

**Delta 9 Cannabis Inc.**  
(Formerly SVT Capital Corp.)

**Management Discussion and Analysis**  
**For the six months ended September 30, 2017**

**Delta 9 Cannabis Inc. (Formerly SVT Capital Corp.)**  
**Six months ended September 30, 2017**  
**Management's Discussion and Analysis**

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**December 12, 2017**

The following discussion is Management Discussion and Analysis ("MDA") of the results of operations and financial conditions of Delta 9 Cannabis Inc. (formerly SVT Capital Corp.) (the "Company") for the six months ended September 30, 2017, and should be read in conjunction with the Company's unaudited condensed interim financial statements and related notes thereto for the six months ended September 30, 2017, and the audited financial statements and related notes thereto and the related MD&A for the years ended March 31, 2017 and 2016 ("Financial Report").

All financial information in this MD&A related to 2017 and 2016 has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is December 12, 2017.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

## **BUSINESS OVERVIEW**

Delta 9 Cannabis Inc. (formerly SVT Capital Corp.) (the "Company") was an exploration stage enterprise incorporated under the laws of British Columbia. The Company's name has been changed to Delta 9 Cannabis Inc. effective October 31, 2017. The Company's shares are trading on the TSX Venture Exchange ("TSX-V") under the new symbol "NINE". The Company was engaged in the acquisition of exploration and evaluation assets. Following completion of a reverse takeover transaction (the "Transaction") between the Company and Delta 9 Bio-Tech Inc. ("Delta 9"), the business of the Company became the business of Delta 9. The principal activities of Delta 9 are the production, storage and sale of medical marijuana, as regulated by the Access to Cannabis for Medical Purposes Regulations issued pursuant to the Controlled Drugs and Substances Act (Canada), from Delta 9's facility located in east Winnipeg, Manitoba.

During the year ended March 31, 2016, the Company announced the appointment of Anthony Jackson, Konstantin Lichtenwald and Kenneth Tollstam to the Board of the Company replacing Gurminder Sangha, Martin Wood and Rudiger Brauer, who have resigned from the company. Mr. Jackson replaced Mr Brauer as the Company's Chief Executive Officer, and Konstantin Lichtenwald will serve as the Company's Chief Financial Officer.

Pursuant to a reverse takeover transaction that was closed subsequent to the period ended September 30, 2017, the Company has acquired all of the issued and outstanding shares of Delta 9., an arm's-length Manitoba-based licensed producer of medical cannabis, by way of a three-cornered amalgamation among the Company, Delta 9 and 10240907 Canada Corp. (Newco). In conjunction with the reverse takeover, has met the requirements to be listed as a TSX-V Tier 2 company. Therefore, effective on Monday, Nov. 6, 2017, the Company's listing transferred from the NEX to the TSX-V, the Company's tier classification changed from the NEX to Tier 2, and the filing and service office changed from the NEX to Vancouver.

On April 4, 2016, the Company announced the appointment of Von Torres to the Board of Directors.

On April 17, 2017, the Company announced that Konstantin Lichtenwald has resigned from the Company's board of directors and as the Company's chief financial officer. The board of directors has appointed Anthony Jackson as the Company's chief financial officer on an interim basis.

## **Mineral Properties**

### *Cherryville, British Columbia*

On April 15, 2014, the Company entered into an option agreement with Chris Knudsen, entitling the Company to acquire 100% interest in the Cherryville project. The Cherryville project consists of four mineral claims, which are located approximately 65 kilometers east of Vernon, British Columbia, off Creighton Valley Road. The owner retained

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a 3% net smelter returns royalty (the "NSR"), subject to a royalty option of which the Company may purchase the 1% of the NSR at any time prior to commencement of commercial production. On April 4, 2016, the Company decided not to pursue the option agreement on the Cherryville property and will continue to review and pursue other strategic options available.

**Engagement of Canaccord Genuity Corp.**

On April 4, 2017, the Company announces it has entered into engagement letters dated March 30, 2017, with Canaccord Genuity Corp. and Delta 9., whereby Canaccord Genuity Corp. has agreed to assist SVT and Delta 9 in connection with: (i) a brokered private placement of common shares of SVT to raise gross proceeds of \$3-million and (ii) a bridge financing of secured convertible debentures of Delta 9 to raise gross proceeds of \$3-million for aggregate gross proceeds of \$6-million, to be undertaken in connection with SVT's previously announced proposed acquisition of Delta. The transaction resulted in the reverse takeover of SVT by Delta (as defined in the policies of the TSX-V). The transaction was completed as of October 31, 2017.

**Amalgamation Agreement with Delta 9 Bio-tech Inc.**

Effective May 30, 2017, the Company has entered into a definitive amalgamation agreement, with Delta 9, pursuant to which the Company has agreed to acquire all of the securities of Delta 9 by way of a three-cornered amalgamation among the Company, Delta 9 and a wholly owned subsidiary of the Company formed for the purpose of completing the amalgamation. Pursuant to the terms of the amalgamation agreement, the shareholders of Delta 9 will receive one common share of the Company for each share of Delta 9 held. In connection with the completion of the transaction, the Company intends to change its name to Delta 9 Cannabis Inc. or such other name as may be agreed by the parties.

In connection with the execution of the amalgamation agreement and further to the Company's news release of April 4, 2017, Delta 9 has completed a brokered bridge loan financing of \$3-million. The terms of the bridge loan include: (a) an interest rate of 10 per cent per annum; (b) a maturity date of one year from the date of the advance of the bridge loan; (c) principal and accrued interest payable on the maturity date; and (d) all principal plus accrued but unpaid interest thereon being convertible, on the closing of the amalgamation, into the Company's shares. Canaccord Genuity Corp. acted as agent in respect of the bridge loan.

The Transaction was a reverse takeover transaction, and was completed subsequent to the period. Pursuant to the Transaction, the Company has acquired all of the issued and outstanding shares of Delta 9, by way of a three-cornered amalgamation among the Company, Delta 9 and 10240907 Canada Corp. (Newco). In conjunction with the reverse takeover, has met the requirements to be listed as a TSX-V Tier 2 company. Therefore, effective on Monday, November 6, 2017, the Company's listing transferred from the NEX to the TSX-V, the Company's tier classification changed from the NEX to Tier 2, and the filing and service office changed from the NEX to Vancouver.

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**SUMMARY OF QUARTERLY RESULTS**

The following table sets forth a comparison of revenues and earnings on a quarterly basis for each of the eight most recently completed quarters.

<b>Description</b>	<b>September 30, 2017</b>	<b>June 30, 2017 \$</b>	<b>March 31, 2017 \$</b>	<b>December 31, 2016 \$</b>
Revenues	-	-	-	-
Net loss – continuing operations	(78,805)	(22,821)	(52,908)	(105,319)
Net loss – discontinued operations	-	-	-	-
Total net loss	(78,805)	(22,821)	(52,908)	(105,319)
Basic and diluted loss per share - continuing operations	(0.01)	(0.00)	(0.02)	(0.05)
Basic and diluted loss per share - discontinued operations	-	-	-	-
Basic and diluted loss per share	(0.01)	(0.00)	(0.02)	(0.05)
	<b>September 30, 2016</b>	<b>June 30, 2016 \$</b>	<b>March 31, 2016 \$</b>	<b>December 31, 2015 \$</b>
Revenues	-	-	-	-
Net loss – continuing operations	(25,581)	(21,479)	(73,869)	(769)
Net loss – discontinued operations	-	-	-	-
Total net loss	(25,581)	(21,479)	(73,869)	(769)
Basic and diluted loss per share - continuing operations	(0.02)	(0.02)	(0.07)	(0.00)
Basic and diluted loss per share - discontinued operations	-	-	-	-
Basic and diluted loss per share	(0.02)	(0.02)	(0.07)	(0.00)

As of September 30, 2017, the Company was an exploration company. Operating expenses are highly variable for exploration companies which are dependent on the Company's level of exploration activity. In part, the Company's treasury determines the levels of exploration.

At this time, any issues of seasonality or market fluctuations have no significant impact.

**RESULTS FROM OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017**

The Company had a net loss for the three months ended September 30, 2017 of \$78,805 (2016 - \$25,581).

The more significant differences between the comparative periods are as follows:

- Office and miscellaneous expenses were \$1,837 for the three months ended September 30, 2017 (2016 - \$112). The increase was due to the interest expense charged on the loan payable;
- Professional fees were \$46,250 for the three months ended September 30, 2017 (2016 - \$519). The increase was due to the higher legal fees incurred during the current period;

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- Regulatory, transfer and filing fees were \$15,718 for the three months ended September 30, 2017 (2016 - \$2,455). The increase was due to the higher regulatory periodic filing fees incurred in the current period;

**RESULTS FROM OPERATIONS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017**

The Company had a net loss for the six months ended September 30, 2017 of \$101,625 (2016 - \$47,060).

The more significant differences between the comparative periods are as follows:

- Office and miscellaneous expenses were \$5,007 for the six months ended September 30, 2017 (2016 - \$3,755). The increase was due to the interest expense charged on the loan payable;
- Professional fees were \$46,250 for the six months ended September 30, 2017 (2016 - \$519). The increase was due to the higher legal fees incurred during the current period;
- Regulatory, transfer and filing fees were \$20,368 for the six months ended September 30, 2017 (2016 - \$5,291). The increase was due to the higher regulatory periodic filing fees incurred in the current period;

**LIQUIDITY AND CAPITAL RESOURCES**

At September 30, 2017, the Company had a working capital deficiency of \$253,515 compared to \$151,890 at March 31, 2017.

The Company began the fiscal period ended September 30, 2017, with \$4,496 in cash. During the six months ended September 30, 2017, the Company spent \$57,457 on its operating activities, net of working capital changes, and received \$60,504 on its financing activities, to end on September 30, 2017, with \$7,543 in cash.

On January 6, 2017, the Company closed a private placement consisting of the issuance of 400,000 units at a price of 15 cents per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of 20 cents expiring one year from the issuance date.

On October 7, 2016, the Company closed the first tranche of a non-brokered private placement of 1,818,181 units at a price of 11 cents per unit for gross proceeds of \$200,000. Each unit consists of one common share of the Company and one common share purchase warrant. The issue date of the warrants was December 9, 2016. Each warrant entitles the holder to purchase one additional common share of the Company at a price of 15.5 cents, expiring one year from the issuance date. The securities issued under the first tranche are subject to a hold period expiring on February 8, 2017. The net proceeds of the first tranche will be applied to the Company's general working capital.

On November 18, 2016, the Company closed the second tranche of a non-brokered private placement of 2,181,819 units at a price of 11 cents per unit for gross proceeds of \$240,000. The issue date of the warrants was December 9, 2016. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of 15.5 cents, expiring one year from the issuance date.

The Company began the fiscal period ended September 30, 2016, with \$Nil in cash. During the six months ended September 30, 2016, the Company spent \$22,852 on its operating activities, net of working capital changes, and received \$23,991 on its financing activities, to end on September 30, 2016, with \$1,319 in cash.

The Company estimates its current capital resources will not provide the Company with sufficient financial resources to carry out its exploration and development activities and operations through the next twelve months. The Company will therefore need to raise additional financial resources through equity financings. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties raise substantial doubt regarding the Company's ability to continue as a going concern.

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As at the date of this MD&A, other than as described herein and in the Financial Report, the Company has no other arrangements for sources of financing.

**SUMMARY OF OUTSTANDING SHARE DATA AS THE DATE OF THIS MD&A**

The Company's authorized share capital consists of unlimited amount of common shares without par value. The Company has only one kind and class of shares and there are no unusual rights or restrictions attached to that class.

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	Common shares, issued and outstanding
Outstanding as at September 30, 2017	5,470,480
Outstanding at the date of this MD&A	68,563,619

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**SUMMARY OF OUTSTANDING OPTION AND WARRANT DATA AS THE DATE OF THIS MD&A**

The Company has established a rolling stock option plan (the "Plan") in which the maximum number of shares that can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSX-V.

The Company does not have any stock options outstanding as of September 30, 2017. As of the date of this MD&A, the Company has 5,116,258 options outstanding.

The Company has the following number of warrants outstanding at September 30, 2017 and at the date of this MD&A:

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	Share purchase warrants Issued and outstanding
Outstanding at September 30, 2017	4,400,000
Outstanding at the date of this MD&A	2,344,293

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**OFF-BALANCE SHEET ARRANGEMENTS**

As at September 30, 2017, the Company had no off-balance sheet arrangement such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

**RELATED PARTY TRANSACTIONS**

**a) Due to related parties**

The following amounts are due to related parties:

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	September 30, 2017	March 31, 2017
Due to a company controlled by a director of the Company	\$ 113,050	\$ 81,550

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Amounts due to related parties are unsecured, non-interest-bearing and are repayable on demand

As at September 30, 2017, the Company owed \$15,004 loan payable to a director and a company controlled by a director.

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- b) The Company was charged the following amounts by directors, officers or companies owned by current and former officers and directors for the three and six months ended September 30, 2017 and 2016, as follows:

	Three months ended		Six months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Management fees	\$ 15,000	\$ 15,000	\$ 30,000	\$ 30,000

**c) Key management personnel compensation**

The remuneration of directors and other members of key management personnel during the three and six months ended September 30, 2017 and 2016 were as follows:

	Three months ended		Six months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Short-term benefits	\$ 15,000	\$ 15,000	\$ 30,000	\$ 30,000

**SUBSEQUENT EVENTS**

Subsequent to the period, the Company completed its previously announced reverse takeover transaction, pursuant to which the company has acquired all of the issued and outstanding shares of Delta 9 by way of a three-cornered amalgamation among the company, Delta 9 and 10240907 Canada Corp. (Newco). The company resumed trading as a Tier 2 industrial issuer on the TSX-V under the symbol NINE at market open on Monday, November 6, 2017.

In connection with the closing of the transaction, the Company:

- Changed its name to Delta 9 Cannabis Inc.;
- Completed a brokered private placement offering of 8,000,000 common shares at a price of \$0.65 per share for gross proceeds of \$5,200,000. Finder's fees paid in connection to the private placement were: \$192,400 in cash, 264,000 shares, a corporate finance fee of \$150,000, comprising a cash payment of \$75,000 and the issuance of 115,385 shares and 560,000 broker warrants exercisable at \$0.65 per share for a period of 24 months from October 31, 2017;
- Paid a finder's fee of \$300,000, comprising of a cash payment of \$150,000 and the issuance of 230,769 shares;
- Agreed to grant, effective as of the date of the TSX-V's final exchange bulletin with respect to the transaction, an aggregate of 5,116,258 stock options to certain directors, officers, employees and consultants of the Company. Each option will be exercisable into one share at the issue price for a period of five years from the date of grant, and the options will vest over two years, with 25% vesting every six months, commencing on the date that is six months following the bulletin; and
- All as further described in the company's filing statement dated October 25, 2017, with respect to the transaction.

**NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE**

A number of standards, amendments to standards and interpretations are not yet effective as of September 30, 2017 and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

***New standard IFRS 9 "Financial Instruments"***

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing

the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

### ***New standard IFRS 16 "Leases"***

IFRS 16 "Leases" replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. The Company has not yet assessed the future impact of this new standard on its financial statements.

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

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The Company's significant accounting policies are detailed in Notes 2 accompanying the audited financial statements for the years ended March 31, 2017 and 2016.

## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

### **Risk and Capital Management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The cash is deposited in bank accounts held with major banks in Canada. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist of refundable government goods and services taxes.

#### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure that there are



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sufficient funds to meet its short-term business requirements, taking into account anticipated cash flows from operations and holdings of cash.

At September 30, 2017, the Company has current liabilities of \$293,553 that are either overdue or payable within the next twelve months. Historically, the Company's source of funding has been the issuance of equity securities for cash, primarily through private placements, loans and advances from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding, or continued support from related parties by way of loans or advances.

### **Market Risk**

The significant market risks to which the Company is exposed are interest rate risk, currency risk and other price risk. These are discussed further below:

#### ***Interest Rate Risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash and this risk is considered minimal.

#### ***Currency Risk***

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company operates in Canada and therefore is not exposed to currency risk.

#### ***Commodity Price Risk***

Commodity price risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in commodity prices. The Company's financial instruments are not exposed to risk resulting from price fluctuations of oil and gas or other commodities.

#### ***Other Price Risk***

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk, price risk or foreign exchange risk. The Company is exposed to changes in market prices as this can impact the value of its marketable securities.

### **Capital Management**

The Company's policy is to maintain a sufficient capital base to sustain investor and creditor confidence and future development of its business. The capital structure of the Company consists of share and working capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

### **Fair Value**

The fair value of the Company's financial assets and liabilities approximates the carrying amount because of the short-term nature of these instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure that there are

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sufficient funds to meet its short-term business requirements, taking into account anticipated cash flows from operations and holdings of cash.

The Company's financial instruments measured at Level 1 include cash and marketable securities. Accounts payable and loan payable are classified as non-derivative financial liabilities.

## **RISKS**

The Company's operations and results are subject to a number of different risks at any given time. These factors, include but are not limited to disclosure regarding exploration, additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards, insurable risks and limitations of insurance, management, and regulatory requirements, environmental regulations risks. Exploration for oil involves a high degree of risk. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess.

### **Substantial Capital Requirements**

The Company anticipates that it will make substantial capital expenditures for the acquisition, exploration, development, and production of oil reserves in the future. If the Company's revenues or reserves decline, the Company may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects.

### **Reliance on Operators and Key Employees**

The Company is not the operator on all of its prospects and may not be the operator of certain gas properties in which it acquires an interest. To the extent the Company is not the operator of its gas properties; the Company will be dependent on such operators for the timing of activities related to such properties and will largely be unable to direct or control the activities of the operators. The operator may incur liability for liens related to its subcontractors. If subcontractors fail to timely pay for materials and services, the assets of the operator could be subject to material men's and workmen's liens. In that event, the operator could incur excess costs in discharging such liens.

In addition, the success of the Company will be largely dependent upon the performance of its management and key employees. The Company does not have any key man insurance policies, and therefore there is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on the Company.

### **Permits, Licenses and Government Regulations**

Governmental permits and approvals for drilling operations must be obtained for the project, which can be a costly and time-consuming process and result in restrictions on operations.

Regulatory authorities exercise considerable discretion in the timing and scope of permit issuance. Requirements imposed by these authorities may be costly and time consuming and may result in delays in the commencement or continuation of exploration or production operations. Further, the public may comment on and otherwise engage in the permitting process, including through intervention in the courts. Accordingly, the permits that are needed may not be issued, or if issued, may not be issued in a timely fashion, or may involve requirements that restrict the ability to conduct the operations on the Project or to do so profitably.

Oil and gas exploration is subject to significant regulation. Changes in these regulations may have a material adverse impact on the Company's operations.

## **DIRECTORS**

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring oil and gas properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

At September 30, 2017, the following persons are directors of the Company: Anthony Jackson, Kenneth Tollstam and Von Torres.

## **Management Changes**

On April 17, 2017, the Company announced Konstantin Lichtenwald resigned from the Company's board of directors and as the Company's chief financial officer. The board of directors has appointed Anthony Jackson as the Company's chief financial officer on an interim basis.

## **FORWARD-LOOKING STATEMENTS**

This MD&A may include or incorporate by reference certain statements or disclosures that constitute "forward-looking information" under applicable securities laws. All information, other than statements of historical fact, included or incorporated by reference in this MD&A that addresses activities, events or developments that Company or its management expects or anticipates will or may occur in the future constitute forward-looking information. Forward-looking information is provided through statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur or continue.

These forward-looking statements are based on certain assumptions and analyses made by Company and its management in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances.

Although the Company believes such forward-looking information and the expectations expressed in them are based on reasonable assumptions, investors are cautioned that any such information and statements are not guarantees of future realities and actual realities or developments may differ materially from those projected in forward-looking information and statements. Whether actual results will conform to the expectations of the Company is subject to a number of risks and uncertainties, including those risk factors discussed under "Risk Factors" elsewhere in this MD&A and the documents incorporated herein by reference. In particular, if any of the risk factors materialize, the

expectations, and the predictions based on them, of the Company may need to be re-evaluated. Consequently, all of the forward-looking information in this MD&A and the documents incorporated herein by reference is expressly qualified by these cautionary statements and other cautionary statements or factors contained herein or in documents incorporated by reference herein, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences for the Company.

## **Other Information**

Additional information relating to the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).