properties. Power may need to be

generated on site. Due to the partial remoteness of its exploration projects, the Company is forced to rely on the accessibility of secondary roads.

Metal Prices

The mining industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of metals produced even if commercial quantities of precious and/or base metals are discovered. Factors beyond the control of the Company and may affect the marketability of metals discovered. Pricing is affected by numerous factors beyond the Company's control, such as international economic and political trends, global or regional consumption and demand patterns, increased production and smelter availability. There is no assurance that the price of metals recovered from any mineral deposit will be such that they can be mined at a profit.

Title Risks

Although the Company has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interest may be subject to prior unregistered agreements, or transfers, or native claims, and title may be affected by undetected defects.

Environmental Regulations, Permits and Licenses

The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, safety and other matters. Environmental legislation in British Columbia provides restrictions and prohibition on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact statements. Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

The current operations of the Company require permits from various provincial authorities and such operations are governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental, mine safety and other matters.

The Company believes that it is in substantial compliance with all material laws and regulations, which currently apply to its activities. There can be no assurance, however, that all permits which the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

The Company may, in the future, be unable to meet its share of costs incurred under such agreements to which it is a party and it may have its interest in the properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, the Company may not be able to finance the expenditures required to complete recommended programs.

Economic Conditions

Unfavourable economic conditions may negatively impact the Company's financial viability. Unfavourable economic conditions could also increase the Company's financing costs, decrease net income or increase net loss, limit access to capital markets and negatively impact any of the availability of credit facilities to the Company.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Additional Information

Additional information related to the Company can be found on SEDAR at www.sedar.com.

THEIA RESOURCES LTD.

Management Discussion and Analysis for the year ended January 31, 2018

This Management Discussion & Analysis ("MD&A") was prepared by management as at May 30, 2018, and was reviewed and approved by the Board of Directors of Theia Resources Ltd. (the "Company" or "Theia"). The following discussion of performance, financial condition and future prospects should be read in conjunction with the annual audited financial statements for the years ended January 31, 2018 and 2017, and notes thereto (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The information provided herein supplements but does not form part of the financial statements. This discussion covers year ended January 31, 2018, and the subsequent period up to the date of issue of this MD&A. Unless otherwise noted, all dollar amounts are stated in Canadian dollars.

The Company has prepared this MD&A following the requirements of National Instrument 51-102. These statements are filed with the relevant regulatory authorities in Canada. Unless otherwise indicated the geological disclosure contained within this MD&A has been reviewed and verified by James McDonald, P.Geo (a qualified person for the purpose of National Instrument 43-101, Standards of Disclosure for Mineral Projects). Mr. McDonald is the President and CEO of Kootenay Silver Inc. who is the optionor of the properties under earn-in agreements.

Forward-Looking Information

This MD&A contains forward-looking statements or forward-looking information within the meaning of the United States Private Securities Litigation Reform Act of 1995, and applicable Canadian securities laws. Forward-looking statements are frequently, but not always, identified by words such as "expects," "anticipates," "believes," "intends," "estimated," "potential," "possible" and similar expressions, or statements that events, conditions or results "will," "may," "could" or "should" occur or be achieved. Forward-looking statements are statements concerning the Company's current beliefs, plans and expectations about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, the risks that: (i) any of the assumptions in the resource estimates turn out to be incorrect, incomplete, or flawed in any respect; (ii) the methodologies and models used to prepare the resource estimates either underestimate or overestimate the resources due to hidden or unknown conditions, (iii) operations are disrupted or suspended due to acts of god, unforeseen government actions or other events; (iv) the Company experiences the loss of key personnel; (v) the Company's mine operations are adversely affected by other political or military, or terrorist activities; (vi) the Company becomes involved in any material disputes with any of its key business partners, lenders, suppliers or customers; or (vii) the Company is subjected to any hostile takeover or other unsolicited attempts to acquire control of the Company. Other factors that could cause the actual results to differ include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Other risks are more fully described under the heading "RISKS AND UNCERTAINTIES" below. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made and the Company assumes no obligation to update such forward-looking statements in the future, except as required by law. For the reasons set forth above, investors should not place undue reliance on the Company's forward-looking statements.

Description of Issuer's Business

The Company was incorporated on January 9, 2007 pursuant to the provisions of the *Business Corporations Act* (British Columbia).

The Company is an exploration stage mining company involved in the acquisition and exploration of mineral properties with a current focus in Canada. The Company's main business objective is identifying mineralized deposits economically worthy of subsequent development, mining or sale. The core management and technical team are proven professionals, with extensive international experience in all aspects of mineral exploration, operations and venture capital markets. The Company continues to focus on opportunities that will create shareholder wealth within the mining sector.

Overall Performance

The Company is focussed on the exploration of the Fox and Two Times Fred ("2x's Fred") properties. During the year ended January 31, 2018 the Company reviewed and planned potential exploration programs subject to financing with a limited follow up to the 2017 sampling program which yielded high grade gold and silver assays which indicate the possibility of the discovery of potentially economic high grade gold and silver. The exposures of new epithermal veins along strike of the Saki and Gold Hill veins have returned encouraging numbers from grab samples. Sample results

graded up to 11.4 grams per tonne ("gpt") gold with 39 gpt silver and 12.7 gpt gold with 139 gpt silver. A total of 54 samples were collected, 40 samples collected from the veins (excluding the high-grade values) had an average value of 202 ppb gold and 4.2 ppm silver. The highest grades encountered indicate that the 3 by 1.4-kilometre epithermal vein system has potential for the discovery of high grade gold and silver. High grade results from the 2016 grab samples returned from sub-cropping quartz veins within a 100 by 50 metre area of argillic and pyritic host rocks located approximately 750 metres north of the area drill tested in 2015. These samples may represent the edge of a higher-grade shoot within the larger vein system. To view a map, follow the link: [Two Times Fred sampling and vein system](#).

During the year ended January 31, 2016, the Company completed initial drilling on the 2x's Fred property. The drilling program on 2x's Fred focused on providing information on the grade, dip and width of the Saki and Gold Hill veins. Eight holes were drilled for a total of approximately 717 meters with four holes drilled on the Saki vein and four on the Gold Hill vein. The best interval was 3.2 gpt Au and 46.48 gpt Ag over 1.9 meters within 7.6 meters of 1.69 gpt Au and 29.36 gpt Ag. The longest interval was 67 meters of 0.370 gpt Au and 7.2 gpt Ag. Holes 6 and 8 bottomed in vein material with hole 6 just entering the vein when it had to be abandoned due to hole conditions.

The Saki and Gold Hill veins were discovered by a grass roots prospecting program. The Company conducted a machine trenching program during 2014 on the Two Times Fred property, which confirmed the discovery of a new low sulphidation vein system in Central British Columbia. A total of 563 rock samples have been assayed to date and results averaged 0.4 grams per tonne ("gpt") Au and 7.1 gpt Ag. Of the 244 channel and composite rock samples taken from 16 trenches, an average of all the samples assayed 0.49 gpt Au and 8.7 gpt Ag. The highest assay value from sampling reported 5.5 gpt Au and 100 gpt Ag. The longest continuous exposure of vein material totaling 24 meters averaged 0.53 gpt Au and 6.9 gpt Ag, and the highest grade was 1.52 gpt Au and 24.2 gpt Ag over 3.65 meters.

The Company also conducted a channel sampling program on the Fox property: a total of 12 trenches were hand cleared and channel sampled. The discovery zone trench was opened up for a strike length of 16 meters: 17 channel samples taken over an average width of 0.9 meters reported an average assay grade of 6.5 gpt Au and 1194 gpt Ag. The zone remains open along strike. A total of 6 different zones of mineralization over an area of 400 by 100 meters were trenced and sampled with zones up to 5 meters of length.

The Company continues reviewing and investigating potential advanced and early stage exploration properties.

Mineral Properties

The Company entered into a letter of agreement with Kootenay Silver Inc. ("Kootenay") on July 8, 2014, whereby the Company has the right to earn a 60% undivided interest in the Fox and 2x's Fred properties (the "Properties"). Under the terms of the agreement, the Company must issue an aggregate total of 750,000 common shares of the Company to Kootenay; and finance an aggregate \$2.5 million of exploration expenditures on the Properties within a five-year period. The Company has issued 600,000 common shares to Kootenay with a fair market value of \$56,000 pursuant to the agreement, with 200,000 common shares with a fair value of \$19,000, issued during the year ended January 31, 2018, which were due under the terms of the agreement. Subsequent to January 31, 2018, the Company issued the final 150,000 shares due under the letter agreement.

Fox Property, British Columbia, Canada

The Fox property is located approximately 20 km southwest of the past producing Endako molybdenum mine and roughly 40 km to the southeast of the past producing Equity Silver mine. It is an epithermal gold/silver prospect, consisting of seven land tenures covering 3,912.97 hectares. The mineral system at Fox is comprised of numerous anomalous to highly anomalous gold-silver showings within a broad alteration envelope whose minimum extent is 1000 meters across by 1000 meters long. Outcrop is sparse and the system limits are not defined. A well-defined northeast trending magnetic low shows within a broader magnetic high and referred to as the Fox Low dissects the property; this magnetic feature extends over five kilometers in distance is coincident with mineralization and thus considered prospective. Work to date by Kootenay has consisted of rock geochemistry and prospecting conducted in three preliminary passes. A trial VLF/Mag survey over a limited portion of the mineralized areas has also been conducted. Currently permits are in place for trenching of newly discovered zones.

Two Times Fred Property, British Columbia, Canada

The 2x's Fred property is located in the mineral rich central plateau of British Columbia approximately 62 km south of the city of Vanderhoof and consists of 10 land tenures covering 4,618.19 hectares. The Two Times Fred is an epithermal gold/silver prospect that covers a prominent east-west trending magnetic anomaly that coincides with a geological boundary. All the mineralized showings found to date are spatially associated with a magnetic high and broader low located in the center of the property. Gold and silver mineralization on the property is hosted by chalcedonic to banded quartz veins, stockworks, and breccia fills that are hosted predominantly in basalt flows and conglomerates. At least four vein systems are exposed in outcrop at surface. In total, the mineralized veins occur over an area measuring approximately 3.0 X 1.75 km. Work conducted by Kootenay to date has included rock sampling, biogeochemistry, geological mapping, and ground geophysical surveys (magnetic and VLF-EM) as well as permitting for trenching and

drilling. The large aerial extent of the system and anomalous gold content indicates potential for large sized gold deposits to have formed.

Summary of Annual Financial Information

The financial statements have been prepared in accordance with IFRS and are expressed in Canadian dollars.

As at	January 31 2018	January 31 2017	January 31 2016
	\$	\$	\$
Current Assets	7,166	21,436	99,648
Mineral Properties	517,307	418,185	335,646
Total Assets	524,473	439,621	435,294
Current Liabilities	860,127	622,797	445,819
Non-current Liabilities	-	-	-
Total Liabilities	860,127	622,797	445,819
Shareholders' Equity	(335,654)	(183,176)	(10,525)
Shareholders' Equity & Liabilities	524,473	439,621	435,294

As at	January 31 2018	January 31 2017	January 31 2016
	\$	\$	\$
General and administrative	11,196	18,805	34,078
Professional & consulting fees	44,605	38,913	43,828
Management fees	84,000	84,000	84,000
Regulatory and filing	14,523	15,726	14,200
Rent	19,934	19,380	17,117
Total expenses and loss for the year	174,258	176,824	193,228
Foreign exchange loss	(2,744)	(3,788)	2,970
Interest income	(36)	(385)	(876)
Net loss & comprehensive loss for the year	171,478	172,654	195,317
Basic and diluted loss per share	\$(0.01)	\$(0.01)	\$(0.01)
Weighted average number of common shares outstanding	21,333,092	21,197,750	21,068,435

Results of Operations

For the three months ended January 31, 2018, the Company reported a net loss of \$48,592 or \$0.01 per share (2017: \$63,361 or \$0.01 per share). General and administration costs decreased compared to the prior comparable period to \$2,911 (2017: \$3,839). Professional & consulting fees decreased versus the prior comparable period and totalled \$10,000 (2017: \$15,000). Management fees for the period were \$21,000 (2017: \$21,000). Management fees remain unpaid and are recorded in accrued liabilities. Regulatory and filing fees were \$4,944 (2017: \$4,464). Rent and office expense for the period remained consistent and totalled \$4,984 (2017: \$4,920).

For the year ended January 31, 2018, the Company reported a net loss of \$171,478 or \$0.01 per share (2017: \$172,651 or \$0.01 per share). General and administration costs decreased to the prior comparable period to \$11,196 (2017: \$18,805). Professional & consulting fees increased versus the prior comparable period and totalled \$12,105 (2017: \$11,413). Management fees for the period were \$84,000 (2017: \$84,000). Management fees remain unpaid and are recorded in accrued liabilities. Regulatory and filing fees decreased to \$14,523 (2017: \$15,726). Rent and office expense for the period remained consistent and totalled \$19,934 (2017: \$19,380). Income interest for the period decreased and totalled \$33 (2017: \$385) due to the reduction in cash and cash equivalents held during the period. The Company continues to focus on cost reduction. The Company recorded a foreign exchange gain of \$2,744 (2017: \$3,788).

Summary of Quarterly Financial Information

The following table presents the Company's summarized financial information for the last eight quarters, prepared in accordance with IFRS.

	Jan 31 2018 \$	Oct 31 2017 \$	Jul 31 2017 \$	Apr 30 2017 \$	Jan 31 2017 \$	Oct 31 2016 \$	Jul 31 2016 \$	Apr 30 2016 \$
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	48,592	37,792	40,382	44,712	45,391	39,612	39,914	47,734
Total Assets	524,473	515,580	499,473	441,391	439,621	435,547	414,416	416,049
Total Liabilities	860,127	802,642	748,743	669,279	622,797	573,332	512,589	474,308
Shareholders' Equity	(335,654)	(287,062)	(249,270)	(227,888)	(183,176)	(137,785)	(98,173)	(58,259)

Liquidity and Capital Resources

As at January 31, 2018, the Company had a negative working capital of \$852,961 (2017: negative \$601,361), which included cash of \$1,456 (2017: \$14,008), prepaid expenses of \$1,745 (2017: \$2,558), accounts receivable and advances of \$3,965 (2017: \$4,870), and current liabilities of \$860,127 (2017: \$622,797). Included in current liabilities is accrued management fees totalling \$336,000 (2017: \$252,000) and accrued consulting fees totalling \$216,000 (2017: \$162,000), of which respective parties have agreed to defer receipt of payment until working capital permits.

The Company will require additional infusions of capital to permit continued exploration at the Fox and Two Times Fred properties. The Company expects to obtain financing in the future primarily through further equity and/or debt financing, as well as through joint venturing. The Company received an extension from Kootenay related to the required expenditures for the forthcoming year. There can be no assurance that the Company will succeed in obtaining financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its mineral properties.

The junior exploration industry is seeing a tightening in investment dollars as a result of the pressure on precious and base metals, which is adding pressure to junior explores to ensure dollars are effectively invested into their resource projects. This pressure on metals could, among other things, make it more difficult for us to obtain, or increase our cost of obtaining, capital and financing for our operations.

The Company's access to additional capital may not be available on terms acceptable to us or at all. As we expect our reliance on equity financings to continue into the future, these current market conditions could make it difficult or impossible for us to raise necessary funds to meet our capital requirements. If we are unable to obtain financing through equity investments, we will seek multiple solutions including, but not limited to, credit facilities or debenture issuances.

All cash is held with Canadian Schedule I banks either in deposit account or guaranteed investment certificates, and the Company has no joint ventures with any parties that potentially create derivative or hedge risk.

Financial Instruments and Financial Risk Management

The Company's financial instruments include cash and cash equivalents, receivables and advances, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values due to their relatively short periods to maturity.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's receivable relates to receivables from Goods and Services Tax input tax credits, accounts receivable and advances. Accordingly, the Company views credit risk on accounts receivable, which are expected to be received within one year.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. To facilitate its expenditure program, the Company raises funds through private equity placements. The Company anticipates it will have adequate liquidity to fund its financial liabilities through future equity contributions.

As at January 31, 2018, the Company's financial liabilities were comprised of accounts payable and accrued liabilities, which have a maturity of less than one year.

(c) Market risk:

Market risk consists of commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

(i) Currency risk:

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is considered to be in the exploration stage and has not yet developed commercial mineral interests; the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian and the United States dollar. The Company's transactions are denominated in Canadian dollars and United States dollars. The Company has not entered into any arrangements to hedge currency risk but does maintain cash balances within each currency with a predominate balance held in Canadian dollars. Canadian dollars are exchanged when needed to meet foreign denominated liabilities.

(ii) Commodity price risk:

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. The Company is exposed to the price volatilities for precious and base metals that could significantly impact its future operating cash flow. As part of its routine activities, management is closely monitoring the trend of international metal prices.

(iii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash and cash equivalents is limited because of their short-term investment nature. A variable rate of interest is earned on cash and cash equivalents, changes in market interest rates at the period-end would not have a material impact on the Company's financial statements.

Related Party Transactions

The following related party transactions were incurred in the normal course of business and are non-interest bearing, unsecured, due on demand and were measured at their fair value as determined by management.

	Q4 January 31, 2018	Q3 October 31, 2017	Q2 July 31, 2017	Q1 April 30, 2017	Q4 January 31, 2017	Q3 October 31, 2016	Q2 July 31, 2016	Q1 April 30, 2016
	\$	\$	\$	\$	\$	\$	\$	\$
Management fees charged by companies with a director and or officer in common	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000

As at January 31, 2018, \$206,224 (2017: \$132,150) was due to companies with a director and officers in common and is included in accounts payable. Included in accrued liabilities was \$336,000 (2017: \$252,000) due to companies controlled by directors and officers in common. Management compensation has not been paid but accrued only.

The Company issued 600,000 common shares with a fair value of \$56,000, with 200,000 common shares issued with a fair market value of \$19,000 issued during the year ended January 31, 2018, to Kootenay, a company with a common director and officer, pursuant to the option agreement for the Fox and Two Times Fred properties, as described in Note 4 of the Company's Financial Statements. Also under the option agreement, the Company has made total cash payments of \$60,000, and have accrued \$20,000 which is due under the option agreement (2017: \$15,000).

Contractual Obligations

The Company is currently negotiating its office space and is currently incurring month to month expenditure.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC) ("Corporations Act") dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

Critical Accounting Estimates

Please refer to Note 3 of the Company's audited financial statement for the year ended January 31, 2018 for additional information under "Significant Accounting Policies".

Significant areas requiring the use of management estimates include the collectability of amounts receivable, the balances of accrued liabilities, the determination of estimates of deferred tax assets and liabilities, and the determination of variables used in the calculations of share based payments. While management believes, these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Current and Future accounting policy changes issued but not yet in effect

There were no new accounting standards adopted during the year months ended January 31, 2018.

The following amendments to existing standards were issued by the IASB and are effective for annual periods beginning on or after February 1, 2017. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded from below:

The IASB intends to replace IAS 39, *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9, *Financial Instruments* ("IFRS 9") and to reduce the complexity in the classification and measurement of financial instruments. The completed version of IFRS 9 includes classification and measurement, impairment and hedge accounting requirements and is effective for annual periods beginning on or after January 1, 2018. The Company has evaluated the impact of IFRS 9 on its consolidated financial statements with no significant impact anticipated.

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which replaces IAS 18 Revenue, IAS 11 Construction Contracts and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework which requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. The new standard is effective for periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company has evaluated the impact of IFRS 15 on its consolidated financial statements with no significant impact anticipated.

In January 2016, the IASB issued IFRS 16, *Leases*, which replaces IAS 17, *Leases*, and other lease related interpretations. The new standard establishes the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a lease contract. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted only in conjunction with IFRS 15. The Company is currently evaluating the impact of the standard on its consolidated financial statements. The IASB intends to replace IAS 39, *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9, *Financial Instruments* ("IFRS 9") and to reduce the complexity in the classification and measurement of financial instruments. The completed version of IFRS 9 includes classification and measurement, impairment and hedge accounting requirements and is effective for annual periods beginning on or after January 1, 2018. The Company has evaluated the impact of IFRS 16 on its consolidated financial statements with no significant impact anticipated.

Disclosure of outstanding Share Data

The following table states the diluted share capital of the Company as at May 30, 2018:

	Number Shares Outstanding (Diluted)
Outstanding as at January 31, 2017	21,197,750
Shares issued for acquisition of mineral properties	200,000
Outstanding and Diluted total as at January 31, 2018	21,397,750
Shares issued for acquisition of mineral properties	150,000
Outstanding and Diluted total as at May 30, 2018	21,547,750

Disclosure Controls and Procedures

Management is responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Company. Based on an evaluation of the Company's disclosure controls and procedures as of the end period covered by this MD&A, management believes such controls and procedures are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

Risks and Uncertainties

The Company is in the business of acquiring, exploring mineral properties. It is exposed to a number of risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, exchange rates for currency, inflation and other risks. The Company currently has no source of revenue other than interest on cash balances. The Company will rely mainly on equity financing to fund exploration activities on its mineral properties.

The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties to which the Company may be subject.

Early Stage – Need for Additional Funds

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to other companies in the same business, including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

The Company anticipates future expenditures will require additional infusions of capital; there can be no assurance that such financing will be available or, if available, will be on reasonable terms. If financing is obtained by issuing common shares from treasury, control of the Resulting Issuer may change and investors may suffer additional dilution. Furthermore, if financing is not available, lease expiry dates, work commitments, rental payments and option payments, if any may not be satisfied and could result in a loss of the shareholders entire investment.

Exploration and Development

Mineral exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, though present, are of insufficient size and/or grade to return a profit from production.

All of the mineral claims to which the Company has a right to acquire an interest are in the exploration stages only, and are without a known body of commercial ore. Upon discovery of a mineralized occurrence, several stages of exploration and assessment are required before its economic viability can be determined. Development of the subject mineral properties would follow only if favourable results are determined at each stage of assessment. Few precious and base metal deposits are ultimately developed into producing mines.

Operating Hazards and Risks

Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of exploration, development and production of mineral properties, certain risks, and in particular unexpected or unusual geological operating conditions, including rock bursts, cave-ins, fires, flooding and earthquakes, may occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral deposits, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage.

Supplies, Infrastructure, Weather and Inflation

The Company's property interests are often located in remote, undeveloped areas and the availability of infrastructures such as surfaces access, skilled labour, fuel and power at an economic cost cannot be assured. These are integral requirements for exploration, production and development facilities on mineral properties. Power may need to be generated on site. Due to the partial remoteness of its exploration projects, the Company is forced to rely on the accessibility of secondary roads.

Metal Prices

The mining industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of metals produced even if commercial quantities of precious and/or base metals are discovered. Factors beyond the control of the Company and may affect the marketability of metals discovered. Pricing is affected by numerous factors beyond the Company's control, such as international economic and political trends, global or regional consumption and demand patterns, increased production and smelter availability. There is no assurance that the price of metals recovered from any mineral deposit will be such that they can be mined at a profit.

Title Risks

Although the Company has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interest may be subject to prior unregistered agreements, or transfers, or native claims, and title may be affected by undetected defects.

Environmental Regulations, Permits and Licenses

The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, safety and other matters. Environmental legislation in British Columbia provides restrictions and prohibition on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact statements. Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

The current operations of the Company require permits from various provincial authorities and such operations are governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental, mine safety and other matters.

The Company believes that it is in substantial compliance with all material laws and regulations, which currently apply to its activities. There can be no assurance, however, that all permits which the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

The Company may, in the future, be unable to meet its share of costs incurred under such agreements to which it is a party and it may have its interest in the properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, the Company may not be able to finance the expenditures required to complete recommended programs.

Economic Conditions

Unfavourable economic conditions may negatively impact the Company's financial viability. Unfavourable economic conditions could also increase the Company's financing costs, decrease net income or increase net loss, limit access to capital markets and negatively impact any of the availability of credit facilities to the Company.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Additional Information

Additional information related to the Company can be found on SEDAR at www.sedar.com.

**SCHEDULE “D”
MD&As OF CNX**

See attached.

CNX HOLDINGS INC.

Management's Discussion and Analysis

June 30, 2018

This Management's Discussion and Analysis ("MD&A") is prepared as at September 17, 2018 and should be read in conjunction with the unaudited condensed consolidated interim financial statements, with the related notes thereto, of CNX Holdings Inc. (the "Company") as at and for the six-month period ended June 30, 2018 (referred to as the "Financial Statements"). The Financial Statements have been prepared in accordance with International Accounting Standard No. 34, Interim Financial Reporting. This MD&A should also be read in conjunction with the Company's audited consolidated financial statements as at December 31, 2017 and for the period from incorporation on December 18, 2017 to December 31, 2017 and the related notes thereto. All dollar amounts included therein and in this MD&A are expressed in United States dollars ("\$\$") or Canadian dollars ("CDN\$").

Management is responsible for the preparation and integrity of the Financial Statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the information within the Company's Financial Statements and MD&A, is complete and reliable.

NOTE TO READER:

The Financial Statements of the Company as at and for the six-month period ended June 30, 2018, **DO NOT** reflect the completion of the business combination between the Company, Theia Resources Ltd. ("Theia") (TSXV:THH) and a wholly-owned subsidiary of Theia, Flower One Corp. ("Subco") (**see Reverse Takeover section below for details on the business combination**).

EXECUTIVE SUMMARY

The Company was incorporated under the *Business Corporations Act* (Ontario) on December 18, 2017 and is engaged in strategic commercial greenhouse and related investment activities. The Company intends to identify and evaluate opportunities for the acquisition of an interest in properties, assets or businesses, and once identified and evaluated, to negotiate an acquisition thereof, merger with or participation therein.

The Company is currently a privately held, Ontario based company with strategic investments in the cannabis sector through its wholly-owned subsidiaries. The Company's wholly-owned subsidiaries are located in Nevada where it is currently converting the largest commercial scale greenhouse in such state. This 430,000 square foot facility will be used for cannabis cultivation as well as the processing, production and high-volume packaging of cannabis oils, concentrates and infused products.

Economic and industry factors are substantially unchanged in relation to the conditions as at the most recently completed financial year-end.

REVERSE TAKEOVER

The Company has entered into a binding amalgamation agreement (the “Amalgamation Agreement”) with Theia and Subco to complete a transaction (the “Proposed Transaction”). The Proposed Transaction, if completed, will result in a three-cornered amalgamation pursuant to which CNX will amalgamate with Subco and the current shareholders of CNX will receive common shares in the capital of Theia as consideration. The Amalgamation Agreement was negotiated at arm’s length and was effective June 29, 2018. The Company, through one of its wholly-owned subsidiaries, is currently overseeing an intensive conversion of a greenhouse to prepare it for large-scale hydroponic cannabis cultivation, processing and production. The 430,000 square foot greenhouse is strategically positioned and within close proximity to the lucrative, tourism-driven Las Vegas adult-use and medical cannabis market. As at September 14, 2018, more than 10,000 hours of construction and renovation work have been completed on the greenhouse. The initial planting in the facility is anticipated to begin in late 2018 and will be fully operational in early 2019. The Las Vegas Convention and Visitors Authority provides that more than 55 million tourists are forecasted to visit Las Vegas in 2018.

The terms of the Proposed Transaction are as follows:

1. Theia will complete a 10:1 share consolidation (the “Consolidation”). The effect of the proposed Consolidation will be to reduce the number of common shares issued and outstanding from 21,547,750 pre-consolidated common shares to 2,154,775 post-consolidated common shares.
2. Theia will change its name to “Flower One Holdings Inc.” in conjunction with the proposed Consolidation.
3. The Proposed Transaction will be structured as a triangular amalgamation (the “Amalgamation”). Under the terms of the Amalgamation Agreement, CNX will amalgamate with a subsidiary of Theia and as part of the amalgamation, Theia will acquire all of the outstanding shares of CNX in exchange for post-Consolidation common shares of Theia (“Theia Shares”) on a one for one basis. It is contemplated that Theia will also acquire all outstanding options of CNX in exchange for equivalent Theia options, adjusted for the applicable exchange ratio.
4. On or before completion of the Proposed Transaction, Theia will seek to delist from the TSX Venture Exchange (the “TSXV”) and will apply to relist the Theia Shares on the Canadian Securities Exchange (the “CSE”).
5. Concurrently with completion of the Proposed Transaction, Theia will be required to relinquish all claim to its mining assets, in exchange for a release of all claims and liabilities whatsoever related to the mining assets.
6. On or prior to completion of the Proposed Transaction, Theia intends to complete a settlement of outstanding indebtedness owed by Theia in the amount of approximately CDN\$950,000 by way of issuing 250,000 Theia Shares, subject to TSXV approval, to the creditors owed such debt (the “Debt Settlement”).

Upon completion of the Proposed Transaction, Theia will have approximately 143,208,975 Theia Shares outstanding (assuming completion of the Consolidation, the Amalgamation and the Debt Settlement, but prior to completion of further financings).

Trading in the Theia Shares on the TSXV is halted at present. Unless the Proposed Transaction fails to close, Theia does not expect that the Theia Shares will resume trading again until listing has been accepted by the CSE.

The Proposed Transaction constitutes a "reverse takeover" under the rules of the TSXV. The Proposed Transaction is an arms-length transaction.

Prior to or concurrently with completion of the Proposed Transaction, the Company intends to complete one or more private placements to raise gross proceeds of \$50 million by the sale of its Class A voting common shares, on terms and conditions acceptable to each of Theia, the Company and the TSXV.

FORWARD-LOOKING STATEMENTS

This MD&A may contain "forward-looking statements" within the meaning of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements are made as of the date of this Interim MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of the timing and amount of future production, costs of production, capital expenditures, construction schedules, environmental risks, unanticipated delays in licensing, title disputes or claims and limitations on insurance coverage.

These forward-looking statements include, among others, statements with respect to the Company's objectives for the ensuing year, our medium and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements. In particular, statements regarding the Company's future operations, development activities or other development plans and estimated future financing requirements contain forward-looking statements.

All forward-looking statements and information are based on the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, construction and development activities and commitments. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements.

These factors include, but are not limited to, developments in world financial and commodity markets, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in regulatory requirements, construction delays, changing budget priorities of the Company, changes in project parameters as plans continue to be refined; accidents, labour disputes; delays in obtaining governmental approvals or financing, the effects of competition in the markets in which the Company operates, the impact of changes in the laws and regulations regulating cannabis production, distribution or use, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the Company's anticipation of and success in managing the foregoing risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on the Company's behalf, except as required by law.

RISKS

The Company is pursuing a commercial hydroponic greenhouse for cannabis production that encompasses leading technology for agricultural industries and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. The Company continues to have limited capital resources and relies upon the sale of its assets or sale of its common shares for cash required to make new investments and to fund the operations of the Company.

Investing in our Company involves significant risks. You should carefully consider the summary of risks described below. The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected. In that event, the market price of our common shares could decline, and you could lose part or all of your investment.

Risks – Related to Company

- Company is in development stage
- Uncertainty around going concern
- Negative cash flows
- Incur significant ongoing costs & obligations
- Reliant on cultivation and production licenses to produce medical cannabis products
- Subject to changes in laws and regulations and compliance with government regulatory requirements
- Faces competition from other companies (who may have higher capitalization, more experienced management)
- Must attract key personnel to continue to compete in the market
- Cultivation of cannabis includes risk such as crop loss, sudden changes in environmental conditions, equipment failure, product recalls, etc.
- Government may have restrictions on sales and marketing of cannabis products which may impact sales performance

Risks – Related to USA

- Cannabis is classified as a Schedule I drug under the United States Controlled Substances Act making an business involved in the cultivation, production or sale of cannabis subject to federal prosecution
- May not be able to obtain necessary Nevada licenses and permits
- Cannabis industry is a new, emerging sector operating in an ever-evolving regulatory landscape
- May incur significant tax liabilities as a result of state-imposed excise taxes on wholesale and retail cannabis sales
- Very limited to secure banking services

Risks – Related to Securities

- No guarantee on the use of available funds
- Does not anticipate paying cash dividends
- Uncertainty regarding legal & regulatory status changes
- Incur ongoing costs and obligations related to regulatory compliance
- Subject to a variety of claims and lawsuits
- No Securities Exchange in the United States will list securities of companies who own cannabis assets in any State
- No assurance that State laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned
- Ability to access private and public capital
- The company has net losses and may continue to incur significant losses in the future

Cannabis Industry & Operational Risks:

- Cannabis is illegal under United States federal law, but has been legalized by many US states
- Activities of the Company would be subject to evolving regulation that is subject to changes by governmental authorities in the United States and in particular the State of Nevada
- 3rd parties (such as banks) may perceive that they are exposed to legal and reputational risk because of the Company's cannabis business activities
- Company will face intense competition from other companies
- The cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of cannabis produced
- Inherent risks related to product liability claims
- Change in the availability or economics of the supply chain for key inputs could materially impact the business
- Subject to growth related risks

RESULTS OF OPERATIONS

The following table provides a summary of the Company's financial operations for the six-month period ended June 30, 2018. For more detailed information, refer to the Financial Statements.

Total revenue	\$	-
Loss for the period		(1,589,196)
Total assets		26,079,736
Total non-current financial liabilities		-
Distribution of cash dividends		-

The Company recorded a loss of \$1,589,196 comprised of \$175,784 of professional fees, \$50,000 in business fees and licenses, \$185,982 in consulting costs, \$280,000 in rental fees related to the Nevada greenhouse, \$99,356 in repairs and maintenance, \$226,520 in travel and entertainment, \$192,735 in share based compensation and \$377,806 in foreign exchange loss related to the Company's cash balances held in CDN\$. The amounts were consistent with management's expectation related to startup costs of the Company.

QUARTERLY INFORMATION

The Company's first reporting period was for the period from incorporation on December 18, 2017 to December 31, 2017. As such, no quarterly comparable information is available for the six-month period ended June 30, 2017.

During the six-month period ended June 30, 2018, the Company closed non-brokered private placements of:

- 33,955,124 common shares at a price of \$0.005 per share for gross proceeds of \$131,669.
- 66,044,776 common shares at a price of \$0.02 per share for gross proceeds of \$1,024,418.
- 39,805,877 common shares at a price of \$0.67 per share for gross proceeds of \$26,669,938.

The Company paid cash of \$203,123 and issued 998,323 common shares, with a deemed value of \$0.67 per share, as fees in relation to these private placements.

On March 7, 2018, the Company granted a total of 6,575,000 stock options with fair value of \$40,674 to shareholders. These stock options are exercisable at an exercise price of CDN\$0.20 per share and may be exercised for five years. Among these options, 2,600,000 options will be vested 100% upon the Company's completion of a going public transaction, the other 3,975,000 will be 50% vested upon the Company's completion of a going public transaction, 25% vested on the date that is six months from the date of the options are granted, and 25% vested on the date that is twelve months from the date the options are granted. During the six-months ended June 30, 2018, the Company expensed \$25,899 related to these options.

On March 13, 2018, the Company entered a purchase agreement with a Nevada corporation ("NevadaCo") for the purchase of land and buildings at a purchase price of \$40,000,000 which will be paid by \$22,000,000 in cash and a note payable of \$18,000,000. The \$22,000,000 cash payment includes option payments for the exclusive right to purchase the property and rent for the use of the property for six months until the purchase closing date. As of June 30, 2018, the Company paid \$13,500,000 of the option payments as well as \$560,000 for rent. All option payments will be applied in full against the purchase price. During the six-months ended June 30, 2018, the Company has incurred \$5,497,052 in capital additions related to the construction of the greenhouse on this property. Subsequent to June 30, 2018, the Company paid the remaining \$8,500,000 and completed the purchase of the property.

In April 2018, the Company paid \$2,000,000 for a provisional medical cultivation and medical production licenses in the state of Nevada. The Company received approval of the transfer of the provisional licenses from the state on April 24, 2018. Subsequent to June 30, 2018, these licenses were approved for operational medical and recreational cultivation and medical and recreational production by the state of Nevada.

On June 1, 2018, the Company granted a total of 1,340,000 stock options with fair value of \$659,915 to shareholders. These stock options are exercisable at an exercise price of \$0.67 (CAD\$0.85) per share and may be exercised for five years. All options will be 50% vested upon the Company's completion of a going public transaction, 25% vested on the date that is six months from the date of the options are granted, and 25% vested on the date that is twelve months from the date the options are granted. During the six-months ended June 30, 2018, the Company expensed \$166,836 related to these options.

LIQUIDITY AND CAPITAL RESOURCES

Accounts payable and accrued liabilities are due within one year. The Company has working capital as at June 30, 2018 of \$4,880,369 which included \$3,763,327 in cash and cash equivalents.

The Company does not anticipate generating revenues in the near future and intends to continue its development activities. These activities will need to be funded through additional equity financings. The Company has been successful in the past in obtaining financing as \$27,826,025 has been raised during the six-month period ended June 30, 2018 and a further \$28,875,195 has been raised subsequent to June 30, 2018 through equity financings.

The Company's Financial Statements have been prepared on the basis that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred losses from operations since inception and currently has no source of revenue. Continued operations of the Company are dependent on the Company's ability to complete equity financings or generate profitable operations in the future. The Company's Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company have assets and be unable to continue in existence.

The Company manages liquidity risk through its capital management as outlined below.

RELATED PARTY TRANSACTIONS

Key management personnel includes the Company's Directors, President and Chief Financial Officer. The amounts owing to key management personnel were included in accounts payable and accrued liabilities. During the six-months ended June 30, 2018, the Company incurred \$125,741 in consulting fees and \$43,495 in share based compensation to key management personnel.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at the date of this report.

COMMITMENTS

Other than the purchase agreement with NevadaCo outlined above, the Company has no commitments as at the date of this report.

SUBSEQUENT EVENTS

Subsequent to June 30, 2018, the Company closed a non-brokered private placement of 19,250,130 common shares at a price of \$1.50 per share for gross proceeds of \$28,875,195.

The Company is in discussions to acquire 60% of the common equity of a third party and has provided a working capital loan of \$600,000, secured by the assets of such entity. The loan would be applied against the purchase price if the acquisition closes. In the event the acquisition does not close, the loan is due on demand and bears no interest.

Subsequent to June 30, 2018, the Company commenced a further private placement. As of the date of these financial statements, \$13,977,534 has been received and will be held in escrow until the closing of the private placement.

RISKS AND UNCERTAINTIES

The business involves a high degree of risk. The main operating risks include: securing adequate funding to develop properties; obtaining permits for cultivation, production, distribution and dispensing for both medical and recreational cannabis. The market prices for cannabis can be volatile and there is no assurance that a profitable market will exist.

The Company is operating in the United States. Changing political situations may affect the manner in which the Company operates. The Company's equity financings are sourced in USD and incurs the majority of its expenditures in USD. There are no currency hedges in place as at the date of this MD&A. All work is primarily carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities resulting from their work on the project.

NEW ACCOUNTING STANDARDS ADOPTED BY THE COMPANY

The following accounting standards were issued and effective as of January 1, 2018.

IFRS 9, FINANCIAL INSTRUMENTS ("IFRS 9")

IFRS 9 was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39, Financial Instruments – Recognition and Measurement, 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. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. IFRS 9 is effective for reporting periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The Company has adopted IFRS 9 in the Financial Statements.

IFRS 15, REVENUE FROM CONTRACTS WITH CUSTOMERS ("IFRS 15")

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Under IFRS 15, revenue is recognized when a customer obtains control of a good or service and thus secures the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not currently have revenue and will adopt IFRS 15 upon the commencement of sales in the future.

ACCOUNTING STANDARDS NOT YET EFFECTIVE

The following accounting standard has been issued, but not yet effective until the period beginning on or after January 1, 2019.

IFRS 16, LEASES ("IFRS 16")

In January 2017, the IASB issued IFRS 16 which is effective for periods beginning on or after January 1, 2019, which replaces the current guidance in IAS 17, Leases, and is to be applied either retrospectively or a modified retrospective approach. Early adoption is permitted, but only in conjunction with IFRS 15, Revenue from Contracts with Customers. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflective of future lease payments and a 'right-of-use asset' for virtually all lease contracts. The Company has not yet determined the effect of adoption of IFRS 16 on its consolidated financial statements.

FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

At June 30, 2018, there were no financial assets and liabilities measured and recognized at fair value on a recurring basis. The fair value of accounts payable and accrued liabilities is not materially different from its carrying value given the short term to maturity.

MARKET RISK

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

- Interest rate risk
The Company currently has no debt or financial instruments that bear interest.
- Foreign currency risk
The Company incurs expenses in both US and Canadian dollars. The Company has not hedged its exposure to currency fluctuations at this time.
- Price risk
The Company is not currently operating and therefore is not exposed to price risk.

CAPITAL MANAGEMENT

The Company intends to identify and evaluate opportunities for the acquisition of an interest in properties, assets or businesses, and once identified and evaluated, to negotiate an acquisition thereof, merger with or participation therein.

OUTSTANDING SHARE DATA

As of the date of this Interim MD&A, there were 160,054,330 common shares outstanding.

As of the date of this Interim MD&A, there were 7,915,000 stock options outstanding.

CNX HOLDINGS INC.

Management's Discussion and Analysis

December 31, 2017

This Management's Discussion and Analysis ("MD&A") is prepared as at June 29, 2018 and should be read in conjunction with the audited consolidated financial statements, with the related notes thereto, of CNX Holdings Inc. (the "Company") as at December 31, 2017 and for the period from incorporation on December 18, 2017 to December 31, 2017 (referred to as the "Financial Statements"). Those Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts included therein and in this MD&A are expressed in United States dollars ("\$\$") or Canadian dollars ("CDN\$").

Management is responsible for the preparation and integrity of the Financial Statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the information within the Company's Financial Statements and MD&A, is complete and reliable.

NOTE TO READER:

The Financial Statements of the Company as at December 31, 2017 and for the period from incorporation on December 18, 2017 to December 31, 2017, **DO NOT** reflect the completion of the business combination between the Company, Theia Resources Ltd. ("Theia") (TSXV:THH) and a wholly-owned subsidiary of Theia, Flower One Corp. ("Subco") (**see Reverse Takeover section below for details on the business combination**).

EXECUTIVE SUMMARY

The Company was incorporated under the *Business Corporations Act* (Ontario) on December 18, 2017 and is engaged in strategic commercial greenhouse and related investment activities. The Company intends to identify and evaluate opportunities for the acquisition of an interest in properties, assets or businesses, and once identified and evaluated, to negotiate an acquisition thereof, merger with or participation therein.

The Company is currently a privately held, Ontario based company with strategic investments in the cannabis sector through its wholly-owned subsidiaries. The Company's wholly-owned subsidiaries are located in Nevada where it is currently converting the largest commercial scale greenhouse in such state. This 430,000 square foot facility will be used for cannabis cultivation as well as the processing, production and high-volume packaging of cannabis oils, concentrates and infused products.

REVERSE TAKEOVER

The Company has entered into a binding amalgamation agreement (the “Amalgamation Agreement”) with Theia and Subco to complete a transaction (the “Proposed Transaction”). The Proposed Transaction, if completed, will result in a three-cornered amalgamation pursuant to which CNX will amalgamate with Subco and the current shareholders of CNX will receive common shares in the capital of Theia as consideration. The Amalgamation Agreement was negotiated at arm’s length and was effective June 29, 2018.

The Company, through one of its wholly-owned subsidiaries, is currently overseeing an intensive conversion of a greenhouse to prepare it for large-scale hydroponic cannabis cultivation, processing and production. The 430,000 square foot greenhouse is strategically positioned and within close proximity to the lucrative, tourism-driven Las Vegas adult-use and medical cannabis market. As at June 29, 2018, more than 4,500 hours of construction and renovation work have been completed on the greenhouse. The initial planting in the facility is anticipated to begin in late 2018 and will be fully operational in early 2019. The Las Vegas Convention and Visitors Authority provides that more than 55 million tourists are forecasted to visit Las Vegas in 2018.

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1. Theia will complete a 10:1 share consolidation (the “Consolidation”). The effect of the proposed Consolidation will be to reduce the number of common shares issued and outstanding from 21,547,750 pre-consolidated common shares to 2,154,775 post-consolidated common shares.
2. Theia will change its name to “Flower One Holdings Inc.” in conjunction with the proposed Consolidation.
3. The Proposed Transaction will be structured as a triangular amalgamation (the “Amalgamation”). Under the terms of the Amalgamation Agreement, CNX will amalgamate with a subsidiary of Theia and as part of the amalgamation, Theia will acquire all of the outstanding shares of CNX in exchange for post-Consolidation common shares of Theia (“Theia Shares”) on a one for one basis. It is contemplated that Theia will also acquire all outstanding options of CNX in exchange for equivalent Theia options, adjusted for the applicable exchange ratio.
4. On or before completion of the Proposed Transaction, Theia will seek to delist from the TSX Venture Exchange (the “TSXV”) and will apply to relist the Theia Shares on the Canadian Securities Exchange (the “CSE”).
5. Concurrently with completion of the Proposed Transaction, Theia will be required to relinquish all claim to its mining assets, in exchange for a release of all claims and liabilities whatsoever related to the mining assets.
6. On or prior to completion of the Proposed Transaction, Theia intends to complete a settlement of outstanding indebtedness owed by Theia in the amount of approximately CDN\$950,000 by way of issuing 250,000 Theia Shares, subject to TSXV approval, to the creditors owed such debt (the “Debt Settlement”).

Upon completion of the Proposed Transaction, Theia will have approximately 143,183,975 Theia Shares outstanding (assuming completion of the Consolidation, the Amalgamation and the Debt Settlement, but prior to completion of further financings).

Trading in the Theia Shares on the TSXV is halted at present. Unless the Proposed Transaction fails to close, Theia does not expect that the Theia Shares will resume trading again until listing has been accepted by the CSE.

The Proposed Transaction constitutes a "reverse takeover" under the rules of the TSXV. The Proposed Transaction is an arms-length transaction.

Prior to or concurrently with completion of the Proposed Transaction, the Company intends to complete one or more private placements to raise gross proceeds of up to \$50 million by the sale of its Class A voting common shares, including an option to subscribe for an additional 15% of the proceeds for total gross proceeds of up to \$57.5 million, on terms and conditions acceptable to each of Theia, the Company and the TSXV.

FORWARD-LOOKING STATEMENTS

This MD&A may contain "forward-looking statements" within the meaning of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of the timing and amount of future production, costs of production, capital expenditures, construction schedules, environmental risks, unanticipated delays in licensing, title disputes or claims and limitations on insurance coverage.

These forward-looking statements include, among others, statements with respect to the Company's objectives for the ensuing year, our medium and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements. In particular, statements regarding the Company's future operations, development activities or other development plans and estimated future financing requirements contain forward-looking statements.

All forward-looking statements and information are based on the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, construction and development activities and commitments. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements.

These factors include, but are not limited to, developments in world financial and commodity markets, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in regulatory requirements, construction delays, changing budget priorities of the Company, changes in project parameters as plans continue to be refined; accidents, labour disputes; delays in obtaining governmental approvals or financing, the effects of competition in the markets in which the Company

operates, the impact of changes in the laws and regulations regulating cannabis production, distribution or use, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the Company's anticipation of and success in managing the foregoing risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on the Company's behalf, except as required by law.

RISKS

The Company is pursuing a commercial hydroponic greenhouse for cannabis production that encompasses leading technology for agricultural industries and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. The Company continues to have limited capital resources and relies upon the sale of its assets or sale of its common shares for cash required to make new investments and to fund the operations of the Company.

Investing in our Company involves significant risks. You should carefully consider the summary of risks described below. The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected. In that event, the market price of our common shares could decline, and you could lose part or all of your investment.

Risks – Related to Company

- Company is in development stage
- Uncertainty around going concern
- Negative cash flows
- Incur significant ongoing costs & obligations
- Reliant on cultivation and production licenses to produce medical cannabis products
- Subject to changes in laws and regulations and compliance with government regulatory requirements
- Faces competition from other companies (who may have higher capitalization, more experienced management)
- Must attract key personnel to continue to compete in the market
- Cultivation of cannabis includes risk such as crop loss, sudden changes in environmental conditions, equipment failure, product recalls, etc.
- Government may have restrictions on sales and marketing of cannabis products which may impact sales performance

Risks – Related to USA

- Cannabis is classified as a Schedule I drug under the United States Controlled Substances Act making an business involved in the cultivation, production or sale of cannabis subject to federal prosecution
- May not be able to obtain necessary Nevada licenses and permits
- Cannabis industry is a new, emerging sector operating in an ever-evolving regulatory landscape
- May incur significant tax liabilities as a result of state-imposed excise taxes on wholesale and retail cannabis sales
- Very limited to secure banking services

Risks – Related to Securities

- No guarantee on the use of available funds
- Does not anticipate paying cash dividends
- Uncertainty regarding legal & regulatory status changes
- Incur ongoing costs and obligations related to regulatory compliance
- Subject to a variety of claims and lawsuits
- No Securities Exchange in the United States will list securities of companies who own cannabis assets in any State
- No assurance that State laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned
- Ability to access private and public capital
- The company has net losses and may continue to incur significant losses in the future

Cannabis Industry & Operational Risks:

- Cannabis is illegal under United States federal law, but has been legalized by many US states
- Activities of the Company would be subject to evolving regulation that is subject to changes by governmental authorities in the United States and in particular the State of Nevada
- 3rd parties (such as banks) may perceive that they are exposed to legal and reputational risk because of the Company's cannabis business activities
- Company will face intense competition from other companies
- The cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of cannabis produced
- Inherent risks related to product liability claims
- Change in the availability or economics of the supply chain for key inputs could materially impact the business
- Subject to growth related risks

RESULTS OF OPERATIONS

The following table provides a summary of the Company's financial operations as at December 31, 2017 and for the period from incorporation on December 18, 2017 to December 31, 2017. For more detailed information, refer to the Financial Statements.

Total revenue	\$	-
Loss for the period		(204,676)
Total assets		-
Total non-current financial liabilities		-
Distribution of cash dividends		-

The Company recorded a loss of \$204,676 comprised of \$56,280 of professional fees, \$141,785 in pursuit costs and \$6,611 in foreign exchange loss. The amounts were consistent with managements expectation related to startup costs of the Company.

QUARTERLY INFORMATION

The Company's first reporting period is for the period from incorporation on December 18, 2017 to December 31, 2017. As such, no quarterly comparable information is available.

During the period from December 18, 2017 to December 31, 2017, the Company worked to find a suitable business to acquire as well as give strategic consideration to short-term licensing requirements to permit the Company to establish a cannabis operations in the State of Nevada. Subsequent to such period, the Company entered into the Amalgamation Agreement.

LIQUIDITY AND CAPITAL RESOURCES

Accounts payable and accrued liabilities are due within one year. The Company has a working capital deficiency as at December 31, 2017 of \$204,666.

The Company does not anticipate generating revenues in the near future and intends to continue its development activities. Subsequent to December 31, 2017, the Company raised \$27,352,993 through private placements. See below for details of proposed private placements. These activities will need to be funded through additional equity financings.

The Company's Financial Statements have been prepared on the basis that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred losses from operations since inception and currently has no source of revenue. Continued operations of the Company are dependent on the Company's ability to complete equity financings or generate profitable operations in the future. The Company's Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company have assets and be unable to continue in existence.

The Company manages liquidity risk through its capital management as outlined below.

RELATED PARTY TRANSACTIONS

During the period from incorporation on December 18, 2017 to December 31, 2017, the Company incurred general and administrative expenses of \$177,356 payable to its directors. These amounts are included in accounts payable and accrued liabilities as at December 31, 2017.

There was no remuneration of directors and key management personnel paid during the period from December 18, 2017 to December 31, 2017.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at the date of this report.

COMMITMENTS

Other than the purchase agreement with a Nevada corporation discussed below, the Company has no commitments as at the date of this report.

SUBSEQUENT EVENTS

During March and April 2018, the Company issued 99,999,900 Class A common shares for gross proceeds of \$1,156,087, and 39,780,877 Class B common shares for gross proceeds of \$26,653,188.

On March 7, 2018, the Company granted a total of 6,575,000 stock options with fair value of \$40,674 to shareholders. These stock options are exercisable at an exercise price of CDN\$0.20 per share and may be exercised for five years. Among these options, 2,600,000 options will be vested 100% upon the Company's completion of a going public transaction, the other 3,975,000 will be 50% vested upon the Company's completion of a going public transaction, 25% vested on the date that is six months from the date of the options are granted, and 25% vested on the date that is twelve months from the date the options are granted.

On March 13, 2018, the Company entered a purchase agreement with a Nevada corporation for the purchase of land and buildings at a purchase price of \$40,000,000 which will be paid by \$22,000,000 in cash and a note payable of \$18,000,000. The \$22,000,000 cash payment includes option payments for the exclusive right to purchase the property and rent for the use of the property for six months until the purchase closing date. As of June 29, 2018, the Company paid \$13,500,000 of the option payments as well as \$560,000 for rent.

In April 2018, the Company paid \$2,000,000 for provisional medical cultivation and medical production licenses in the State of Nevada. The Company received approval of the transfer of the provisional license from the State on April 24, 2018.

June 1, 2018, the Company granted a total of 1,340,000 stock options with fair value of \$659,915 to shareholders. These stock options are exercisable at an exercise price of CDN\$0.85 per share and may be exercised for five years. All options will be 50% vested upon the Company's completion of a going public transaction, 25% vested on the date that is six months from the date of the options are granted, and 25% vested on the date that is twelve months from the date the options are granted.

The Company is in discussions to acquire 60% of the common equity of a third party and has provided a working capital loan of \$600,000, secured by the assets of such entity. The loan would be applied against the purchase price if the acquisition closes. In the event the acquisition does not close, the loan is due on demand and bears no interest.

RISKS AND UNCERTAINTIES

The business involves a high degree of risk. The main operating risks include: securing adequate funding to develop properties; obtaining permits for cultivation, production, distribution and dispensing for both medical and recreational cannabis. The market prices for cannabis can be volatile and there is no assurance that a profitable market will exist.

The Company is operating in the United States. Changing political situations may affect the manner in which the Company operates. The Company's equity financings are sourced in USD and incurs the majority of its expenditures in USD. At this time there are no currency hedges in place. All work is primarily carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities as a result of their work on a project.

ACCOUNTING STANDARDS NOT YET EFFECTIVE

The following accounting standards are issued, but not yet effective until periods beginning on or after January 1, 2018 or later.

IFRS 9, FINANCIAL INSTRUMENTS ("IFRS 9")

IFRS 9 was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39, Financial Instruments – Recognition and Measurement, 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. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. IFRS 9 is effective for reporting periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The Company has adopted IFRS 9 in the Financial Statements.

IFRS 15, REVENUE FROM CONTRACTS WITH CUSTOMERS ("IFRS 15")

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Under IFRS 15, revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not currently have revenue and will adopt IFRS 15 upon the commencement of sales in the future.

IFRS 16, LEASES ("IFRS 16")

In January 2017, the IASB issued IFRS 16 which is effective for periods beginning on or after January 1, 2019, which replaces the current guidance in IAS 17, Leases, and is to be applied either retrospectively or a modified retrospective approach. Early adoption is permitted, but only in conjunction with IFRS 15, Revenue from Contracts with Customers. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflective of future lease payments and a 'right-of-use asset' for virtually all lease contracts. The Company has not yet determined the effect of adoption of IFRS 16 on its consolidated financial statements.

FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

At December 31, 2017, there were no financial assets and liabilities measured and recognized at fair value on a recurring basis. The fair value of accounts payable and accrued liabilities is not materially different from its carrying value given the short term to maturity.

MARKET RISK

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

- Interest rate risk
The Company currently has no debt or financial instruments that bear interest.
- Foreign currency risk
The Company incurs expenses in both US and Canadian dollars. The Company has not hedged its exposure to currency fluctuations at this time.
- Price risk
The Company is not currently operating and therefore is not exposed to price risk.

CAPITAL MANAGEMENT

The Company intends to identify and evaluate opportunities for the acquisition of an interest in properties, assets or businesses, and once identified and evaluated, to negotiate an acquisition thereof, merger with or participation therein.

OUTSTANDING SHARE DATA

As at December 31, 2017 there were 100 Class A Common shares issued and outstanding at a book value of \$10.

**SCHEDULE “E”
PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS
FOR THE RESULTING ISSUER**

See attached.

THEIA RESOURCES LTD.

**Pro Forma Consolidated Financial Statements
(unaudited)**

April 30, 2018

THEIA RESOURCES LTD.**Pro-Forma Consolidated Statement of Financial Position****Unaudited**

As at	Theia Resources Ltd. April 30, 2018	CNX Holdings Inc. June 30, 2018	Notes	Pro Forma Adjustments	Pro-Forma Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 490	\$ 4,955,547	4a	\$51,355,184	\$ 44,918,425
				-	
			4e	(11,192,797)	
			4d	(200,000)	
Receivables	4,504	846,194			850,698
Prepaid expenses and deposit	1,745	701,050	4e	(11,490,140)	(10,787,345)
	6,739	6,502,791		28,472,248	34,981,778
Property, plant & equipment	-	25,037,504	4e	46,385,329	71,422,833
Intangible assets	-	2,801,491			2,801,491
Mineral properties	530,807	-	4b	(530,807)	-
	\$ 537,546	\$34,341,786		\$74,326,770	\$ 109,206,102
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 916,119	\$ 76,323	4b	\$ (866,119)	\$ 126,323
Promissory note	-	-	4e	23,702,393	\$ 23,702,393
	916,119	76,323		22,836,274	23,828,716
Share Capital and Deficit:					
Share capital	1,692,326	36,373,839	4a	52,671,984	93,855,373
			4b	3,117,224	
Contributed surplus	14,378	253,793	4b	(14,378)	253,793
Share issue costs			4a	(1,316,800)	(1,316,800)
Accumulated other comprehensive (loss)		(70,982)			(70,982)
Deficit	(2,085,277)	(2,291,188)	4b	(2,767,534)	(7,343,999)
			4d	(200,000)	
	(378,573)	34,265,463		51,490,496	85,377,386
	\$ 537,546	\$34,341,786		\$74,326,770	\$ 109,206,102

1. BASIS OF PRESENTATION

This unaudited pro-forma consolidated statement of financial position of Theia Resources Ltd. ("Theia" or the "Company") has been prepared by management in accordance with International Financial Reporting Standards for inclusion in the Information Circular of the Company. The Information Circular describes a proposed transaction (the "Transaction") involving Theia and CNX Holdings Inc. ("CNX") which is described in more detail in note 2.

The unaudited pro forma consolidated statement of financial position of the Company has been compiled from the following financial information:

- Audited consolidated financial statements of the Company for the year ended January 31, 2018;
- Unaudited consolidated interim financial statements of the Company for the three months ended April 30, 2018;
- Unaudited interim consolidated financial statements of CNX for the 6 months ended June 30, 2018; and
- Audited consolidated financial statements of CNX for the year ended December 31, 2017.

These unaudited pro forma consolidated financial statements have not been intended to reflect the financial position or performance of the Company that would have resulted had the proposed transactions described in note 2 and other pro-forma adjustments occurred as assumed. Further, these unaudited pro forma consolidated financial statements are not necessarily indicative of the financial position or performance that may be attained in the future. These unaudited pro forma consolidated financial statements should be read in conjunction with the financial information referred to above.

Amounts in these pro forma consolidated financial statements are denominated in Canadian dollars.

The Transaction is subject to, among other things, receipt of requisite shareholder approvals, regulatory approvals, including approval of the Canadian Securities Exchange ("CSE"), and additional conditions, as described in the governing agreement between the parties.

2. DESCRIPTION OF THE TRANSACTION

a) The Transaction

Theia will acquire all of the issued and outstanding securities of CNX in exchange for securities of Theia. The Transaction, including activities leading up to and upon completion of the Transaction is described as follows:

- i. Prior to completion of the Transaction, Theia will complete a 10-for-1 consolidation of its existing common shares.
- ii. As a condition of the Transaction, Theia will convert all debt owing to related parties and certain liabilities owing to arm's length parties at a discount of 80% to common shares of the Company;
- iii. Prior to the closing of the Transaction, CNX intends to complete a financing raising gross proceeds up to \$53,333,000 (US \$40,000,000) ("CNX Offering") through the sale of common shares at a price of \$2.00 (US \$1.50) per common share.
- iv. Upon completion of the Transaction, the former shareholders of CNX will acquire control of Theia. This type of share exchange, referred to as a reverse acquisition ("RTO"), deems CNX to be the acquirer for accounting purposes. The RTO will be accounted for in accordance with the guidance provided in *IFRS 2 - Share-Based Payment*.

- v. Theia is listed on the TSX Venture Exchange (“TSXV”). CNX and Theia intend to apply to delist the common shares of Theia from the TSXV and apply to the CSE for the listing of the common shares of the resulting issuer upon the completion of the Transaction. Theia, as the resulting issuer, will continue with the business of CNX under the name “Flower One Holdings Inc.” or such other name as may be approved by the board of directors of Theia.
- vi. CNX shareholders will receive one common share of the resulting issuer’s common shares on a 1-to-1 basis. As at June 30, 2018 CNX had issued and outstanding 140,804,200 common shares.
- vii. On March 13, 2018 an agreement was entered, the “Industrial Lease and Purchase Option (the “Lease and Purchase Option”) between North Las Vegas Properties Inc., a Nevada corporation (the Landlord) and Cana Nevada Corp., (the Tenant) a Nevada corporation and a wholly owned subsidiary of CNX. The Landlord is the owner of certain improved premises consisting of approximately 400,000 square feet of greenhouse facilities and related equipment. The term of the lease commenced on March 13, 2018 and expires on the earlier of six months following March 13, 2018 or the date at which the Tenant exercise its purchase option and acquires the property. The rent for the entirety of the term is US \$560,000 and was paid by CNX prior to March 31, 2018.
- viii. The cost of the purchase option in the Lease and Purchase Option was US \$13,500,000, paid prior to June 30, 2018 by CNX. The total purchase price upon exercise of the purchase option will be US \$40,000,000. Consideration will be a cash payment of US \$22,000,000, offset by the option consideration of US \$13,500,000, and any rent applied to the purchase price. The remaining US \$18,000,000 will be evidenced by a short term promissory note secured by a Deed of Trust encumbering the land. The promissory note will be due March 31, 2019 and is non-interest bearing. It is anticipated that the purchase option will be exercised upon the closing of the Transaction between CNX and the Company.
- ix. In April 2018 CNX, through one of its subsidiaries, paid US \$2,000,000 for provisional cultivation and medical marijuana licenses in the state of Nevada.

The Transaction is subject, but not limited, to regulatory and shareholder approvals.

b) Accounting for the Transaction

The Transaction has been accounted for in accordance with IFRS 2, which results in the following:

- i. CNX is deemed to be the acquirer and the Company is deemed to be the acquiree for accounting purposes. Accordingly, CNX's balances are accounted for at cost and the Company is accounted for at fair value;
- ii. Since the Company's operations do not constitute a business, the transaction has been accounted for as a reverse acquisition that is not a business combination. Therefore, the Company's share capital, deficit and equity reserves will be eliminated, the consideration transferred by the Company will be allocated to share capital and transaction costs will be expensed;
- iii. The capital structure recognized in the consolidated financial statements will be that of the Company post-consolidation and exchange of shares, but the dollar amount of the issued share capital in the unaudited pro forma consolidated statement of financial position immediately prior to acquisition will be that of CNX, plus the value of shares issued by the Company to acquire CNX, plus any shares issued by the Company prior to or as part of the transaction.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited pro-forma financial statements have been compiled using the significant accounting policies, as set out in the audited consolidated financial statements of CNX as at and for the year ended December 31, 2017 and the unaudited condensed interim financial statements of CNX for the six months ended June 30, 2018. Management has determined that no material pro forma adjustments are necessary to conform the Company's accounting policies to the accounting policies used by CNX in the preparation of its financial statements. The annual and interim consolidated financial statements of CNX were presented using the US dollar as its presentation currency. The same annual and interim consolidated financial statements of CNX have been restated to adopt the same presentation currency as Theia for these pro forma consolidated financial statements. The presentation currency of these pro forma consolidated financial statements is the Canadian dollar.

As such, the unaudited pro-forma consolidated financial statements should be read in conjunction with CNX's December 31, 2017 audited annual financial statements and the June 30, 2018 interim financial statements, together with Theia's audited financial statements as at and for the year ended January 31, 2018.

4. PRO-FORMA ADJUSTMENTS

These pro-forma consolidated financial statements were prepared based on the following assumptions:

a) CNX share issuances

Prior to the closing of the Transaction, CNX will complete a series of private placements for \$53,333,000 (US \$40,000,000) resulting in 26,666,667 common shares at a price of \$2.00 (approx. US \$1.50) per common share. As at August 31, 2018 the Company had completed approximately \$38,000,000 of the private placements.

CNX expects to incur commissions on the brokered portion of the private placements. CNX anticipates that approximately US \$10,000,000 of the total private placement will be a brokered private placement and incur a commission of 7% cash and 3.5% in shares. Cash commission is expected to be approximately \$922,000 (US \$700,000), and 3.5% will be the issuance of common shares, approximately 233,333 common shares.

The Company anticipates that it will incur professional fees of approximately \$380,000 (US \$300,000) in connection with the share issuances.

b) Shares Consolidation

Theia will undertake a 10.0 for 1.0 share consolidation such that its issued and outstanding common shares of 21,397,750 will be reduced to 2,139,775 post-consolidation shares. In addition, Theia will settle with certain of its creditors amounts owing of approximately \$866,319 and will transfer its exploration property for the issuance of 250,000 net post-consolidation common shares. In May 2018 Theia issued 150,000 common shares (15,000 post-consolidation) as option payments on its mineral property.

As a result of the share exchange and the RTO described in note 2 between the Company and CNX, the former shareholders of CNX will acquire control of the Company.

The cost of an acquisition should be based on the fair value of consideration given. The consideration of the acquisition is therefore \$4,809,550, calculated as 2,404,775 common shares (post-consolidation shares plus the shares to be issued for the debt settlement and property payment) at \$2.00 per share, and is determined as the fair value of the number of shares that CNX would have had to issue to the shareholders of Theia to give the shareholders of Theia

the same percentage equity interest in the combined entity that results from the reverse acquisition. The total purchase price of \$4,809,550 has been allocated as follows:

Fair value of consideration – purchase price	\$ 4,809,550
Identifiable net assets of Theia acquired by CNX	
Cash	690
Receivables	6,249
Accounts payable and accrued liabilities	<u>(50,000)</u>
Total fair value of identifiable net assets acquired by CNX	(43,261)
Listing expense	<u>\$ 4,852,811</u>

A listing expense of \$4,852,811 has been included in deficit to reflect the difference between the fair value of the amount paid and the fair value of the net assets received from Theia in accordance with *IFRS 2 – Share-based Payments*.

The effective tax rate for the Company will be 21%.

- c) **Purchase of provisional cannabis license**
- d) In April 2018 CNX acquired provisional cannabis cultivating licenses for gross proceeds of \$2,578,800 (US \$2,000,000). These pro forma financial statements have been adjusted to reflect the purchase of this license through the payment of cash. The amount has been capitalized as an intangible license.
- e) In connection with the Transaction, the Company expects to incur an additional \$200,000 in costs related to audit, accounting, legal and regulatory services beyond those costs incurred for the share issuances.
- f) Upon closing of the Transaction, it is anticipated that the Company will exercise its options to acquire the property located in Las Vegas, Nevada. The purchase price will be approximately US \$40,000,000 (Cdn \$51,506,123). Consideration paid will be US \$22,000,000 cash (Cdn \$28,296,923), of which the previously paid rent and purchase option will be deducted, and the assumption of a US \$18,000,000 promissory note (Cdn \$23,209,200). This purchase has been reflected in these pro forma consolidated financial statements at their Canadian dollar equivalents.

4. SHARE CAPITAL

	Notes	No. of Common shares	Amounts
Pre-consolidation shares of Theia		21,547,750	\$ 1,692,326
Post-consolidation (1 for 10)		2,154,775	1,692,326
Theia - shares issued for debt		250,000	335,312
		2,404,775	2,027,638
Share capital of CNX (1 for 1)		140,804,200	36,373,839
Adjustment to equity on recapitalization	4(b)	-	4,809,550
Elimination of Theia common shares	4(b)		(2,027,638)
Shares issued for private placements	4(a)	26,666,667	52,671,984
Commissions for brokered placements	4(a)	233,333	-
		170,108,975	\$ 93,855,373