

Isodiol International Inc.
(Formerly Laguna Blends Inc.)
(the “Company”)
Management Discussion and Analysis
For the year ended March 31, 2017

Date of Report: July 31, 2017

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 31, 2017 and should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended March 31, 2017, 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

The Company was incorporated under the Business Corporations Act (British Columbia) in June 2014 as Grenadier Resource Corp. The Company changed its name from Grenadier Resource Corp. to Laguna Blends Inc. on September 18, 2015 in conjunction with a reverse takeover transaction that closed on the same date. Pursuant to the transaction, the Company acquired all of the securities of Laguna Blends Inc., a private Nevada company, in consideration for shares of the Company. The acquisition of Laguna Blends Inc. was accounted for as a reverse takeover transaction of the Company. Consequently, Laguna Blends Inc. is deemed the accounting parent and the Company is deemed the accounting subsidiary as Laguna Blends Inc. was deemed to be the acquirer for accounting purposes. During the year ended March 31, 2016, the Company consolidated its share capital on a 2.5 share for 1 share basis. The discussion provided herein reflects the share consolidation.

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”.

The Company is focused on the nutritional health benefits that are derived from hemp. The

Company 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, seeking joint ventures and acquisitions to expand its portfolio of brands and subsidiaries and will aggressively continue International expansion into Latin America, Asia and Europe. The Company continues to strategically raise capital through secured debt financing but does not see the need for operational capital raises due to the revenues generated from ongoing operations.

Laguna Blends Inc. was incorporated on June 24, 2014. As at March 31, 2017, the Company had \$718,648 in cash and working capital of \$984,111. For the year ended March 31, 2017, the Company had gross profit of \$126,716, \$3,579,712 in expenses, other expenses of \$833,267, and a net loss of \$4,286,263. The majority of expenses consisted of consulting fees of \$1,690,524, investor relations of \$355,104, management fees of \$355,144, travel and promotions of \$379,464, and professional fees of \$231,488. The Company had cash of \$105,814 and a working capital deficit of \$742,746 as at March 31, 2016. The Company has generated minimal sales to date since it commenced commercial operations through the sale of its products in the fourth quarter of the fiscal year end March 31, 2016. However, until the Company is able to generate profitable operations through the sale of its products, the Company anticipates it will rely on additional issuances of its equity securities and/or additional debt financing.

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

DESCRIPTION OF BUSINESS

Isodiol is a product development, sales, marketing and distribution company for hemp-based products and solutions. The company specializes in identifying emerging trends and opportunities such as Cannabinoids, the useful compounds found in the hemp plant. Hemp is recognized as a superfood and its use in health and functional foods is growing.

Isodiol offers a wide range of proprietary and revolutionary products, from functional beverages to a clinically proven anti-aging luxury skin care line along with cannabinoid nutraceuticals. The company's research and business development teams are continuously working on new products and proprietary technologies to further the Company's portfolio of products.

Isodiol's vision is to become the worldwide leader in the development, marketing and distribution of hemp and Cannabinoid products. Its mission is to create a cultural movement building awareness and acceptance of hemp and Cannabinoid products, and to make these products socially acceptable and accessible throughout the world. Isodiol currently markets and distributes products in the United States. Products are being distributed to health food stores, specialty markets, health professional offices, spas, cannabis dispensaries and online through direct to sales to consumer channels.

The company is planning an aggressive international expansion into South America, Asia and Europe in 2017 and 2018. Isodiol continues to seek joint ventures and acquisitions to expand its portfolio and distribution opportunities.

DISCUSSION OF OPERATIONS

Isodiol operates as a business to business and retail company to generate sales of its products. Sales only commenced in March 2016, as such, the Company had a gross profit of \$10,378 for the year ended March 31, 2016. Gross profit for the year ended March 31, 2017 were \$126,716 with net revenues being \$355,959. The Company expects revenue to increase dramatically with the acquisition of Iso International LLC in May 2017.

For the year ended March 31, 2017 ("Fiscal 2017"), the Company had \$718,648 in cash and working capital of \$984,111. For the year ended March 31, 2016 ("Fiscal 2016"), the Company had \$105,814 in cash and a working capital deficit of \$742,746.

The Company incurred a net comprehensive loss of \$4,286,263 and \$8,676,832 for the years ended March 31, 2017 and 2016. The much higher loss in Fiscal 2016 was mainly the result of charges related to the public company listing of \$6,070,379. Consulting fees were \$1,690,524 in Fiscal 2017 compared to \$1,240,243 in Fiscal 2016. The increase was due to additional consultants along with increased consulting fees to help expand the business. Shares issued for services, of which a portion was included in consulting fees, increased from \$621,000 for the year ended March 31, 2016 to \$798,027 for the year ended March 31, 2017. The Company had much higher investor relation costs in Fiscal 2017 of \$355,104 compared to \$9,000 for Fiscal 2016 as the Company spent additional funds on various marketing campaigns in North America and Europe. Travel and promotion increased significantly from \$20,935 in 2016 to \$379,464 in 2017 due to increased product marketing and tradeshow to help enhance sales. The Company had an impairment loss of \$748,750 for the year ended March 31, 2017, which was a result of acquiring Iso International LLC in May 2017 and therefore eliminating the licensing agreement. The Company had cash of \$718,648 and working capital of \$984,111 as at March 31, 2017, 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. Management anticipates that additional funds will need to be raised, through equity financings, shareholder loans, or otherwise, to fund the Company's ongoing operations and acquisition strategy. 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, 2017	Quarter Ended December 31, 2017	Quarter Ended September 30, 2017	Quarter Ended June 30, 2017
Total Revenue	\$101,212	\$52,197	\$85,173	\$117,377
Net Loss	\$(2,325,073)	\$(903,679)	\$(697,640)	\$(359,871)
Basic and diluted net loss per	\$(0.05)	\$(0.03)	\$(0.03)	\$(0.02)

share				
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	Quarter Ended Mar. 31, 2016	Quarter Ended Dec. 31, 2015	Quarter Ended Sept. 30, 2015	Quarter Ended June 30, 2015
Net Revenue	\$nil	\$nil	\$nil	\$nil
Net Loss	\$(669,138)	\$(560,090)	\$(6,494,670)	\$(952,934)
Basic and diluted net loss per share	\$(0.04)	\$(0.03)	\$(0.22)	\$(0.03)

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 not had substantial revenues for the year ending March 31 2017 as commercial sales commenced in quarter four of fiscal 2016 and has 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 the Iso International, LLC. acquisition. 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,	2017	2016
Revenues	355,959	23,092
Gross profit	126,716	10,378
Net earnings (loss)	(4,286,263)	(8,676,832)
Total assets	2,279,275	484,563
Shareholder’s equity	(1,904,397)	(742,746)
Loss per share	(0.13)	(0.59)

Year ended March 31 2017 compared to the year ended March 31, 2016

Our company incurred a net comprehensive loss of \$8,676,832 for the year ended March 31, 2016 (“fiscal 2016”), as compared to a net comprehensive loss of \$4,286,263 for the year ended March 31, 2017 (“fiscal 2017”). The decrease of \$4,390,569 from fiscal 2016 to fiscal 2017 was mainly due to RTO costs of \$6,070,379 in 2016.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash of \$718,648 as at March 31, 2017 and working capital of \$984,111. The Company had a loan outstanding totaling \$250,000 as at March 31, 2017. The loan for \$250,000 is still outstanding as of July 31, 2017. The loan is secured by a charge against certain present and future inventory of Laguna Blends (USA) and bears interest at the rate of 3.5% per annum. Subsequent to the year-end, the Company raised an additional \$4,142,070 through equity financings.

On May 17, 2016, the Company completed a non-brokered private placement by issuing 1,763,409 units at a price of \$0.11 per common unit for total proceeds of \$193,975. Each unit consisted of one common shares and one share purchase warrant. Each warrant is exercisable at \$0.15 for a period on twelve months.

On, July 15, 2016, the Company completed a non-brokered private placement by issuing 2,712,882 units at a price of \$0.11 per unit for total proceeds of \$298,417. Each unit consisted of one common shares and one share purchase warrant. Each warrant is exercisable at \$0.15 for a period on twelve months.

On August 26, 2016, the Company completed a non-brokered private placement by issuing 1,627,200 units at a price of \$0.25 per unit for total proceeds of \$406,800. Each unit consisted of one common shares and one share purchase warrant. Each warrant is exercisable at \$0.40 for a period on twelve months.

On November 3, 2016, the Company completed a non-brokered private placement by issuing 5,537,800 units at a price of \$0.25 per unit for total proceeds of \$1,384,450. Each unit consisted of one common shares and one share purchase warrant. Each warrant is exercisable at \$0.40 for a period on twelve months.

On February 1, 2017, the Company issued 2,200,000 common shares at a deemed price of \$0.15 per share to settle loan amounts totaling \$330,000.

On February 3, 2017, the Company completed a non-brokered private placement by issuing 5,543,329 units at a price of \$0.15 per unit for total proceeds of \$831,500. Each unit consisted of one common shares and one share purchase warrant. Each warrant is exercisable at \$0.25 for a period on twelve months

On February 9, 2017, the Company completed a non-brokered private placement by issuing 2,305,666 units at a price of \$0.15 per unit for total proceeds of \$345,850. Each unit consisted of one common shares and one share purchase warrant. Each warrant is exercisable at \$0.25 for a period on twelve months

During the year ended March 31, 2017, the Company received \$248,000 pursuant to the exercise of options and \$133,602 pursuant to the exercise of warrants.

As the Company has generated 137,094 in gross profit from operations to year end of March 31 2017. The Company believes that its revenues will increase, management primarily intends to rely on additional equity and debt financing for the sole purpose of executing on strategic business initiatives. There are no guarantees that additional sources of funding will be available to the Company. Our audited financial statements for the year ended March 31, 2017, our independent auditors included an explanatory paragraph regarding as a going concern.

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

The company has no commitments for capital expenditures at this time.

Operating Activities

During Fiscal 2017 and 2016, operating activities used cash of \$2,835,058 and \$1,525,174, respectively. The use of cash for the year ended March 31, 2017 was mainly attributable to our loss

for the year of \$4,286,263, offset mainly by non-cash charges related to the impairment of licenses of \$748,750 and by shares for services of \$773,027. The use of cash for the year ended March 31, 2016 was mainly attributable to our loss for the year of \$8,676,832, offset mainly by non-cash charges related to the public company listing of \$6,070,379 and by shares for services of \$646,000.

Investing Activities

During Fiscal 2017, the Company used cash of \$388,286 in investing activities for the 19% interest in Carlsbad Naturals and capital assets. During Fiscal 2016, the Company did not use or earn any funds from investing activities.

Financing Activities

During Fiscal 2017 and 2016, the Company raised \$3,836,178 and \$1,616,428 from financing activities, respectively. During the year ended March 31, 2017, \$4,241,593 was provided from the issuance of share capital; \$50,415 was used for share issuance costs; and \$355,000 was used for loan repayments. During the year ended March 31, 2016, \$105,488 was provided from cash received on completion of the RTO; \$150,000 from advances from Laguna Blends Inc. prior to the RTO; \$360,940 was provided to the Company from the issuance of share capital; and \$1,000,000 from loan proceeds.

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, 2017 or the year ended March 31, 2016.

RELATED PARTY TRANSACTIONS

During the year ended March 31, 2016, the Company entered into the following related party transactions:

- Management fees of \$755,333 were paid in cash or shares to key management of the Company during the year ended March 31, 2017 (\$267,950 - 2016);
- During the year ended March 31, 2017, the Company paid \$105,000 (2016 - \$150,500) for consulting fees to the former Chief Executive Officer and Director. Of the amount paid in 2016, \$108,000 represented the issuance of 2,160,000 common shares at a deemed price of \$0.05 per share and issuance of 1,600,000 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, 2017, the Company paid \$18,099 for consulting fees to the former Corporate Secretary and Director.
- During the year ended March 31, 2017, the Company paid \$60,000 for consulting fees to a director of the Company. Of this amount \$14,000 represented the issuance of 59,294 common shares.
- During the year ended March 31, 2017, the Company paid \$347,592 for consulting fees to the CEO, President, and Director of the Company. Of this amount \$235,278 represented the issuance of 1,393,823 common shares.
- During the year ended March 31, 2017, the Company paid \$58,892 for consulting fees to a former President of a wholly owned subsidiary of the Company.
- During the year ended March 31, 2017, the Company paid \$165,750 for consulting fees to the CFO and Director of the Company. Of this amount \$108,750 represented the issuance of 750,000 common shares at a deemed price of \$0.145 per share.
- On July 16, 2015, Laguna Blends (USA) Inc. entered into a loan agreement with Stuart Gray, the former President and CEO for a principal amount of \$250,000. The loan is secured by a charge against all present and future inventory of Laguna Blends (USA) Inc. and bears interest at the rate of 3.5% per annum. The loan is due and payable in full on July 16, 2017. Laguna Blends (USA) Inc. may at any time during the term of the loan prepay any sum up to the full amount of the loan and accrued interest then outstanding at any time for an additional 10% of such amount. The loan was subsequently transferred to Mr. Gray's spouse. As of July 31, 2017, the loan has not been repaid.
- On November 12, 2015, Laguna Blends (USA) Inc., entered into a loan agreement with the spouse of Stuart Gray, the President and CEO of the Company for a principal amount of

\$150,000. The loan is secured by a charge against all present and future inventory of Laguna Blends (USA) Inc. and bears interest at the rate of 10% per annum. The loan was paid in full on November 12, 2016.

- On December 11, 2015, Laguna Blends (USA) entered into a loan agreement with the spouse of Stuart Gray, the President and CEO and a director of the Company for a principal amount of \$100,000. The loan is secured by a charge against all present and future inventory of Laguna Blends (USA) Inc. and bears interest at the rate of 10% per annum. The loan was paid in full on December 11, 2016.
- On February 1, 2017, the Company and the spouse of the former CEO entered into a debt settlement and subscription agreement whereby \$330,000 previously loaned by the spouse of the former CEO to the Company under two promissory notes were settled by the issuance of 2,200,000 common shares of the Company to the spouse of the former CEO.

FOURTH QUARTER - UNAUDITED

During the quarter ended March 31, 2017, the Company had revenues of \$101,212. The Company's operating expenses were \$1,636,551 for the quarter ended March 31, 2017, compared to \$607,411 for the quarter ended March 31, 2016. This increase was primarily attributable to increased investor relation costs, travel and promotions costs, professional fees in connection with public company expenses and acquisition costs, and increased consulting and management fees associated with an expanded consulting and management team in connection with building the Company's operations.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, receivables, 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.

SUBSEQUENT EVENTS

- i) The Company completed a private placement by issuing 18,709,300 units at a price of \$0.12 per common share for total proceeds of \$2,245,116. 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 \$0.25 per share until May 19, 2019.
- ii) The Company completed a private placement by issuing 15,849,697 units at a price of \$0.12 per common share for total proceeds of \$1,896,954. 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 \$0.25 per share until June 14, 2019.
- iii) The Company granted options to acquire 10,350,000 common shares of the Company at \$0.205 per share for a period of two years to officers, directors and consultants of the Company.
- iv) The Company granted options to acquire 3,800,000 common shares of the Company at \$0.15 per share for a period of two years to officers, directors and consultants of the Company.

- v) The Company acquired ISO International LLC ("ISO") by issuing 37.5 million common shares at a deemed price of 12 cents per share and made a cash payment of \$500,000 (U.S.). The company will pay an additional \$5.5-million (U.S.) over the next 12 months.
- vi) In connection with the ISO acquisition, the Company issued 10,566,500 common shares at a deemed value of 12 cents per finder's-fee share to an arm's-length party to the company representing 10 per cent of the value of the transaction.
- vii) The Company changed its name to Isodiol International Inc and began trading under the new symbol "ISOL."
- viii) The Company entered into a definitive agreement to acquire the assets of a cannabis-based beverage company including the predominant brands Pot-O-Coffee, Pot-O-Tea and Pot-O-Coco. Under the terms of the agreement, the company issued a total of 20,937,500 common shares at a deemed price of 12 cents per share and a one-time cash payment of \$250,000.
- ix) 1,844,700 warrants were exercised for proceeds of \$276,705 and 250,000 warrants expired unexercised.
- x) The Company issued 42,717,934 common shares to Directors, Officers, and Consultants of the Company.

Proposed Transactions

There are currently no proposed transactions.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the years ended March 31, 2017 and 2016, the Company incurred expenses including the following operating expenses:

	<u>2017</u>	<u>2016</u>
Consulting fees	1,690,524	1,240,243
Management fees	355,144	291,450
Business development costs	136,831	237,056
Filing and transfer agent fees	40,700	37,457
Investor relations	355,104	9,000
Professional fees	231,488	198,140
Office and administration	126,822	98,148
Rent	43,598	33,463
Share based compensation	130,451	309,415
Travel and promotion	379,464	20,935
Warehouse supplies	36,478	10,651
Website expenses	38,984	356

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

Taking into account the 1 for 2.5 share consolidation that was effective January 6, 2016, 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 as at March 31, 2017, the Company had 57,673,340 common shares issued and outstanding. Subsequently, the Company issued 34,558,997 common shares pursuant to private placements; 69,004,000 pursuant to acquisitions, 42,717,934 pursuant to consulting agreements, and 1,844,700 pursuant to the exercise of warrants. As of July 31, 2017, the Company had 205,798,971 shares issued and outstanding.

As at March 31, 2017 and July 31, 2017, the Company had 2,250,000 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, 2017, the Company had 21,785,558 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
223,040	\$1.25	October 1, 2017 ⁽¹⁾
173,628	\$1.25	October 30, 2017 ⁽¹⁾
14,286	\$1.25	November 9, 2017 ⁽¹⁾
1,175,000	\$0.25	March 10, 2018
1,600,000	\$0.68	December 31, 2019
1,490,909	\$0.15	May 17, 2017 ⁽²⁾
2,094,700	\$0.15	July 15, 2017 ⁽³⁾
1,627,200	\$0.40	August 26, 2017
5,537,800	\$0.40	November 3, 2017
5,543,329	\$0.25	February 3, 2018
2,305,666	\$0.25	February 9, 2018
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21,785,558		

(1) These warrants contain an acceleration clause whereby, if the volume weighted average closing price of the Company's shares is at least \$0.60 for a period of twenty (20) or more consecutive trading days, the Company will have the right, by providing notice to the warrant holders, to accelerate the expiry date of the warrants to that date which is ten (10) business days from the date of such acceleration notice.

(2) Subsequent to March 31, 2017, these warrants expired unexercised.

(3) Subsequent to March 31, 2017, 1,844,700 warrants were exercised and 250,000 warrants expired unexercised.

Subsequent to March 31, 2017, the Company issued 34,558,997 warrants in respect to private placement exercisable at \$0.25. As of July 31, 2017, the Company had 7,662,243 share purchase warrants outstanding.

Stock Options

As of March 31, 2017, the Company had 1,640,000 share purchase options outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option held as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
200,000	\$0.25	September 2, 2017
40,000	\$0.70	September 29, 2017
<u>1,400,000</u>	\$0.16	March 27, 2019
<u>1,640,000</u>		

On April 4, 2017, the Company granted 3,800,000 stock options with an exercise price of \$0.15. On June 16, 2017, the Company granted 10,150,000 stock options with an exercise price of \$0.205. On July 19, 2017, the Company granted 200,000 stock options with an exercise price of \$0.205. As of July 31, 2017, the Company had 15,790,000 share purchase options outstanding.

RISK FACTORS

The following information is a summary only and the risks and uncertainties below are not the only ones related to our company but are related to the industry at large. 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 of March 31, 2017, the Company had cash in the approximate amount of \$718,648 and a net loss of \$4,286,263 for the year ended March 31, 2017. As such, the Company will require additional financing in the very near future to expand its business operations. The Company currently does not have any arrangements for such financing and may not be able to obtain financing when required. The fluctuation in the price of our company's common shares has and will impact our company's ability to obtain future financing. Obtaining additional financing would be subject to a number of factors, including our company's ability to initially attract investments prior to substantial revenue generation, and thereafter our company's ability to grow its brand. If the Company is unable to continue as a going concern, investors will likely lose all of their investments in our company.

Key Personnel

The future success of our company will depend, in large part, upon its ability to retain its key management personnel and to attract and retain additional qualified marketing, sales and operational personnel, as well as independent affiliates to form part of its network marketing system. The talent pool in the industry in which the Company operates is shallow given the infancy of the industry and therefore the Company may not be able to enlist, train, retain, motivate and manage the required personnel without substantial incentives. Like any other business, the inability to attract and retain personnel, particularly marketing, sales and operational personnel could make it difficult for our company to manage its business and meet its objectives.

Product Liability

The Company is focused on the nutritional health benefits that are derived from hemp and as such, 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. Such actions are common to all nutritional supplement companies operating in this industry. In addition, the manufacture and sale of our company's products 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 its products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that its products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. There can be no assurances that our company 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 our company'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 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 and therefore an inherent risk in investing in such a Company.

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 market for our company's products is intensely competitive and subject to rapid technological changes. Larger competitors with longer operating histories and greater financial, marketing and other resources could develop and market new products which could render our company's existing products less competitive. Due to the high level of competition in our company's industry, our company might face challenges in retaining its customers, which would harm its financial condition and operating results. In addition, because the industry in which our company operates is not particularly capital intensive or otherwise subject to high barriers to entry, it is relatively easy for new competitors to emerge who could compete with our company for its independent affiliates and customers. However, 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. Although the capital demands are still significant, the barrier to entry permits the Company to compete at prices that are favorable.

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's business is heavily dependent upon its key suppliers, namely for the provision of raw materials, for contract manufacturing services, as well as for other services such as information technology support. If our company is unable to maintain a business relationship with one or more of its key suppliers, its business and financial condition could be materially adversely affected. To date, our company has not experienced any difficulty in obtaining adequate supplies or services from its key suppliers; however, there can be no assurance that our company's outside contract manufacturers and suppliers will continue to reliably supply products and services to our company at the levels of quality and quantity which it requires.

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 does not currently hold any, patents or pending patent applications..

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>.