Isodiol International Inc.
(Formerly Laguna Blends Inc.)
(the “Company”)
Management Discussion and Analysis
For the year ended March 31, 2018

Date of Report: July 30, 2018

The following Management Discussion and Analysis (“MD&A”) has been prepared by management, in accordance with the requirements of National Instrument 51-102 as of July 30, 2018 and should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended March 31, 2018, and the related notes contained therein which have been prepared under International Financial Reporting Standards (“IFRS”).

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words “*anticipate*”, “*believe*”, “*estimate*”, “*expect*” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the Company’s operations. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

OVERALL PERFORMANCE

Isodiol International Inc. (“Isodiol” or “the Company”) (formerly Laguna Blends Inc.) was incorporated under the Business Corporations Act (British Columbia) in June 2014 as Grenadier Resource Corp. During the year ended March 31, 2018, the Company acquired 100% of Iso International LLC, a US based company for cash and stock consideration.

On June 9, 2017, the Company changed its name to Isodiol International Inc. The Company’s common shares are listed on the Canadian Securities exchange under the symbol “ISOL" and on the US OTC exchange under the symbol “ISOLD”.

The Company is focused on the nutritional health benefits that are derived from hemp and is a product development, sales, marketing and distribution company of hemp-based consumer products and solutions. The company specializes in identifying emerging trends and opportunities from all Cannabinoids available in hemp. Hemp is recognized as a superfood and its use in health and functional foods is growing. The Company’s growth strategy includes the development of over-the-counter and pharmaceutical drugs, expanding its phytoceutical portfolio and will aggressively continue International expansion into Latin America, Asia and Europe. The Company strategically raised capital throughout fiscal 2018 and may require capital raises in additional to the revenues generated from ongoing operations in order to meet future financial commitments.

As of March 31, 2018 the Company had $15,549,664 in cash and cash equivalents compared to March 31, 2017 of $718,648**.** For the year ended March 31, 2018, the Company had gross profit of $8,883,736 and a net loss of $36,020,873. The majority of expenses consisted of consulting fees of $13,051,465, finder's and acquisition advisory fees totaling $11,473,6489, non-cash share based compensation of $5,805,689, and wages and salaries of $3,502,056. The Company generated a significant increase in sales to date since it commenced commercial operations through the sales of its products since the acquisition of Iso International LLC in May 2017. The company anticipates generating a profitable return in fiscal 2019, as a result does not anticipate the need for any further capital raises.

See the information under the heading "Risk Factors" that have and may continue to affect the Company and its business.

DESCRIPTION OF BUSINESS

Isodiol International Inc. is involved in pharmaceutical grade pure, natural CBD and in the manufacturing and development of CBD consumer products.

Isodiol has the commercialized 99%+ pure, natural isolated CBD, micro-encapsulations, and nano-technology for the highest quality consumable and topical skin care products. Most recently, the company received approval for its CBD designated as an Active Pharmaceutical Ingredient for use in Finished Pharmaceutical Products as was announced April 26, 2018.

Isodiol's growth strategy includes the development of over-the-counter and pharmaceutical drugs, expanding its consumer products portfolio and aggressively continue international expansion into Latin America, Asia, and Europe.

C3 Global Biosciences
C3GBS' strives to be the global leader in CBD research, science, innovation and technology to impact consumer lives resulting in markedly improved patient outcomes through sound clinical studies and evidence-based empirical data gathered by validated devices and platforms.
Along with Isodiol, C3GBS will continue to focus on the research and development of CBD and other cannabinoids to improve the quality of life for consumers. Both parties will continue to focus on the utilization of the Electroencephalogram (EEG) technology in the phytoceutical field, which allows physicians and researchers real-time feedback on the effect of Cannabis products.

The Bradley's Brand
Bradley's Brand is a leader in manufacturing and distributing hemp oil and nicotine e-liquids, as well as personal care products. Bradley's Brand also offers apparel and merchandising solutions. By partnering with Isodiol, Bradley's has been able to increase its operation from the United States and the United Kingdom, to the Latin American and additional European markets. Overall, the global e-cigarette and vaping market is poised to be a $61.4 billion-dollar industry by 2025 giving the companies plenty of opportunity to penetrate new markets.

CN Pharma
Canadian National Pharma Group Inc. is a pharmaceutical manufacturing company which is currently in the process of receiving its Licensed Dealer ("LD") status under the provisions of the Canadian Controlled Drugs and Substances Act, in order to commence production of cannabis and hemp extracts or isolate. With this new and up and coming facility, Isodiol will be able to refine and isolate

the CBD molecule to a pharmaceutical-grade purity of 99.5% + as well other Cannabinoid derivatives. This partnership will continue to position Isodiol as a global provider of pharmaceutical grade phytoceuticals, by developing high quality bioactive products within many different verticals such as personal care products, beverages and edibles, topicals, nutraceutical supplements, and capsules.

ISO-Sport

ISO-Sport is committed to creating superior products to support the unique performance and recovery needs of professional and prosumer athletes. The hemp-based nutrition line supports the mind and overall body wellness. ISO-Sport has been able to raise awareness of CBD and it's benefits for the human body to many different athletic organizations such as the National Football League and Cage Warriors, an MMA promotion. ISO-Sport will continue to raise awareness to professional athletes with the goal of assisting athletes through their daily lives, training and recovery process.

Pot-O-Coffee

The Pot-O-Coffee product line consists of two variants for cannabis infusion; one infused with cannabis plant-extracted tetrahydrocannabinol (THC) oil, while the other is infused with non-psychotropic cannabidiol (CBD) derived from agricultural based Hemp Oil. Since their partnership, Isodiol has been able to establish licensing relationships with Canopy Growth, Nutritional High, a California manufacturer, and anticipates even further opportunity in the coming months.

Iso-Bev

Iso-Bev is the industry leader in the manufacturing and development of raw ingredients and consumer beverages derived from hemp. With the infused beverage industry rapidly growing, Iso-Bev is well positioned to capitalize on this opportunity.

Biosynthesis Pharma Group

Biosynthesis Pharma Group (BSPG) is an industry leading producer of industrial hemp. Through BSPG's industrial-sized, proprietary extraction methodologies, BSPG produces high-purity, bioactive cannabinoids that are used in pharmaceutical applications to benefit those suffering from a range of life-threatening and non-life-threatening illnesses. BSPG is currently conducting clinical trials involving its product through strategic partnerships around the globe.

KURE™ Corp.

KURE™ Corp. (KURE) is a wholly owned subsidiary of Isodiol International Inc., headquartered in Charlotte, North Carolina and specializes in the distribution of vaporizing pens, e-Juices, and related accessories through its specialty retail stores and online distribution. KURE's primary products are its distinct line of custom blended high-end flavored e-Juices, premium KURE brand vaporizers, as well as popular third-party brands of advanced hardware and select eLiquids. All KURE products are available online and throughout its many store locations across the United States. KURE Vaporium™, KURE Society™, Kuriousity™, Kurators™, KURE Vape Pod are all respective trademarks of KURE. KURE's executives and principals are seasoned business entrepreneurs with decades individual expertise in taking start-ups from initial incubation to profitability. KURE's support staff has extensive product distribution and related industry experience. Its e-Juices can be purchased pre-bottled or freshly mixed by its staff of "Kurators", well trained and experienced mixologists who can "blend" over 500,000 unique flavors from the KURE Juice On Tap™ bar. These KURE e-Juices are skillfully blended and served while customers shop, lounge and enjoy a selection of coffees, beverages, and snacks or simply vape and mingle with other like-minded enthusiasts.

Azure

Azure is a custom bottled water facility which is FDA approved and complies with local and state guidelines. They provide spring water, purified water, mineral water, vitamin-enhanced and alkaline water which is free of contaminants and impurities

DISCUSSION OF OPERATIONS

Through the development of its own IP, Isodiol has been able to create a portfolio of products which are sold through various channels domestically in the US, and internationally. Sales of its core operating subsidiary commenced from the date of acquisition in May 2017 and have grown to $19,137,266 in revenues for the year ended March 31, 2018 (2017 - $355,959). Management expects revenues to increase from retail and pharmaceutical sales, anticipating profitable operations in fiscal 2019.

Consistent with the above increases and growth expectations, the Company experienced a spike in consulting fees, of which increased to $13,051,465 (2017 - $1,690,524), as well as professional fees of which totaled $562,589 (2017 - $231,488) over the 12-month period, both of which largely were a result of fees incurred in relation to the closing of the newly acquired subsidiaries, ISO International LLC, BSPG and other acquisitions. The closing of these acquisition and subsequent ramp up of operations also resulted in the recognition of new expenses incurred on consolidation of $3,502,056 (2017 - $0) in wage and salary expenses, shipping costs of $627,940 (2017 - $0), merchant fees of $222,990 (2017 - $0), advertising and promotion of $1,612,816 (2017 - $0), and commissions of $938,196 (2017 - $0).

Isodiol operates as a business to business and retail company to generate sales of its products. The Company had a gross profit of $126,716 for the year ended March 31, 2017. Gross profit for the year ended March 31, 2018 was $8,883,736 with net revenues being $19,137,266. The Company expects revenue to increase dramatically and become a profitable operation in fiscal 2019 as it fully integrates the operations of many of its recent acquisitions.

The Company incurred a net comprehensive loss of $36,160,820 and $4,286,263 for the years ended March 31, 2018 and 2017. The higher loss in Fiscal 2018 was mainly the result of charges related to an increase of consulting fees to $13,051,465. Consulting fees were $1,690,524 in Fiscal 2017. The increase was due to additional expenditures to help expand the business. Shares based compensation increased from $130,451 for the year ended March 31, 2017 to $5,805,689 for the year ended March 31, 2018.

The Company had much higher management fees in Fiscal 2018 of $919,390 compared to $355,104 for Fiscal 2017 as the Company spent additional funds on its executing management strategy for aggressive expansion. Travel and promotion increased significantly from $379,464 in 2017 to $1,137,589 in 2018 due to increased product marketing and tradeshows to help enhance sales and global expansion. The Company also added additional costs of finder’s and acquisition advisory fees totaling $11,473,649 in Fiscal 2018, as well as Wages and Salaries of $3,502,056 in Fiscal 2018, and advertising and promotion of $1,612,816 in Fiscal 2018. The Company had cash of $15,549,664, and working capital of $16,140,738 as at March 31, 2018, as a result, management believes that the Company’s available funds should be sufficient to meet the working capital requirements for the next twelve-month period. Although the Company has secured financings in the past, there is no assurance that we will be able to do so in the future on terms that are favourable to the Company or at all. The Company may have difficulty raising additional funds as necessary due to a number of uncertainties and risk factors, including uncertainty in credit markets, fluctuation in commodity prices and general economic downturns. See "Liquidity and Capital Resources" and "Risk Factors" for a discussion of risk factors that may impact the Company's ability to raise funds.

SUMMARY OF QUARTERLY RESULTS

As the accounting acquirer in the reverse take-over transaction, the following sets out the selected quarterly financial data of Isodiol International Inc. or consolidated Isodiol entities, for the eight most recently completed interim quarters:

	Quarter Ended Mar. 31, 2018	**Quarter Ended December 31, 2017**	**Quarter Ended September 30, 2017**	**Quarter Ended June 30, 2017**
Total Revenue	$5,438,620	$5,894,538	$5,063,566	$2,740,542
Net Loss	$(25,212,370)	$164,446	$(7,314,120)	$(3,658,829)
Basic and diluted net loss per share	$(1.00)	$ -	$(0.36)	$(0.37)

	Quarter Ended Mar. 31, 2017	**Quarter Ended Dec. 31, 2016**	**Quarter Ended Sept. 30, 2016**	**Quarter Ended June 30, 2016**
Net Revenue	$100,212	$52,197	$85,173	$47,185
Net Loss	$(2,325,073)	$(903,679)	$(697,640)	$(359,871)
Basic and diluted net loss per share	$(0.64)	$(0.28)	$(0.26)	$(0.17)

Laguna Blends Inc., the accounting acquirer of the Company, was incorporated on June 24, 2014. As discussed above under the heading "Description of Business", the Company has developed itself as a market leader in pharmaceutical grade pure, natural CBD and the industry leader in the manufacturing and development of CBD consumer products, while generating substantial revenues for the year ending March 31, 2018. However, the Company incurred significant costs developing and marketing its products. Management does not anticipate that it will continue to incur a net loss due to increased sales through its business to business and retail channels as a result of its many acquisitions. Management may rely on a mixture of equity and debt securities to advance its operations as deemed necessary.

SELECTED ANNUAL INFORMATION

The following selected annual financial information is derived from the audited consolidated financial statements for the three most recently completed financial years summarized as follows:

Years ended March 31,	2018	2017	2016
Revenues	19,137,266	355,959	16,785
Gross profit	8,883,736	126,716	10,378
Net earnings (loss)	(36,020,873)	(4,286,263)	(8,876,832)
Total assets	54,468,345	2,279,275	484,583
Shareholder's equity	(47,770,011)	(1,904,397)	(742,746)
Loss per share	**(1.73)**	(1.35)	(5.86)

Year ended March 31, 2018 compared to the year ended March 31, 2017

Our company incurred a net comprehensive loss of $4,286,263 for the year ended March 31, 2017 ("fiscal 2017"), as compared to a net comprehensive loss of $36,160,820 for the year ended March 31, 2018 ("fiscal 2018"). The increase of $31,874,557 from fiscal 2018 to fiscal 2017 was mainly due to consultant fees of $13,051,465, as well as finder's and acquisition advisory fees totaling $11,743,649.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash of $15,549,664 as of March 31, 2018 and working capital of $16,140,738. The Company has no outstanding debt as at March 31, 2018.

Isodiol has been able to secure financing to address working capital requirements, and will continue to explore financing opportunities as its global expansion ramp-up strategy is executed. On August 21, 2017, the Company successfully achieved this through its closing of a signed a convertible debenture financing arrangement with Alumnia Partners. Pursuant to the terms of the offering, the debenture has no minimum draw down requirement and is a two-year term at an annual interest rate of 8% with no upfront fees or associated costs. Alumina Partners will commit up to $25,000,0000 CDN with conversion terms consisting of one common share (the "Shares") and one half of one common share purchase warrant (the "Warrants"), at discounts ranging from 15% to 25% of the market price of the shares. The exercise price of the Warrants will be at a 50% premium over the market price of the Shares.

On December 21, 2017, the Company completed a non-brokered private placement by issuing 24,000,000 units at a price of $1.25 per unit for gross proceeds of $20,000,000. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable at $2.00 for a period of 24 months.

On December 4, 2017, the Company completed a non-brokered private placement by issuing 12,183,778 units at a price of $0.74 per unit for total proceeds of $9,015,996. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable at $0.75 for a period of 36 months.

On November 23, 2017, the Company completed a non-brokered private placement by issuing 24,848,187 units at a price of $0.25 per unit for total proceeds of $6,212,047. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable at $0.75 for a period of 12 months

On September 12, 2017, the Company completed a non-brokered private placement by issuing 4,012,414 units at a price of $0.25 per unit for total proceeds of $1,003,103. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable at $0.75 for a period of 24 months.

On June 16, 2017, the Company completed a non-brokered private placement by issuing 15,849,697 units at a price of $0.12 per unit for total proceeds of $1,901,963. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable at $0.25 for a period of 24 months.

On May 19, 2017, the Company completed a non-brokered private placement by issuing 18,709,300 units at a price of $0.12 per unit for total proceeds of $2,245,116. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable at $0.25 for a period of 24 months.

During fiscal 2018, the Company issued 18,817,123 common shares for proceeds of $4,832,747 pursuant to the exercise of warrants.

During fiscal 2018, the Company issued 2,830,000 common shares for proceeds of $502,900 pursuant to the exercise of options.

As the Company has generated $8,883,736 in gross profit from operations to year end of March 31, 2018. The Company believes that its revenues will increase, management primarily intends to commence profitable operations to fund future working capital requirements.

See the discuss under the heading “Risk Factors” for risks associated with the Company and its business.

In fiscal 2019, the company has committed capital expenditures of $8,000,000 USD in payments for the acquisition of BSPG Laboratories a transaction that was completed in April 2018.

Operating Activities

During Fiscal 2018 and 2017, operating activities used cash of $23,475,174 and $2,835,058 respectively. The use of cash for the year ended March 31, 2018 was mainly attributable to our loss for the year of $36,020,873, offset mainly by non-cash charges related to shares issued for service of $8,013,722 and share-based payments of $5,805,689. The use of cash for the year ended March 31, 2017 was mainly attributable to our loss for the year of $4,286,263, by non-cash charges related to the impairment of licenses of $748,750 and by shares for services of $773,027.

Investing Activities

During Fiscal 2018, the Company used cash of $16,644,982 for various acquisitions to expand global options. During Fiscal 2017, the Company used cash of $388,286 in investing activities for the 19% interest in Carlsbad Naturals and capital assets.

Financing Activities

During Fiscal 2018 and 2017, the Company raised $55,091,119 and $3,836,178 from financing activities, respectively. During the year end March 31, 2018, the Company spent $1,566,855 on share issuance costs compared to $50,415 in fiscal 2017.

CHANGES IN ACCOUNTING POLICIES

New standard not yet adopted

IFRS 9 *Financial Instruments (Revised)*

IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing de-recognition requirements from IAS 39 *Financial instruments: recognition and measurement*. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's financial statements has not yet been determined.

IFRS 15: Revenue from Contracts and Customers ("IFRS 15"), was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual years beginning on or after January 1, 2017. The Company is currently evaluating the impact of IFRS 15 on its financial statements.

IFRS 16: A new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lease accounting model. The impact of IFRS 16 on the Company's financial instruments has not yet been determined.

OFF BALANCE SHEET ARRANGEMENTS

The Company did not have any off balance sheet arrangements during the year ended March 31, 2018 or the year ended March 31, 2017.

RELATED PARTY TRANSACTIONS

During the year ended March 31, 2018, the Company entered into the following related party transactions:

- During the year ended March 31, 2018, the Company paid $204,160 (2017 -$nil) for consulting fees to the current CEO and Director of the Company. During the year ended March 31, 2018, the Company issued 500,000 common shares with an estimated fair value of $750,000 to the current CEO and Director of the Company. During the year ended March 31, 2018, the Company issued incentive stock options with a fair value of $117,138 to the current CEO and Director of the Company.

- During the year ended March 31, 2018, the Company paid $132,000 (2017 - $57,000) for consulting fees to the CFO and Director of the Company. During the year ended March 31, 2018, the Company issued incentive stock options to the CFO and Director of the Company with a fair value of $165,700. During the year ended March 31, 2017, the Company issued 75,000 common shares at an estimated fair value of $1.45 per share to the CFO and Director of the Company.
- During the year ended March 31, 2018, the Company paid $114,082 (2017 -$nil) for consulting fees to a company controlled by a Director of the Company.
- During the year ended March 31, 2018, the Company issued 400,000 common shares with an estimated fair value of $600,000 to a Director of the Company.
- During the year ended March 31, 2018, the Company issued incentive stock options with a fair value of $117,138 (2017 - $Nil) to a Director of the Company.
- During the year ended March 31, 2018, the Company paid $68,188 for consulting fees and issued incentive stock options with a fair value of $863,271 (20017 - $Nil) to a Director and chairman of the Company.
- During the year ended March 31, 2018, the Company paid $1,013,393 (2017 -$6,790) for consulting fees to a company controlled by a Director and chairman of the Company.
- During the year ended March 31, 2018, the Company paid $Nil (2017 - $347,592) for consulting fees to the former CEO, President, and Director of the Company. Of this amount $235,278 represented the issuance of 139,382 common shares.
- During the year ended March 31, 2018, the Company issued 10,059 common shares at an estimated fair value of $20,622 and issued incentive stock options with a fair value of $40,689 to the former CEO, President, and Director of the Company.
- During the year ended March 31, 2017, the Company paid $58,892 for consulting fees to the former President of a wholly owned subsidiary of the Company.
- During the year ended March 31, 2018, the Company's subsidiary, ISO International LLC, paid $289,435 for consulting fees, $63,725 for finder's fees, and $1,083,325 for acquisition advisory fees, and issued 500,000 common shares with a deemed value of $750,000 to a company controlled by the President of ISO International LLC.
- During the year ended March 31, 2018, the Company issued incentive stock options with a fair value of $117,138 to the President of ISO International LLC.
- During the year ended March 31, 2018, the Company, the Company paid $10,092,046 for consulting and acquisition advisory fees to a company controlled by a relative of the director in combination of cash and 1,822,237 common shares of the Company.
- During the year ended March 31, 2018, the Company paid $6,000 (2017 - $18,099) for consulting fees to the former Corporate Secretary and Director.
- During the year ended March 31, 2018, the Company paid $37,600 (2017 - $60,000) for consulting fees to a former director of the Company. Of this amount $6,000 (2017 - $14,000) represented the issuance of 2,927 (2017 – 5,929) common shares.
- During the year ended March 31, 2018, the Company paid $Nil (2017 - $105,000) for consulting fees to the former Chief Executive Officer and Director. Of the amount paid in 2016, $108,000 represented the issuance of 216,000 common shares at an estimated fair value of $0.50 per share and issuance of 160,000 warrants to purchase common shares at a fair value of $10,000. In addition, the Company paid $797 in benefits on behalf of the former CEO and Director.

- During the year ended March 31, 2018, the Company paid and accrued interest expense of $Nil (2017: $67,993) in connection with loans payable to the spouse of the former CEO of the Company.

FOURTH QUARTER - UNAUDITED

During the quarter ended March 31, 2018, the Company had revenues of $5,438,620. The Company's cost of goods sold was $5,039,102, which resulted in a gross profit of $399,518. Operating expenses were $33,886,633 for the quarter ended March 31, 2018 and a net and comprehensive loss of $25,212,370.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, receivables, due from related parties, loans receivable, accounts payable and accrued liabilities, due to related parties and loans payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. Financial assets are impaired when one or more events that occurred after the initial recognition of the financial asset have been impacted.

All financial assets are initially recorded at fair value and designated upon inception into one of the following three categories: available for sale ("AFS"), loans and receivables, or at fair value through profit or loss ("FVTPL")

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through comprehensive income (loss). Cash is classified as FVTPL.

Financial assets classified as loans and receivables are measured at amortized cost. Receivables, due from related parties, and loans receivable are classified as loans and receivables.

Financial assets classified as AFS are measured are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. At March 31, 2018 and 2017, the Company has not classified any assets as AFS.

Transaction costs associated with FVTPL are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are measured at amortized cost. Accounts payable and accrued liabilities, due to related parties, and loans payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized through comprehensive income (loss). At March 31, 2018 and 2017, the Company has not classified any financial liabilities as FVTPL.

The company does not have any derivate financial assets or liabilities.

Use of Estimates and Judgements

Critical Accounting Judgments

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Business combinations

Judgment is used when determining whether an acquisition is a business combination or an asset acquisition. Judgment is also used in measuring the fair value of equity instruments issued as consideration for a business combination, and in allocating the fair value of consideration paid to the assets acquired and liabilities assumed.

Functional currency

Determination of an entity's functional currency involves judgment taking into account the transactions, events, and conditions relevant to the entity. Determination of functional currency involves evaluating evidence about the primary economic environment in which the entity operations and is re-evaluated when facts and circumstances indicate that conditions have changed.

Financial Instruments

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgements or assessments made by management.

Critical Accounting Estimates

Income Taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Inventory

In estimating the fair value of inventory, management is required to consider anticipated selling prices and net realizable value of inventory on hand.

Estimated useful lives, impairment considerations and amortization of tangible and intangible assets

Amortization of tangible and intangible assets is dependent upon estimates of useful lives based on management's judgment.

Goodwill impairment testing requires management to make critical estimates within the impairment testing model. On an annual basis, the Company tests whether goodwill is impaired.

Impairment of tangible and intangible assets with limited lives is affected by judgments about impairment indicates and estimates used to measure impairment losses where necessary.

The recoverable value of goodwill and tangible and intangible assets is determined using discounted cash flow models, which incorporate assumptions about future events including future cash flows, growth rates and discount rates.

SUBSEQUENT EVENTS

i) The Company completed a private placement by issuing 2,465,753 units at a price of $7.30 per common share for total proceeds of $18,000,000, of which $2,200,000 is a receivable at July 30, 2018. Each unit consisted of one common share and one warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of $10.00 per share until May 25, 2021.

ii) The Company acquired BSPG (BSPG") by issuing 2,385,878 common shares at an estimated fair value of $15.10 per share and made a cash payment of $500,000 (U.S.). The company will pay an additional $8-million (U.S.), $5.5-million of which will be paid over the next 12 months with the remainder to be paid by July 31, 2019.

iii) In connection with the BSPG acquisition, the Company issued 472,915 common shares at an estimated fair value of $1.20 per finder's-fee share to a consultant of the company representing 10 per cent of the value of the transaction.

iv) The Company acquired 100% of the outstanding shares of Azure Bottling LLC on April 1st, 2018, for $1,000,000 cash paid upon closing, as well as US$350,000 in six months and US$1,000,000 in stock escrowed over 36 months.

v) The Company acquired 100% of the outstanding shares of Kure Corp on May 1st, 2018, for 2,380,952 Isodiol shares subject to a 36-month escrow.

vi) The Company acquired 51% of the outstanding shares of Farmtiva LLC on May 2nd, 2018 for $1,500,000 USD in stock subject to 36-month escrow.

vii) The company acquired 51% of the outstanding shares of Round Mountain Technologies LLC on June 12th, 2018 for US$400,000 working capital contributions and US$250,000 in Isodiol stock subject to 36-month escrow.

viii) The company terminated its 100% acquisition of Betru Organics on June 29, 2018.

ix) 266,684 common shares were issued pursuant to consulting agreements.

x) 77,033 warrants were exercised for proceeds of $133,308.

xi) 420,000 options were exercised for proceeds of $260,250.

xii) 88,749 common shares were issued pursuant to the Level Brands Inc. licensing agreement.

xiii) On April 20, 2018, the Company purchased 6,451,613 common shares of 10330698 Canada Ltd. at $0.31 per share for a total investment of $2,000,000.

Proposed Transactions

There are currently no proposed transactions.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the years ended March 31, 2018 and 2017, the Company incurred expenses including the following operating expenses:

	2018	2017
Consulting fees	13,051,465	1,690,524
Management fees	919,390	355,144
Business development costs	Nil	136,831
Filing and transfer agent fees	96,209	40,700
Investor relations	234,581	355,104
Professional fees	562,589	231,488
Office and administration	771,197	126,822
Rent	349,301	43,598
Share based compensation	5,805,689	130,451
Travel and promotion	1,137,859	379,464
Warehouse supplies	64,879	36,478
Website expenses	35,174	38,984

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

The Company's authorized share capital consists of an unlimited number of common shares without par value. Taking into account the 1 for 2.5 share consolidation that was effective January 6, 2016 and the 1 for 10 share consolidation that took place July 24, 2018 and was reflected in the March 31, 2018 financial statements, the Company had 30,081,093 common shares issued and outstanding. Subsequently, the Company issued 2,465,753 common shares pursuant to private placements; 5,852,781 pursuant to acquisitions, 266,684 pursuant to consulting agreements, and 770,332 pursuant to the exercise of warrants, 420,000 pursuant to the exercise of options, and 88,749 pursuant to licensing agreements. As of July 30, 2017, the Company had 39,680,348 shares issued and outstanding.

As at March 31, 2018 and July 30, 2018, the Company had 135,000 common shares held in escrow. These shares will be released from escrow over a period of 48 months from September 21, 2015.

Share Purchase Warrants

As of March 31, 3018, the Company had 9,036,762 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

Number	Price	Expiry Date
87,224	$6.80	December 31, 2019
1,620,930	$2.50	May 19, 2019(1)
732,970	$2.50	June 16, 2019
358,441	$7.50	September 12, 2019
2,484,819	$7.50	November 23, 2018
1,218,378	$7.50	December 4, 2020
1,708,000	$20.00	December 21, 2019
826,000	$20.00	January 2, 2020
9,036,762		

(1) Subsequent to March 31, 2018, 770,332 warrants were exercised.

Stock Options

As of March 31, 2018, the Company had 1,720,000 share purchase options outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option held as follows:

Number	Exercise Price	Expiry Date
90,000	$1.60	March 27, 2019(1)
280,000	$1.50	April 4, 2019(2)
900,000	$2.05	June 16, 2019(3)
450,000	$3.15	September 1, 2019(4)

(1) Subsequent to March 31, 2018, 60,000 options were exercised.
(2) Subsequent to March 31, 2018, 120,000 options were exercised.
(3) Subsequent to March 31, 2018, 200,000 options were exercised.
(4) Subsequent to March 31, 2018, 15,000 options were exercised.

RISK FACTORS

The following information is a summary only and the risks and uncertainties below are not the only ones related to our company. There are additional risks and uncertainties that our company does not presently know of or that our company currently considers immaterial which may also impair our company’s business operations. If any of the following risks actually occur, our company’s business may be harmed and its financial condition and results of operations may suffer significantly. In such circumstances, the price of our company’s common shares could decline and investors may lose all or part of their investment.

Need for Additional Financing

As at March 31, 2018, the Company had $15,549,664 cash on hand. The Company anticipates generating profits from current operations in fiscal 2019, as such, to sustain current operations management anticipates the company will not likely require additional financing.

Increasing revenues and generating profits will ensure the company is able to maintain a steady share price which will benefit current and future shareholders of the Company.

Key Personnel

The future success of our company will depend on being able to retain key management and attract strong upper management to ensure proper execution of our international expansion. We are confident our vision and operational plan will attract top end talent which will allow us to gain a competitive advantage over other companies in the industry.

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 our company's products are recalled due to an alleged product defect or for any other reason, our company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall.

The Company has a limited operating history from which investors can evaluate its business however strong quarterly revenue and a profitable operation going forward will mitigate this risk.

International Operational Risks, Including Compliance and Foreign Exchange Risk

The Company expects to derive a significant portion of its revenues from sales outside of Canada, thus exposing its business to risks associated with foreign operations. For example, a foreign government could impose trade or foreign exchange restrictions or increased tariffs, or otherwise limit or restrict its ability to import products into a country, any of which could negatively impact our company's operations. The Company is also exposed to risks associated with foreign currency fluctuations.

In addition, our company may be subject to regulations and taxes under local, provincial, state and federal laws, including requirements regarding customs, duties, cross-border issues, occupational safety, laboratory practices, environmental protection and hazardous substance control, and may be subject to other present and future local and foreign regulations. Changes in government regulations could also have an adverse effect on the business and financial condition of our company.

Dependence on Penetration of Existing Markets

The success of our company's business is to a large extent contingent on its ability to penetrate existing markets and to a similar extent to enter into new markets. The Company's ability to penetrate existing markets or to expand its business into additional countries, to the extent it believes that it has identified attractive geographic expansion opportunities in the future, is subject to numerous factors, many of which are out of its control.

In addition, government regulations in both its domestic and international markets can delay or prevent the introduction, or require the reformulation or withdrawal, of some of its products, which could negatively impact its business, financial condition and results of operations.

Competition

The Company continues to be the market leader in innovation and product development which differentiates it from its competitors. The landscape of the market continues to be competitive, however the Company has been able to adjust its strategy to ensure it remains the market leader. Management believes that with the subsequent events that are reported herein, the Company should be able to effectively compete in a market where the barrier to entry has been significantly raised through innovation and financial constraints.

Changing Consumer Preferences and Demands

The Company's business is subject to changing consumer trends and preferences. The Company's continued success depends in part on its ability to anticipate and respond to these changes, and it may not respond in a timely or commercially appropriate manner to such changes. Furthermore, our company's industry is characterized by rapid and frequent changes in demand for products and new product introductions and enhancements. If our company does not introduce new products or make enhancements to meet the changing needs of its customers in a timely manner, some of our company's products could be rendered obsolete, which could negatively impact our company's revenues, financial condition and operating results.

Reliance on Key Suppliers

The Company has secured multiple sources for its raw materials and is in the process of exploring the opportunity to vertically integrate to fully control its raw ingredient supply. To date, our company has not experienced any difficulty in obtaining adequate supplies or services from its key suppliers.

Information Technology Infrastructure

The Company's ability to provide products and services to its customers depends on the performance and availability of its core transactional systems. While our company continues to invest in its information technology infrastructure, including the immersive Web collaboration technology, there can be no assurance that there will not be any significant interruptions to such systems or that the systems will be adequate to meet all of its future business needs. The Company may need to expend significant resources to protect against security breaches or to address problems caused by such breaches. Any actual security breaches could damage our company's reputation and expose it to a risk of loss or litigation and possible liability under various laws and regulations. In addition, employee error or malfeasance or other errors in the storage, use or transmission of any such information could result in a disclosure to third parties. If this should occur, our company could incur significant expenses addressing such problems.

Compliance with Laws and Governmental Regulations

In domestic and foreign markets, the formulation, manufacturing, packaging, labeling, distribution, importation, exportation, licensing, sale and storage of our company's products may be affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. There can be no assurance that our company is in compliance with all of these regulations. The failure to comply with these regulations or new regulations could disrupt the sale of our company's products, or lead to the imposition of significant penalties or claims and could negatively impact our company's business. In addition, the adoption of new regulations or changes in the interpretations of existing regulations may result in significant compliance costs or discontinuation of product sales and may negatively impact the marketing of our company's products, resulting in significant loss of sales revenues.

Intellectual Property

The Company currently holds certain patents or pending patent applications, which are included in intangible assets.

The Worldwide Financial and Economic Environment

Various aspects of the current worldwide financial and economic environment could potentially impact on our company's liquidity, its access to capital, its operations and its overall financial condition.

Technical Obsolescence and Product Development

The Company's industry is characterized by rapidly changing technology, shifting industry standards and frequent introduction of new products. The introduction of new products embodying new technologies and the emergence of new industry standards may render our company's products obsolete or less marketable. The process of developing our company's products is complex and requires continuing development efforts. The Company's failure to develop new technologies and products and the obsolescence of existing technologies could adversely affect its business and financial condition. Research and development in the industry in which our company operates is highly speculative and involves a high degree of risk.

Liquidity Risk

Liquidity risk is defined as the potential to be unable to meet a demand for cash or meet financial obligations as they become due. This risk is managed by establishing cash forecasts, as well as operating and strategic plans. The Company's liquidity requires constant monitoring of expected cash inflows and outflows, which is achieved through forecasts which assess the adequacy of cash resources to meet financial obligations as they come due. Liquidity adequacy is assessed in view of growth requirements and capital expenditures. Liquidity risk is managed to maintain sufficient liquid financial resources to fund its operations and meet its commitments and obligations. There can be no assurance that our company's forecasts will adequately predict its liquidity needs. However, due to Subsequent Events disclosed herein, liquidity risks will be mitigated due to acquisitions and product launches which are revenue and profit generating.

Risk Factors Related to our company's Common Shares

High Risk and Speculative Nature of Investment

An investment in our company's common shares carries a high degree of risk and should be considered as a speculative investment by purchasers. The Company has no history of earnings, limited cash reserves, a limited operating history, and is dependent on equity financing to fund planned operations. The Company has not paid dividends in the past, and our company is unlikely to pay dividends in the immediate or near future. The Company's operations are not yet sufficiently established such that it can mitigate the risks associated with its planned activities. You may be at risk of losing any investment in our company’s common shares.

Volatility of Stock Price and Market Conditions

The market price of our company’s common shares has been and may continue to be subject to wide fluctuations in response to factors such as actual or anticipated variations in our company’s results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may adversely affect the market price of the common shares, even if our company is successful in maintaining revenues, cash flows or earnings. The purchase of our company’s common shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Securities of our company should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in our company should not constitute a major portion of an investor’s portfolio.

ADDITIONAL INFORMATION

The Company files annual and interim reports, information circulars and other information with certain Canadian securities regulatory authorities. The documents filed with the Canadian securities regulatory authorities are available at http://www.sedar.com.